Volunteers National Organization for Development and Humanities Services

منظمة المتطوعين الوطنية للتنمية والخدمات الإنسانية

(VOLUNTEERS)

PETTY CASH PROCEDURE GUIDE

Statement

This policy establishes the proper uses and administration of petty cash funds. These funds should be used only when cash is the most cost efficient method of payment. Petty cash funds provide cash to units and departments to cover minor expenses, such as reimbursement of staff members and visitors for small expenses like such as taxi fares, postage, and office supplies. These single reimbursements should not exceed sixty dollars ($250).

The Organization requires each petty cash fund to have an approved Custodian, who documents expenditures, keeps receipts, and safeguards the funds. The organization designated supervisor of the Custodian and the Division or Financial Manager -Finance Officer of the Organization) review and approve the creation, maintenance, and reconciliations of the petty cash funds.

Procedures

1. Understand appropriate uses of petty cash. Petty cash funds should not to be used as an operating fund, i.e., to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans.

2. **Designate a Petty Cash Fund Custodian.**

A. Each fund must have a Custodian approved in writing by their supervisor and the Manager of organization for their Division or staff. The Petty Cash Fund Custodian is responsible for the petty cash fund and the requirements thereof.

B. Custodians must be Finance Officer or auxiliary employees. Finance Assistants may not be custodians.

3. Establish the petty cash account.

A. Units or Departments are responsible for submitting the initial request to open a petty cash account. Requests for petty cash funds are made through a check request with the description of "petty cash fund creation." The check request is signed by the CD and the Division or Programme and Operation Director.

B. The Unit or Department should evaluate their business needs and limit the petty cash

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C. Volunteers Organization will monitor each petty cash fund, makes changes as requested, and closes existing funds at the direction of the supervisor.

D. Once the petty cash account is approved and established, Volunteers Organization will issue a check to the custodian and the check will be picked up by the custodian, who will sign the custodian agreement.

4. Safeguard the cash.

A. Keep petty cash funds in a secure area such as a locked drawer or small safe.

B. Petty cash funds should not be comingled with other funds.

C. In the event of theft, the Custodian should notify his/her immediate supervisor.

D. Petty cash funds should be active. Inactive funds should be terminated by Units or Departments. Funds are considered inactive if they have no activity during a six-monthperiod.

E. Unannounced cash counts and reconciliation of petty cash funds will be performed by the Volunteers Organization on a periodic basis.

5. Document expenditures.

A. The Custodian is responsible for maintaining:

a. Petty Cash Log

b. Receipts for each transaction.

Reimbursements from the petty cash must be properly authorized and properly documented.

1. A petty cash voucher should be used for each disbursement.

2. The voucher should be signed by the requestor and approved by the fund director.

3. The voucher should show the nature of the expenditure.

4. The voucher should be supported by original official receipts, which should detail the items purchased, the cost of those items, and the total.

B. Logs and receipts will be subject to review by Volunteers Organization

C. Advances to employees and cashing of personal checks through petty cash funds are not allowed.

D. Petty cash funds may not be utilized for the payment for services to employees or independent contractors.

E. Reimbursements for expenditures related to travel, such as mileage and parking, should be handled through the submission of an official travel expense claim.

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6. Replenishment of the funds.

A. The petty cash custodian is responsible for replenishment when a petty cash fund runs low.

B. When petty cash funds are replenished, the total of the receipt report cannot exceed the total dollar value of the fund.

7. Reconcile the log to the amount in the cash box Monthly.

8. Evaluate need for petty cash account Monthly-Quarterly and annually. At least once per year, each petty cash fund will be reviewed by the custodian, their supervisor, and the financial manager of the Division to determine whether the petty cash fund is still required to meet the organization business needs, or if alternative disbursement methods could suffice.

9. The petty cash fund should be closed when the custodian leaves the Organization or transfers to another unit. Transfer of funds to a successor is not authorized. If a successor is to be furnished a petty cash fund, a new request is required.

Responsibilities and Contacts

Petty Cash Custodians are responsible for disbursing cash from a petty cash account, documenting expenditures and keeping receipts, replenishing the account when it runs low, and generally safeguarding the cash.

Custodian's Supervisor are responsible for reviewing the requests for reimbursements, the Monthly reconciliations, and the annual petty cash review.

Division and Organization Financial Managers are responsible for ensuring that departments and programs abide by this policy and the accompanying procedures. They also must approve any request related to the creation or termination of a petty cash fund.

Volunteers Organization CD –Programme & Operation Directors is responsible for tracking Petty Cash Funds, reviewing reimbursements for policy and procedural compliance, adding Custodians to the vendor file, making changes to designated Custodians, setting up new petty cash accounts and making changes to and closing existing accounts. Volunteers Organization may conduct reviews in the Units or Departments of petty cash funds at their discretion.

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