

# FISCAL ACCOUNTABILITY RULES

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## RULE 3.2 – PETTY CASH AND IMPREST FUNDS

### Purpose

Convenience for making payment on small incidental expenses or refunds, while minimizing the number of funds.

### Definition

**Petty Cash Fund** – A fund established to allow cash payment for small, incidental expenses of nominal amounts.

**Imprest Fund** – A checking account established to allow payments for small, incidental expenses of nominal amounts.

**Nominal Amount** – \$125 or less per transaction.

**Turnover Rate** – The optimal turnover rate is between eight (8) and twelve (12). A turnover rate of thirteen (13) and over may show high usage and the need to increase funds. A turnover rate of seven (7) and under reflects a low usage and funds may need to be decreased.

### Rule

1. Petty cash and imprest funds shall only be used for payment of incidental expenses or refunds of a nominal amount.
2. Petty cash and imprest funds shall be recorded on and then reconciled to the City Financial System as of the last business day of every month. Adjustments shall be posted promptly.
3. Cash and checks must be kept in a secure location at all times with access to the funds restricted.
4. Individual exceptions to the nominal amount may be made by the Controller's Office.
5. Petty cash shall not be advanced in anticipation of an approved purchase.
6. State and local sales tax will be reimbursed if the purchase is made with cash or an employee's personal check or credit card. Purchases paid with an imprest fund check are tax exempt and the payment of sales tax will not be reimbursed. A tax exemption certificate should be presented to the vendor at the time of the purchase.
7. Police reports must be filed for all suspected thefts as soon as a theft is discovered.

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## PETTY CASH AND IMPREST FUNDS, CONTINUED

8. All petty cash and imprest funds may be audited annually by the Auditor.
9. Petty cash and imprest funds shall not be used for payment of salaries, wages, bonuses or employee appreciation gifts, such as cash or gift cards, non-employee 1099 compensation payments, personal advances, or check cashing.
10. Replenishment of funds shall be made by Manager of Finance Warrant only.
11. Supervisory personnel should ensure that random independent reconciliations of the petty cash or imprest funds are performed during the year. Results of these surprise counts should be documented.
12. Custodial responsibilities must be rotated to another employee for at least 2 consecutive weeks during each calendar year. Funds must be reconciled and documented before custodial responsibilities are rotated.
13. When a petty cash or imprest fund is reduced or abolished, funds shall be deposited and notice given to the Controller's Office.
14. Agency/department heads shall annually review their petty cash and imprest fund accounts to ensure that they are in compliance with this rule, including but not limited to, the turnover rate.

### Procedures and Forms

The **Controller's Office** and **Treasury** are responsible for any procedures and forms associated with this rule.