

SAN MATEO COUNTY HEALTH SYSTEM
BEHAVIORAL HEALTH AND RECOVERY SERVICES

DATE: November 13, 2013

BHRS POLICY: 13-02

SUBJECT: Petty Cash Procedures

AUTHORITY: Divisional

SUPERSEDES: New Policy

ATTACHMENTS:

- A. Petty Cash Verification Sheet
- B. Petty Cash Replenishment Summary
- C. Sample Petty Cash Voucher
- D. Petty Cash Operating Procedure Checklist
- E. Petty Cash Policy Contacts

POLICY

The Controllers Office issued Administrative Memorandum No. A-2 on March 1, 2000 <http://intranet.co.sanmateo.ca.us/DMO/admin/A-2.pdf> to outline the policies and procedures in the handling of Petty Cash Funds. In order to comply with that Memorandum, as well as the Health System Departmental Policy F-04, this Procedure identifies the general guidelines that need to be followed by Behavioral Health & Recovery Services (BHRS) staff in the handling of petty cash.

The Financial Services Manager I will maintain a Fiscal Year Inventory of BHRS Petty Cash Funds and Associated Staff (Custodian, Supervisor, Alternate/Backup Custodian/ Reconciliation Designee). This Inventory is available on request.

GUIDELINES

1. Purpose of Petty Cash

Use is limited to reimbursement of authorized out-of-pocket expenditures for services, supplies and other expenses constituting a legal charge against the County. Advances for anticipated expenses or cash for making change are not authorized uses.

2. Requirements

- A. Petty Cash Box
- B. Secured locked drawer or safe for the Petty Cash Box

3. Forms Needed

- A. Petty Cash Verification Sheet (Attachment A)
- B. Petty Cash Replenishment Summary (Attachment B)
- C. Standard Pre-numbered Petty Cash Vouchers (Attachment C)

4. Procedure for Initiation of New Petty Cash Fund or Change to Existing Fund

- A. Upon determination of the need for a Petty Cash Fund, or a change to an existing Fund, the requestor should send a request for the establishment/change of Petty Cash Fund to the BHRS Deputy Director for Administration. The request should include the following information:
 - a. Amount of fund requested.
 - b. Purpose for the fund and what the fund will primarily be used for.
 - c. Date by which the fund will be needed.
 - d. Name of Custodian and his/her location, phone number and PONY number.
 - e. Name of the Custodian's Supervisor, phone number and PONY number.
 - f. Name of alternate/back up Custodian, phone number and PONY number.
 - g. Name of the Reconciliation Supervisor to reconcile the petty cash fund, phone number and PONY number.
 - h. Physical location of the fund.

If the request is approved, the Accountant II and/or Fiscal Office Specialist will send a Petty Cash Operating Procedure Checklist (Attachment D) to the requesting Clinic. The checklist will be completed and signed by the Custodian and the person responsible for reconciling the fund.

- B. The BHRS Deputy Director for Administration will submit appropriate requests for new or changes to existing petty cash funds to the Health System Chief Financial Officer (CFO) for review and possible submission to the Controller's Office. The Health System CFO will forward approvals of requests back to the BHRS Deputy Director for Administration, who shall notify the Accountant II and/or Fiscal Office Specialist of said approval.
- C. Upon receipt of the completed Petty Cash Operating Procedure Checklist, the Fiscal Services Manager I will prepare a memo to the Controller's Audit Division requesting the setup of a new petty cash revolving fund. A copy of the completed Petty Cash Operating Checklist will be provided to the Health System CFO, who will then review and distribute it to the Controller's Office.

- D. Once the Controller's Office issues a check to establish the petty cash fund, the Accountant II and/or Fiscal Office Specialist will contact the Custodian of the petty cash fund.

5. Training of Petty Cash Custodians and Custodian Supervisor

- A. The Fiscal Services Manager I will provide training to all fund Custodians, Supervisors, Reconciliation Supervisors, and alternate/back-up Custodians annually. Training shall cover the following topics:
 - a. Responsibilities and duties of Custodian, Supervisor, Reconciliation Supervisor, and Alternate/Back-up Custodian.
 - b. Fund security.
 - c. Daily and monthly reconciliation processes.
 - d. Account replenishment process.
 - e. Appropriate uses of the petty cash fund.
- B. The Accountant II and/or Fiscal Office Specialist will maintain a matrix document which identifies the individual approved petty cash funds, and the associated Custodians, Supervisors, Reconciliation Supervisors, and alternate/back-up Custodians.
- C. Training will be required when any staff duties change and shall occur before the new staff perform any petty cash activities, including disbursements.

6. Handling of Petty Cash Funds

- A. The petty cash fund should be maintained in a petty cash box and kept in a locked drawer or safe. The cash must be kept in a locked drawer or safe at all times when not being accessed in order to reduce the risk of theft. These funds shall never be comingled with any other funds, including change funds.
- B. Petty cash access should be limited solely and only to the Custodian of the fund. Access shall be given to the alternate/back-up Custodian only during times when the Custodian is on scheduled vacation. When a scheduled transfer occurs, such as when the Custodian departs for a vacation, a Petty Cash Verification Sheet should be completed before access is given to the alternate Custodian. Upon the return of the Custodian, a Petty Cash Verification Sheet should be completed likewise. This would ensure the accountability of the funds.
- C. The Custodian of the petty cash fund must not handle other cash funds, such as change funds.

7. Disbursement

- A. Advances for anticipated expenses or cash for making change are not authorized uses of the petty cash fund.

- B. Maximum reimbursement per expenditure is limited to \$25.00 unless prior written authorization has been issued to the custodian by the BHRS Deputy Director for Administration. Expenditures cannot be split to claim reimbursement in excess of \$25.00.
- C. Upon submission of documentation (original receipts), the Custodian will complete a Petty Cash Voucher for the petty cash claim in ink and have it approved by the Supervisor. Upon approval, the Custodian will disburse the funds to reimburse the employee. The employee receiving cash signs the Voucher to acknowledge receipt.
- D. Completed Vouchers should be filed in sequence and kept in a safe place. It is important for the Custodian to use the Vouchers in sequence and to account for all the Vouchers that were voided.
- E. The Custodian will reconcile the petty cash fund by the end of each business day that a transaction, either disbursement or replenishment, has occurred.

8. Reconciliation

- A. Using the Petty Cash Verification Sheet, the Reconciliation Supervisor will reconcile the petty cash fund monthly, regardless of whether or not the petty cash fund has been accessed. This reconciliation shall be documented on a log kept in the petty cash box.
- B. It is important that there be appropriate segregation of duties and that the duties of the Custodians of the cash, those approving the transactions, and those performing the reconciliation should be done by three separate individuals.
- C. A copy of the monthly reconciliation shall be sent to the Financial Services Manager I, MLH 322, on the same day the reconciliation occurs.
- D. Any discrepancies should immediately be reported in writing/electronically to the Financial Services Manager I who shall review the discrepancy according to paragraph 10-B below.

9. Replenishment

- A. The Financial Services Manager I will create a memo to authorize the individual Custodians to cash replenishment checks with the Treasurer's Office. This memo will require the Custodian's signature.
- B. The Custodian is responsible for requesting replenishment of the petty cash fund, frequency of which depends on the expenditure level. The Custodian shall complete a Petty Cash Replenishment Summary Sheet and have it approved by the Supervisor.

- C. The Petty Cash Replenishment Summary Sheet shall contain a list of all the vouchers used for that period that are due for replenishment. The Custodian shall input all the necessary information such as voucher number, to whom paid, description, org, account and amount. The total of the vouchers for reimbursement, cash on hand and outstanding replenishment should be equal to the original petty cash fund amount.
- D. The Supervisor should ensure that the total amount of petty cash replenishment is supported by the total amount of the vouchers attached for replenishment. The Supervisor should also make sure that vouchers are in sequence and have authorized signatures, and supported by original receipts and or other documentation.
- E. The Custodian shall submit the Petty Cash Replenishment Summary Sheet with vouchers and supporting documents to Accountant II and/or Fiscal Office Specialist for processing.
- F. The Accountant II and/or Fiscal Office Specialist shall process the Petty Cash Replenishment Summary Sheet, payable to the Custodian, and submit it to Controller's Office.
- G. Checks are made payable to Central Revolving Fund, County of San Mateo and the Custodian who will be cashing the check. The Custodian should cash these checks only at the Treasurer's Office.

10. Oversight and Reporting by Program Office Accounting Staff

- A. The Accountant II and/or Fiscal Office Specialist will conduct a minimum of two unscheduled audits of each fund each fiscal year.
- B. If reconciliation irregularities are found, either through the monthly reconciliations or the unscheduled audits, one or more of the following actions will be taken by Accountant II and/or Fiscal Office Specialist:
 - a. Custodian or Supervisor staff will be provided additional training on petty cash procedures and accounting.
 - b. More frequent unscheduled audits will be conducted by Accountant II and/or Fiscal Office Specialist.
 - c. Petty cash Custodian or Supervisor assignments will be changed.
 - d. The petty cash account will be removed from the program site.
- C. Reconciliation irregularities that are found either through monthly reporting or through unscheduled audits will be reported:
 - a. At the bi-monthly BHRS Compliance Committee.
 - b. To the Chief Financial Officer for the Health System within 10 days of the findings.
- D. An annual review of all accounts and account activity will be conducted. This review will determine if the account continues to be needed at the clinic site, and if accounting

procedures have been followed appropriately. A report of this review will be provided to the BHRS Compliance Committee and to the Chief Financial Officer for the Health System.

- E. Should a particular petty cash fund be closed, the following should be completed by the Financial Services Manager I:
 - a. Documentation regarding why the fund was closed.
 - b. Transfer of the physical monies from the custodian to the Financial Services Manager I in the Program Office accounting department.
 - c. Creation/copy of the deposit permit returning the cash to the county fund.
 - d. A draft memo to the Controller's Office from the Health System CFO and BHRS Deputy Director for Administration detailing the liquidation of BHRS Petty Cash funds that will be given to the Chief Financial Officer within 30 days of the decision.

Approved: Signature on File
Stephen Kaplan, Director
Behavioral Health and Recovery Services

Reviewed: _____

