

Petty Cash Policies

SAMPLE POLICY #1

Petty Cash Policy

The _____ Public Library maintains a petty cash fund to support the operations and programs of the library. The petty cash fund is cash distributed in the yearly budget to the director, who is the custodian of the funds. The director is responsible for the security of the funds and the control of disbursements made from the funds. The amount of the fund is capped at \$100.

Petty cash is intended for small purchases or reimbursements in cash for incidental expenses such as supplies when immediate payment is required. Petty cash is not intended for routine budgeted purchases and should be used only when absolutely necessary and will be replenished no more than once a month by check authorized by the library board. The fund should be replenished when the money on hand is not adequate for the needs over the next 30 days.

Purchasing Restrictions, Reimbursements and Advances From Petty Cash

The total of vouchers (with receipts) plus cash available must equal the petty cash fund amount. Personal expenditures or borrowings, in any amount, by any person including the director are not authorized uses of the funds.

Proof of purchase (receipts, etc) required. A Petty Cash Voucher, detailing the nature and reason for the expenditure, is filled out. The director signs off on the voucher and reimburses the purchaser for the expenditure.

Petty cash advances may be allowed with the stipulation that the purchaser returns with a receipt and change. The purchaser completes a Petty Cash Voucher for a cash advance. The director signs the voucher. When the purchase is done, the purchaser completes an accurate voucher for the final purchase amount, attaches the receipt, and returns the change to the director. Petty cash advances will be rare, as they require more tracking and requires the purchaser to connect with the director twice rather than once.

Physical Control of Petty Cash

The director cashes the petty cash checks and ensures the safekeeping of the money. Petty cash should be kept in a locked box, drawer, cabinet, or safe. Funds should not be left unattended at any time. When disbursements are not made frequently, the

director should check the petty cash fund regularly. The director monitors the use and replenishment of petty cash and alerts the bookkeeper when a reconciliation and replenishment is due. Any theft or loss will immediately be reported to the bookkeeper and library treasurer.

Over/short amounts normally do not occur in petty cash funds. If this should occur the director should: verify that all receipts have been turned in, ensure that the amount expended for a Petty Cash Voucher and its accompanying receipt(s) hasn't been counted as two expenditures, instead of one, and ensure that each disbursement has a supporting receipt. If the fund finally cannot be reconciled the director must provide a full explanation for the overage or shortage.

The bookkeeper reconciles the petty cash fund and the cash will be deposited in the library's checking account.

Policy #2

_____ Public Library District maintains a petty cash account from each library's overdue fine account. Since fines are budgeted, control of expenditures is essential.

The amount of petty cash held at the main library and any branch of the _____ Public Library District is limited to \$100. When the amount of petty cash on hand exceeds \$100, the director and/or branch manager will arrange for deposit of the overage.

All petty cash transactions will be logged in the Petty Cash Transactions log kept at the circulation desk of each library. Branch managers are responsible for working with the director and/or bookkeeper to see that the log is reconciled with the bank deposits.

Approved staff at any branch library may use up to \$10 of petty cash for emergency purposes without prior approval. These purchases are limited to supplies necessary to conduct regular library business. All purchases must be accompanied by a receipt with complete price, date of purchase, and name of employee.

Expenditures of \$10 or more must have the supervisor, director or branch manager's approval; expenditures exceeding \$25 must have approval of the district director. All petty cash purchases must be documented with a receipt detailing the complete price, date of purchase and name of store. Purchases that are not documented with a receipt may not be paid out of petty cash.

Authorized staff must clear all purchases above \$25 in advance, by obtaining an authorized signature on a Library Petty Cash Request and presenting it to his/her supervisor or next-line supervisor. At no time should staff remove funds from the cash drawer; the authorizing supervisor should remove the funds and turn them over to the requesting staff member. A dated, documented receipt will be required. Appropriate sales tax exemption information will be supplied when necessary.