POLICY

APPLICABILITY
DEPARTMENT WIDE

REVISED DATE 6/1/14
PAGE NUMBER 1 of 6
NUMBER DOC 205.000

TITLE PETTY CASH PROCEDURES

REVIEW/REVISION HISTORY:

Effective: 1/15/97
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Revised: 6/1/14

SUMMARY OF REVISION/REVIEW:

Numerous changes, read carefully!

APPROVED:

Signature on file

BERNARD WARNER, Secretary
Department of Corrections

4/30/14
Date Signed
STATE OF WASHINGTON  
DEPARTMENT OF CORRECTIONS

POLICY  

APPLICATION  
DEPARTMENT WIDE

REVISION DATE  
6/1/14

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NUMBER  
DOC 205.000

TITLE  
PETTY CASH PROCEDURES

REFERENCES:

DOC 100.100 is hereby incorporated in this policy; RCW 42.26; ACA 4-4027; DOC 200.050 Purchasing; DOC 200.330 General Financial Standards; DOC 200.900 Travel Regulations; DOC 210.025 Gate Money/Transportation Funds/Pre-paid Phone Cards; Administrative Services Division Standard Process (ASDSP); State Administrative and Accounting Manual (SAAM) 85.50.50-70

POLICY:

I. Petty cash accounts are only authorized for the General Fund (001), the Correctional Industries Revolving Fund (401), and the Washington State Combined Fund Drive Account (525). [4-4027]

II. The Department will maintain petty cash funds in one centralized petty cash checking account, which will be maintained in a Federal Deposit Insurance Corporation (FDIC) authorized financial institution and managed using the Accounting for Local Funds (ALF) enterprise accounting system. [4-4027] Field Offices may be authorized change funds consistent with this policy.

DIRECTIVE:

I. Petty Cash Account Application/Authorization

A. To establish or increase a petty cash account, the Local Business Advisor will complete and submit SF A-37 Application and Authorization for Petty Cash Advance through the Regional Business Manager to the Assistant Comptroller. The Assistant Comptroller will submit the application to the Office of Financial Management (OFM). If approved, the Assistant Comptroller will initiate a payment request for deposit in the centralized petty cash account.

B. The Assistant Comptroller for Headquarters and the Regional Business Manager/designee for facilities/offices will appoint a petty cash/change fund custodian and a backup custodian using DOC 06-027 Petty Cash/Change Fund Custodian Authorization. A new authorization form must be completed any time the primary and/or backup custodian changes.

C. Change funds are authorized by the Regional Business Manager when it is determined a minimum amount of cash and coin must be maintained. Disbursements from change funds require the same documentation as other petty cash disbursements.

II. Authorized Uses of Petty Cash

A. Authorized uses of petty cash include:
1. Local market purchases of supplies, materials, and minor repairs, provided that the:
   a. Purchase is within the limitations prescribed by Department policy for purchase authorization, and
   b. Items purchased cannot be expediently paid for through regular warrant payment procedures or use of the purchasing card.
2. Rail, common carrier air, and bus charges, where carriers require payment at the time of delivery.
3. Postage due on mail when it can be determined that the state will benefit from accepting delivery.
4. Other approved purchases for Department operational support in emergency situations as defined by the Assistant Comptroller for Headquarters and the Regional Business Managers for facilities/offices.
5. Travel advances to employees, when the need for an advance cannot be anticipated in time to use regular travel advance procedures. Employees will complete SF A40-A Travel Authorization and DOC 03-376 Travel Advance Agreement per policies and procedures governing travel advances.
7. Release funds issued per DOC 210.025 Gate Money/Transportation Funds/Pre-paid Phone Cards.

B. Petty cash may not be used for:
   1. Cashing personal and/or payroll checks, warrants, or notes of personal indebtedness,
   2. Advances of an employee’s payroll before the scheduled payday, or
   3. Reimbursing any travel expenses (e.g. parking fees, private vehicle mileage).

III. Disbursements
A. All disbursements will be documented and supported by receipts or vouchers bearing the payee’s signature.
B. Employees will use DOC 06-068 Petty Cash Approval to request a petty cash check. The supporting documentation will be kept with the form to document the disbursement.
C. [4-4027] All petty cash checks require the signatures of 2 authorized employees, appointed by the Assistant Comptroller for Headquarters or the Regional Business Managers for facilities/offices consistent with the Administrative Services Division Standard Process Segregation of Duties guidelines. A current bank signature card will be maintained for employees appointed to sign checks.

D. The petty cash/change fund custodian for locations with authorized petty cash will maintain a check register in the ALF system detailing the checks issued. The Financial Coordination Unit will post all deposits to the centralized petty cash account.

E. To ensure a proper audit trail, a change fund log will be kept with the change fund, which will include:

1. Location of the account,
2. Date of transaction,
3. Receipt number,
4. Beginning balance,
5. Receipts,
6. Withdrawals, and

IV. Reconciliation

A. The Financial Coordination Unit will reconcile the centralized petty cash account to the bank statement within 30 days of the close of the calendar month. The Local Business Advisor/designee will reconcile the change fund at least monthly.

B. Someone other than the petty cash/change fund custodian and check signers will reconcile the centralized petty cash account and local change account using DOC 06-078 Local Fund Bank Reconciliation.

C. The local change fund reconciliation requires Local Business Advisor approval. The centralized petty cash account reconciliation requires Financial Coordination Unit Manager approval.

D. The total cash in the centralized petty cash account, less outstanding checks, plus the amount in the local change funds and the amount of unreimbursed disbursements represented by documentation, will equal the authorized amount of the petty cash account. This information will appear on the bank reconciliation.

E. Within 5 business days after the bank change fund reconciliation is completed and approved, a copy of the reconciliation will be emailed to LocalFunds@doc.wa.gov.
V. Reimbursement and Cash Balance Monitoring

A. At a minimum, the Purchasing and Disbursements Manager/designee will reimburse petty cash in the authorized amount by the close of each fiscal month. Petty cash must be reimbursed in full by June 30.

B. The Financial Coordination Unit will:

1. Post petty cash reimbursements to the ALF system on the date the Electronic Funds Transfer (EFT) is deposited to the petty cash account.

2. Monitor the daily cash balance of the centralized petty cash account as reflected in the ALF system and notify the Purchasing and Disbursements Manager when the balance is at or near the pre-determined reimbursement threshold.

C. Locations maintaining change funds will record change fund receipts and disbursements in the Agency Financial Reporting System (AFRS) by the fiscal month close date.

VI. Receipts and Deposits

A. Cash or coin may be received through the mail, payments received in that form, and change returned from petty cash purchases. All monies received by the change fund will be documented with a pre-numbered receipt.

B. OFM and the Office of the State Treasurer require deposits be made within 24 hours of receipt for all negotiable instruments (i.e., cash, personal checks, money orders, or cashier’s checks), unless:

1. A specific written waiver has been granted by OFM, or
2. Total cash receipts on hand are under $500, excluding change funds.

   a. Regardless of the amount on hand, local account receipts will be deposited weekly.

C. A bank endorsement stamp is required on the back of each personal check, money order, or cashier’s check deposited.

VII. Internal Control and Monitoring [4-4027]

A. Internal controls for petty cash will be accomplished through the ALF system and procedures posted on the Business Services SharePoint site.
B. The Purchasing and Disbursements Manager will review petty cash activity monthly to ensure consistency with this policy and to verify the authorized level of petty cash is still appropriate.

DEFINITIONS:

Words/terms appearing in this policy may be defined in the glossary section of the Policy Manual.

ATTACHMENTS:

None

DOC FORMS:

[DOC 03-376 Travel Advance Agreement]
[DOC 06-027 Petty Cash/Change Fund Custodian Authorization]
[DOC 06-068 Petty Cash Approval]
[DOC 06-078 Local Fund Bank Reconciliation]