

Policy No. FIN 101

Petty Cash Use

Applies to: All Eastern Washington State Historical Society (EWSHS) employees, board members, volunteers and contractors.

References that apply to this policy: Listed below are some, but not all, applicable governing requirements. Note: Laws and rules may change over time and such changes may take precedence over this policy.

- RCW 42.26 – Agency Vendor Payment Revolving Fund – Petty Cash Accounts
- RCW 43.88.195 – Establishment of accounts or funds outside treasury without permission of director of financial management prohibited
- State Administrative and Accounting Manual (SAAM): 85.50: Cash

Effective date: November 6, 2024

History: This policy updates FIN 101, dated March 3, 2021, which renumbered and updated BP 110, dated April 6, 2016.

Approved by: EWSHS Board of Trustees

Purpose

EWSHS utilizes a petty cash account during the normal course of business for making change in across-the-counter cash transactions and to make payments when issuing a warrant/check would not be practical or timely. This Policy is implemented consistent with EWSHS's obligation to adopt policies and procedures in accordance with Washington State Administrative and Accounting (SAAM) Manual: Policy 85.50.50.d Petty cash internal control procedures including the disbursement and reconciliation procedures for petty cash accounts and policy 85.50.70.a - Establishing local petty cash accounts.

Policy Statement

A. ESTABLISHING LOCAL PETTY CASH ACCOUNTS

1. Requests to establish petty cash accounts, or increases to petty cash, are made using the "Application and Authorization for Petty Cash Advance" form that is available through the Office of Financial Management (OFM), Statewide Accounting. The completed form is submitted to the OFM Statewide Accounting (OFM director's official designee) for approval. **Distribution of the total amount of approved petty cash within an agency is determined by the agency.** The petty cash account is not to be excessive.

2. Written accounting and control procedures for petty cash are to be developed and followed.
3. The Executive Director is to issue and maintain on file a letter designating the individual assigned as the Petty Cash Fund Custodian, the amount of the petty cash account, and the purpose of the account.
4. For local accounts, the agency is to produce a check to reclassify GL Code 1110 "Cash in Bank" to GL Code 1130 "Petty Cash." The check or warrant is to be endorsed and cashed or deposited by the assigned Custodian.

B. Responsibilities for Administration and Compliance

1. **Petty Cash Custodian:** EWSHS delegates the authority for the agency petty cash funds to be administered by the Fiscal Analyst with oversight by the Chief Financial Officer (CFO). This authorized designee is responsible for ensuring compliance with the following procedures and internal control requirements.
2. Since the EWSHS petty cash account is in excess of \$100, it must be stored in the agency safe or locked fire-rated filing cabinet at all times.
3. The Chief Financial Officer (CFO), as Custodian of the petty cash account, shall be covered by a surety bond in the full amount of the account at all times and all advances to it, conditioned upon the proper accounting for and legal expenditure of all such funds, in addition to other conditions required by law.
4. The use of the petty cash account shall be restricted to miscellaneous petty or emergency expenditures, refunds legally payable by EWSHS, and for cash or change to be used in the transaction of the agency's official business.
5. All expenditures made from petty cash shall be charged to an existing appropriation for such purpose, except expenditures chargeable against funds for which no appropriation is required by law.
6. All expenditures or refunds made from petty cash shall be reimbursed out of and charged to the proper appropriation or fund at the close of each month and such other times as may be necessary.
7. All disbursements from petty cash accounts, unless making change, are documented and supported by receipts of vouchers bearing the signature of the payee. The following is recorded on the Petty Cash Request document: date, name of payee, purpose of disbursement, amount paid, signature of person authorizing disbursement, signature of Fiscal Analyst or person dispersing petty cash, and proper account distribution.

8. A petty cash register reflecting the balance of the account is to be maintained.
9. **The total cash on hand, plus the amount of disbursements represented by the documentation, is to equal the authorized amount of the petty cash account.**
10. The petty cash account is to be reconciled at least monthly by the Custodian or Custodian's designee. If a checking account is used, the petty cash account is to be reconciled each month to the bank.
11. There are to be quarterly audits of the petty cash account. The audits are to be performed by the agency's Fiscal Analyst.
12. An audit trail is to be maintained.

C. Reimbursements of Petty Cash Accounts

1. Change accounts do not require replenishment, unless a theft or loss has occurred. Cash overages and shortages that occur during the course of making change are cleared daily as part of the reconciliation and deposit of receipts. The amount of the change account on hand should always equal the authorized amount.
2. To replenish a petty cash account for disbursements made, a Voucher Distribution Form (A19-2) is to be prepared. The Voucher Distribution Form is to show the name of the EWSHS and petty cash Custodian in place of the vendor name. All documents substantiating the disbursements are to be attached. The GL coding distribution is summarized and entered in the account code block of the form. The voucher is checked and approved for payment by other Finance Department or Executive Office staff. The amount of this voucher and the cash remaining in the petty cash account are to equal the authorized amount.
3. The accounting entries to record petty cash disbursements are the same as for other vendor payments.
4. Petty cash accounts are to be reimbursed monthly, unless the reimbursable amount is less than \$100. If the reimbursable amount is less than \$100, the agency can reimburse on a less frequent basis.
5. Petty cash requests must be reimbursed prior to the fiscal year-end (June 30th) of the year they were incurred.

D. REDUCTION OR ABOLISHMENT OF LOCAL PETTY CASH ACCOUNT

1. The Executive Director has the authority to reduce or abolish a local petty cash account.

2. When a local petty cash account is reduced or abolished, the money is returned to the local account from which it was advanced. This transaction is recorded by reclassifying the existing debit in GL Code 1130 "Petty Cash" to GL Code 1110 "Cash in Bank" for the amount of the reduction in petty cash.
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Petty Cash Request

Date	Amount Requested
Account Code	Project Charged
Description of Need:	
<hr/> <hr/> <hr/>	
Funds Requested by (Print Name)	Funds Requested by (Signature)
Request Approved by (Print Name)	Request Approved by (Signature)
Funds Paid by – Accounting Staff (Print Name)	Funds Paid by – Accounting Staff Signature)

Petty Cash Request

Date	\$ Amount Requested
Account Code	Project Charged
Description of Need:	
<hr/> <hr/> <hr/>	
Funds Requested by (Print Name)	Funds Requested by (Signature)
Request Approved by (Print Name)	Request Approved by (Signature)
Funds Paid by – Accounting Staff (Print Name)	Funds Paid by – Accounting Staff Signature)



VOUCHER DISTRIBUTION

AGENCY NUMBER	LOCATION CODE
AGENCY P.R. OR AUTHORIZATION NUMBER	
AGENCY NAME AND LOCATION	
RECEIVED BY	DATE RECEIVED
PURCHASED BY	DATE PURCHASED

FEDERAL I.D. NO. OR SOCIAL SECURITY NO.

USE SPACE BELOW AS A WORKSHEET TO DEVELOP OR EXPLAIN THE GOODS OR SERVICES PURCHASED STAPLE INVOICES ON BACK

PREPARED BY				TELEPHONE NUMBER ()				DATE		PROGRAM APPROVAL FOR PAYMENT				DATE		
DOC. DATE		PMT DUE DATE		CURRENT DOC. NO.		REF. DOC. NO.		VENDOR NUMBER		VENDOR MESSAGE			USE TAX	UBI NUMBER		
REF DOC SUF	TRANS CODE	M O D	FUND	MASTER APPN INDEX	INDEX PROGRAM INDEX	SUB OBJ	SUB SUB OBJECT	ORG INDEX	WORK CLASS ALLOC	COUNTY	CITY/TOWN	PROJECT	SUB PROJ	PROJ PHAS	AMOUNT	INVOICE NUMBER
ACCOUNTING APPROVAL FOR PAYMENT										DATE			WARRANT TOTAL		WARRANT NUMBER	