

Petty Cash

To facilitate the payment of certain minimal charges that cannot be handled by check, contractors may establish a petty cash fund. This fund is simply an alternative disbursement mechanism whereby certain expenditures are made in cash. It is important to remember that expenses paid in this manner are subject to the same regulations and accounting practices as are expenditures paid by check.

The petty cash fund should not exceed \$100.00 and disbursements made through this fund should not exceed \$ 100.00 per month or \$ 1, 200.00 per year.

All disbursements made out of petty cash must be for approved budget items.

For each expenditure made from petty cash, a petty cash voucher must be completed and kept with the fund. The voucher can be pre-printed and, in all cases, must contain the following information:

Amount

Date

Payee

Purpose

Approved by:

Received by:

At least monthly, the petty cash fund should be reconciled and the fund replenished to its original beginning balance. Any replenishment of petty cash for cash disbursements made must be by a check and made payable to the "Custodian". The expenditure is then recorded in the journal and ledger and the petty cash vouchers are then filed.

One person should be appointed custodian of the petty cash fund and be made solely responsible for the fund's safekeeping. The funds should be secured in either a locked box or safe.

When claiming reimbursement for this account. Expenses must be shown as part of the Maintenance and Operations category. Copies of invoices or receipts should be included to support cash outlays. The reimbursement request must include a brief description of the items of expenditure.

Although a petty cash system is recommended. Sometimes a NFP reimburse a staff member for individually paid expenses. Although this practice is discouraged because the agency may not have good internal control of expenditures made in this manner if they are incurred, all invoices and receipts must be included in the claims package.

Source: NY State Division of Youth, Fiscal Policies of Procedures, January 1997