



King County

<p>Title</p> <p>Establish and Administer Petty Cash, Imprest & Change Funds</p>	<p>Document Code No.</p> <p>FIN 10-2-1 (AP)</p>
<p>Department/Issuing Agency</p> <p>DES / FBOD / Financial Management</p>	<p>Date</p> <p>1/02/2012</p>
<p>Approved</p> <p>Dow Constantine </p>	

- 1.0 SUBJECT TITLE: Establish and Administer Petty Cash, Imprest & Change Funds
 - 1.1 EFFECTIVE DATE: 10 days after signed by Executive.
 - 1.2 TYPE OF ACTION: SUPERSEDING FIN 10-2 (AP), July 11, 1997.
 - 1.3 KEY WORDS: (1) Administrative Policies and Procedures, (2) Petty Cash, (3) Change Fund, (4) Imprest Fund

- 2.0 PURPOSE:
 - 2.1 To establish official procedures and guidelines for petty cash, change fund and imprest funds for County agencies.

- 3.0 ORGANIZATIONS AFFECTED:
 - 3.1 All agencies of King County government using petty cash, change funds and/or imprest funds.

- 4.0 REFERENCES:
 - 4.1 RCW 42.26.040-080 allows the use of petty cash accounts with restrictions to miscellaneous petty or emergency expenditures, refunds legally payable by an agency, and cash change to be used in the transaction of the agency's official business.
 - 4.2 RCW 43.09.185 mandates that any loss of public funds or illegal activity be immediately reported to the state auditor's office or any suspected loss of public funds or assets or other illegal activity.
 - 4.3 HR Bulletin Number: 2011-0008: Report of Loss or Theft of King County Property State of Washington BARS Manual, Volume 1, Part 3, Chapter 3, Section E, references the minimum requirements for the establishment and operation of petty cash accounts.

- 4.4 King County Code 4.16 allows petty cash purchases of miscellaneous items. Transaction amounts shall not exceed one hundred dollars. The director will authorize reimbursement to each department or agency employee or official authorized to make such petty cash expenditures upon delivery of vendor's sales receipt. The authorized designee of the King County department or agency will certify the vendor's paid sales receipt prior to reimbursement.

5.0 DEFINITIONS:

- 5.1 Petty cash fund- A sum of money set aside for the purpose of paying small obligations for which the issuance of a purchase order and warrant would not be cost-effective or the use of a P-card is not possible. Receipts plus cash on hand equal the fund balance.
- 5.2 Change fund - A sum of money set aside for the purpose of making change where cash is collected.
- 5.3 Imprest fund - An account into which a fixed amount of money or cash equivalent is placed for the purpose of making change or minor disbursements.
- 5.4 iExpense - Oracle EBS module used for employee reimbursements and replenishment of petty cash, imprest and change funds.
- 5.5 Fund Custodian – Agency individual responsible for managing petty cash, change or imprest funds.

6.0 POLICIES:

- 6.1 All county agencies requiring a petty cash, imprest and/or change fund shall comply with these policies and procedures that are in agreement with the state and county code for maintaining control of county funds.
- 6.2 All county agencies requesting a petty cash, imprest and/or change fund shall be required to administer the funds properly or be required to return the fund.
- 6.3 Effective 1/1/2012, all expenditures under \$100 shall be paid for with a P-Card whenever possible.
- 6.4 The Financial Management Section (FMS) shall establish all petty cash and imprest funds to provide a source of cash to agencies for the direct payment for small purchases limited to situations where it is impractical to provide payment through P-Card or Oracle EBS Purchasing Requisition. These purchases must be in the course of official county business.
- 6.4.1 Petty cash shall be limited to purchases of \$100 or less per transaction. (King County Ordinance 12138).

- 6.4.2 An agency shall maintain one petty cash fund at a single location. An exception may be granted by the Chief Accountant for extenuating circumstances.
- 6.4.3 Individual bank accounts shall be established for imprest funds.
- 6.4.4 Petty cash and imprest funds shall not be used for personal cash advances or to cash personal checks (State of Washington BARS Manual Chapter 3, Section E - Item 9).
- 6.4.5 Petty cash and imprest funds shall not be advanced in anticipation of an approved purchase.
- 6.4.6 Petty cash and imprest funds shall not be used to reimburse any expenses that would normally be paid through an employee or travel iExpense Reimbursement Request.
- 6.4.7 At the end of the year, the petty cash and imprest funds shall be reimbursed to the imprest amount so that all expenditures are recorded in the proper year.
- 6.5 FMS shall establish change funds for agencies which collect cash and make change. A fund shall consist of a fixed amount of cash solely for this purpose.
 - 6.5.1 An agency may have several change funds at a single location if necessary.
 - 6.5.2 Change funds must always be a fixed amount of cash only and accounted for by the custodian.
 - 6.5.3 Change funds shall not be used to cash personal checks.
- 6.6 A single fund shall not be used for both petty cash and change fund purposes. Each fund must remain physically separated from other agency funds.
- 6.7 FMS may close a fund if it is determined that the fund has been improperly administered or is no longer necessary. Questions regarding policies and procedures for petty cash/change funds should be addressed to the Chief Accountant - Financial Management Section.
- 6.8 Petty cash, imprest and change funds shall be audited on a random basis to determine the proper maintenance of each fund. Agencies authorized to conduct audits are the Council Auditor and the State Examiner.
- 6.9 Any county employee or elected official who incurs unauthorized costs shall be held personally liable for all said costs.

7.0 PROCEDURES:

ESTABLISHMENT OF A PETTY CASH, IMPREST OR CHANGE FUND:

Action By: Department Director or Authorized Designee

Action:

- 7.1 Prepares a request to establish a petty cash, imprest or change fund or to change an existing fund. The following information must be included in the request:
 - 7.1.1 Purpose of fund;
 - 7.1.2 Amount requested (estimated average expenditure for a two-week period);
 - 7.1.3 Name of the custodian who shall be a regular, active County employee;
 - 7.1.4 Method of safekeeping fund;
 - 7.1.5 Location of fund;
 - 7.1.6 Reconciliation procedures and required documentation.
- 7.2 Sends written request to the Chief Accountant, Financial Management Section.

Action By: Chief Accountant

Action:

- 7.3 Approves or denies request.
 - 7.3.1 If the request is approved:
 - 7.3.1.1 Forwards the request to FMS-Financial Management Section staff for the issuance of the warrant in the name of the designated custodian.
 - 7.3.2 If the request is denied:
 - 7.3.2.1 The Chief Accountant shall notify the Department Director or Authorized Designee.

Action By: Fund Custodian

Action:

- 7.4 Obtains original warrant from the FMS-Accounts Payable Section.

Action By: FMS-Financial Accountant

Action:

- 7.5 Maintain a documentation file regarding the establishment and any revisions for each petty cash, imprest and change funds.
- 7.6 Maintain a current list of petty cash, imprest and change funds reconciled to the general ledger control accounts. A list will be issued to appropriate King County employees on an annual basis.
- 7.7 Coordinate efforts with agency staff to resolve reported discrepancies.
- 7.8 Request an annual confirmation from each agency signed by the Department Director for all petty cash, imprest and/or change funds. The annual confirmation shall include:
 - 7.8.1 Physical location of each fund
 - 7.8.2 Name of the custodian for each fund
 - 7.8.3 Amount of cash for each fund

OPERATION OF FUNDS - PETTY CASH:

Action By: Employee

Action:

- 7.9 Expenditure of County Funds
 - 7.9.1 Determines that P-Card cannot be used for the expenditure.
 - 7.9.2 Obtains approval of the expenditure from the supervisor prior to incurring the expense.
 - 7.9.3 Submits a completed petty cash slip with receipts attached to supervisor for approval.

Action By: Supervisor

Action:

- 7.10 Reviews the request, authorizes only reimbursements for legitimate county business and returns the petty cash slip and receipts to the employee.

- 7.11 Supervisor conducts periodic reviews of the petty cash receipts for reimbursements, after reimbursement to employee.

Action By: Employee

Action:

- 7.12 Presents the approved petty cash slip and documentation to the Fund Custodian for reimbursement.

Action By: Fund Custodian

Action:

- 7.13 Review the reimbursement documentation, verifies the accuracy and the approval authorization prior to the distribution of funds. Accept only original documents. Disburse cash to the employee.

- 7.14 To obtain reimbursement for expenses paid out of petty cash:

7.14.1 Ensures that the following represents the authorized petty cash amount:

7.14.1.1 Cash on hand

7.14.1.2 Cash disbursements represented by a petty cash form receipts;

7.14.1.3 Cash disbursements waiting reimbursement

7.14.2. Enters Petty Cash/Imprest Expense Report in Oracle EBS iExpense.

7.14.2.1 Enters each expenditure item as a separate line item on the Expense Report.

7.14.2.1.1 Makes sure that the appropriate Expense Type and POETA coding have been selected for each expense line.

7.14.2.1.2 Enters the reason for the petty cash expenditure in the Justification field.

7.14.2.2 Makes sure that the total of the receipts equals the Report Total on the iExpense Report.

- 7.14.3 Prints iExpense Report, attaches receipts and forwards to the iExpense Approver. The iExpense approver shall be neither a subordinate to nor of a lower job classification than the custodian.

Action By: iExpense Approver

Action:

7.15 Reviews Petty Cash Expense Report and receipts, approves or denies request.

7.15.1 If approved, completes approval in iExpense.

7.15.1.1 Prints two copies of the Approved Expenditure Report and makes copies of the petty cash slips and receipts.

7.15.1.2 Sends one copy of the Approved Expenditure Report, petty cash slips and receipts to FMS Accounts Payable.

7.15.1.3 Files the other copy of the Approved Expenditure Report and attached receipts in accordance with the King County Records Retention and Public Disclosure Manual.

7.15.2 If denied, returns iExpense Report and receipts to fund custodian for appropriate action.

Action By: Accounts Payable Supervisor or iExpense AP Auditor

Action:

7.16 Review the Approved Expenditure Report for completeness and accuracy.

7.16.1 If no violations are found, complete processing for the iExpense Expenditure Report.

7.16.2 If one or more violations are found, reject the iExpense Expenditure report and contact the fund custodian for appropriate action.

THEFT OF PETTY CASH, IMPREST OR CHANGE FUND:

Action By: Fund Custodian

Action:

7.17 Notifies Chief Accountant immediately in the event of suspected theft or loss of public funds.

7.18 Completes the loss report and forward the report and documentation of theft to the Chief Accountant. Documentation includes a copy of the police report, information as to when and how the theft occurred and a plan of action to prevent theft in the future.

Action By: Chief Accountant

Action:

- 7.19 Notifies the State Auditor and King County Risk Management.
- 7.20 Reports losses to Executive Audit Committee

Action By: FMS-Accounts Payable

Action:

- 7.21 Processes the reimbursement request charged to the Section agency's appropriation.
- 7.22 Holds the reimbursement warrant for pick up by the Fund Custodian.

CLOSURE OR REDUCTION IN AMOUNT OF A PETTY CASH, IMPREST OR CHANGE FUND:

Action By: Fund Custodian

Action:

- 7.23 Ensures that fund cash is the same as originally provided, and there are no outstanding receipts.
- 7.24 Sends written notice, to FMS-Financial Management Section.
- 7.25 Completes a Miscellaneous Cash Receipt in Oracle Receivables.
- 7.26 Creates a Remittance Batch.
- 7.27 Prepares cash for deposit. Deposits cash to the Treasury cashier or depository bank account.

Action By: FMS-Financial Management Section

Action:

- 7.28 Reviews the General Ledger to assure that the petty cash, imprest or change fund account is at a zero balance and closes the account.
- 7.29 Notifies the agency Fund Custodian that the petty cash, imprest or change fund is closed.

OPERATION OF FUNDS - CHANGE FUND:

Action By: Fund Custodian

Action:

- 7.30 Deposits receipts to the Treasury cashier or depository bank account intact daily, leaving the change fund constant.
- 7.31 Reports any shortage or overage as part of the day's deposit by using the Cash Overage/Shortage account on the Cash Transmittal & Receipt form.

8.0 RESPONSIBILITIES:

- 8.1 Department Directors or their authorized designees are responsible for requesting approval for petty cash funds, imprest and change funds to be established in their departments/agencies; authorizing changes to the funds' balance; assigning a Fund Custodian to administer funds; and preparing annual confirmation for department/agency funds.
- 8.2 Chief Accountant is responsible for approving department requests to establish petty cash, imprest and change funds and subsequent changes to fund balances.
- 8.3 Financial Management Section is responsible for establishing petty cash, imprest and change funds for county departments/agencies, as appropriate; and closing funds that have been improperly administered.
- 8.4 Fund Custodian is responsible for administering funds properly; notifying Chief Accountant of suspected theft or loss of public funds; requesting reimbursements through Oracle EBS iExpense and depositing receipts to the Treasury Section or depository bank account daily.
- 8.5 iExpense Approver is responsible for reviewing and approving petty cash and imprest expenditures.
- 8.6 Accounts Payable Supervisor is responsible for reviewing petty cash and imprest funds receipts for expenditure violations and returning the expense report to the fund custodian when a violation occurs.
- 8.7 Employees are responsible for prudent judgment when seeking reimbursement for legitimate county expenditures.

9.0 APPENDICES:

- 9.1 Petty Cash Slip - Available from Finance and Business Operations Division - Financial Management Section.
- 9.2 Oracle EBS Training iExpense UPK

