


POLICY

	Policy:	PETTY CASH		
	Department:	Corporate Services		
	Division:	Finance	By-Law No:	2016-28
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1. POLICY STATEMENT

- 1.1. The Corporation of the Town of Amherstburg is committed to establishing controls and procedures for the use of petty cash.

2. PURPOSE

- 2.1. This policy is to ensure that any and all petty cash funds are only used for miscellaneous and incidental Town-related expenditure of small value of where payment through the accounts payable system or by Town-issued credit card is not justified or appropriate.
- 2.2. This policy ensures that receipts for petty cash are retained and recorded by the responsible employee.

3. SCOPE

- 3.1. This policy applies to all individuals maintaining and accessing petty cash amounts.
- 3.2. This policy also applies to all Town of Amherstburg employees, elected and appointed officials of the Town of Amherstburg, agencies, boards, commissions and committees funded by the Town of Amherstburg, in whole or in part, or whose governing body includes Town of Amherstburg representation and whose financial transactions are accounted for within the Town of Amherstburg

- 3.3. This policy shall be reviewed every two years from the date it becomes effective, and/or sooner at the discretion of the Director of Corporate Services/Treasurer.

4. **DEFINITIONS**

- 4.1. **Account Allocation** is the act of applying petty cash disbursements to various general ledger accounts to reflect how the petty cash was used.
- 4.2. **Canadian Revenue Agency (CRA)** administers tax laws for the Government of Canada and for most provinces and territories, and administers various social and economic benefit and incentive programs delivered through the tax system.
- 4.3. **Cash** refers to paper currency, coins and cheques, however, where applicable, it also includes but is not limited to: debit and credit card receipts, gift certificates, gift cards, tokens, passes, permits and money orders.
- 4.4. **Chief Administrative Officer (CAO)** is the Chief Administrative Officer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 229 of the *Municipal Act, 2001*.
- 4.5. **Council** refers to the current elected Council for the Corporation of the Town of Amherstburg. This includes, as an entirety, the Mayor, Deputy Mayor and Councillors.
- 4.6. **Director** is the person responsible for direction and operational control of a division as defined on the Town's organizational structure.
- 4.7. **Disbursement** refers to the paying out of petty cash to a Town employee.
- 4.8. **Employee/Staff** is any person employed with the Town of Amherstburg, including any union or non-union, regular or temporary, full-time, part-time, seasonal or casual staff member, including but not limited to permanent staff, temporary staff, committee members, students, recreation staff, contract employees, and paid work placements.
- 4.9. **Manager** reports directly to a Director (or the CAO in some instances) and who is responsible for a department within a division of the Corporation, as defined on the Town's organizational structure.
- 4.10. **Petty Cash** refers to funds that are to only be used for miscellaneous and incidental Town-related expenditure of small value of where payment through the accounts payable system or by Town-issued credit card is not justified or appropriate.
- 4.11. **Petty Cash Custodian** refers to the Town employee who has been authorized to monitor and disburse petty cash, as well as maintaining the petty cash log.
- 4.12. **Petty Cash Log** means a record of all transactions into and out of petty cash.
- 4.13. **Reconciliation** is the process of comparing actual amounts held in the petty cash box to the amounts that the record log indicate should be there, and finding the reasons for any differences or error.

- 4.14. **Senior Management Team (SMT)** is comprised of the Chief Administrative Officer and the Directors. If a Director is unavailable, a delegate may be assigned.
- 4.15. **Supervisor** is responsible for overseeing the regular daily functions of a group of employees or a work unit.
- 4.16. **Town** is the Corporation of the Town of Amherstburg.
- 4.17. **Treasurer** is the Treasurer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 286 of the *Municipal Act, 2001*.

5. INTERPRETATIONS

- 5.1. Any reference in this Policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a By-law or Town policy shall be deemed to be a reference to the most recent passed policy or By-law and any replacements thereto.

6. GENERAL CONDITIONS

6.1. Petty Cash Box

- 6.1.1. Petty cash should be kept in a secure location in a locked cash box.
- 6.1.2. The Petty Cash Custodian shall keep the petty cash box key and manage the petty cash, including monthly reconciliation and reimbursement of funds.
- 6.1.3. Where there is more than one Petty Cash Custodian, or if a temporary Petty Cash Custodian is needed/necessary, transaction logs must show the initials of the individual accessing petty cash for each transaction.

6.2. Reimbursements from Petty Cash

- 6.2.1. For typical operating purchases, Town employees make the purchase from their own funds and keep the receipt for the purchase for reimbursement purposes.
- 6.2.2. For atypical operating purchases, Town employees shall obtain oral approval from their Supervisor before making the purchase from their own funds, as per Section 6.2.1.
- 6.2.3. Town employees may obtain reimbursement for expenditures from petty cash when they present their receipt to the Petty Cash Custodian.
 - 6.2.3.1. The receipt must contain an explanation as to the nature of the expense.

6.2.3.2. The receipt must also show the amount of applicable HST paid and the CRA registration number of the vendor.

6.2.4. Disbursements shall be recorded in the petty cash log and the receipts kept in the petty cash box until the replenishment of those funds is required.

6.3. **Advance Disbursements and Returns to Petty Cash**

6.3.1. Where it is not possible or practical for an employee to make a purchase from their own funds, the Petty Cash Custodian may make an advance disbursement to the employee for the estimated amount of the required purchase.

6.3.1.1. The employee shall estimate the required amount, and that amount is then disbursed to the employee.

6.3.1.2. The nature of the requirement and the amount are recorded in the petty cash log.

6.3.1.3. Both the employee and the Petty Cash Custodian should initial the withdrawal on the log.

6.3.2. If the Petty Cash Custodian has any concern about the request, he or she may request the approval of the employee's Supervisor before disbursing.

6.3.3. Upon purchasing with the disbursed funds, Town employees will retain the receipt.

6.3.4. The Town employee, after making the approved purchase, shall provide the Petty Cash Custodian with the receipt, along with any change remaining from the disbursement, and an explanation as to the nature of the purchase.

6.3.5. Receipts must show the amount of the purchase, the applicable HST paid, and the CRA registration number of the vendor.

6.3.6. Upon receiving the receipt, the Petty Cash Custodian verifies that the amount of the receipt and the amount of change equals the amount of the initial disbursement.

6.3.6.1. The original disbursement entry shall be reversed and the purchase entry will be made on the petty cash log.

6.4. **Reconciliation and Replenishment of Petty Cash**

6.4.1. The Petty Cash Custodian shall perform a reconciliation of petty cash and receipts on a monthly basis.

6.4.2. If the petty cash and receipts do not reconcile, the error must be found and corrected by the Petty Cash Custodian.

- 6.4.2.1. In the situation in which the error cannot be found, the Petty Cash Custodian will report the error to the Director of Corporate Services/Treasurer.
- 6.4.2.2. In cases where the petty cash cannot be reconciled, the error may be written off at the discretion of the Director of Corporate Services/Treasurer.

6.4.3. The reconciliation form, together with all of the receipts and the log for the reporting period, shall be forwarded to the Financial Services Department for verification of the reconciliation totals and the preparation of a replenishment cheque payable to the Petty Cash Custodian in the amount of the total disbursements from the previous period.

6.4.4. The petty cash log is to be used to record the cash balance left over from the previous reconciliation.

- 6.4.4.1. Where a replenishment cheque has been issued, it shall be cashed by the Financial Services Department and the amount is entered into the log as a petty cash deposit.

6.5. **Account Allocations for Petty Cash Disbursements**

6.5.1. If the amounts flowing through petty cash are considered small, then only a limited amount of account allocation is required where amounts paid for HST will be separately noted.

6.5.2. If the amounts flowing through petty cash are considered predominantly all of the same nature, then the whole amount may be distributed between that account and sales tax expense.

6.5.3. If the amounts flowing through petty cash are not small and are not predominantly of the same nature, then allocation of petty cash expenditures must be made to individual accounts.

- 6.5.3.1. The petty cash log and the recorded purpose shall be used to divide disbursements into account groupings allocated to individual expense accounts.

6.5.3.2. Total allocations must equal total disbursements from the Reconciliation Form.

7. **RESPONSIBILITIES AND AUTHORITIES**

7.1. All operating departments are responsible for ensuring that expenditures made on behalf of the Town represent good value and are necessary Town expenses.

- 7.2. **Director of Corporate Services/Treasurer** has the authority and responsibility to:
 - 7.2.1. Appoint Petty Cash Custodians.
 - 7.2.2. Ensure the Petty Cash Custodian is well-versed and knowledgeable of the role.

- 7.3. **Petty Cash Custodians** have the authority and responsibility to:
 - 7.3.1. Ensure that the petty cash fund is secured at all times.
 - 7.3.2. Maintain a record of all transaction affecting the amount of petty cash, including any and all supporting documentation such as receipts or invoices.
 - 7.3.3. Maintain a petty cash register.
 - 7.3.4. Report the loss of funds to the Director of Corporate Services/Treasurer as soon as the loss is discovered.

- 7.4. The **Financial Services Department** has the authority and responsibility to:
 - 7.4.1. Ensure that petty cash records are reconciled from time to time with actual cash on hand.
 - 7.4.2. Replenish petty cash amounts on a timely basis.

8. PETTY CASH ACCOUNTS

- 8.1. The following allocations shall be distributed to these Petty Cash Funds:
 - 8.1.1. 10-1-0000000-0101 – Petty Cash #1(Finance Clerk) \$300.00
 - 8.1.2. 10-1-0000000-0102 – Petty Cash #2(Senior Finance Clerk) \$500.00
 - 8.1.3. 10-1-0000000-0103 – Petty Cash – Police \$375.00
 - 8.1.4. 10-1-0000000-0104 – Petty Cash – Public Works \$150.00
 - 8.1.5. 10-1-0000000-0105 – Petty Cash – Police Services \$ 50.00
 - 8.1.6. 10-1-0000000-0108 – Petty Cash – Clerk’s Department \$300.00
 - 8.1.7. 10-1-0000000-0109 – Petty Cash – Concessions \$800.00
 - 8.1.8. 10-1-0000000-0110 – Petty Cash – Arena \$700.00

8.1.9. 10-1-0000000-0112 – Petty Cash – Recreation Program \$1,000.00

9. REFERENCES AND RELATED DOCUMENTS

9.1. Cash Receipts Control Policy

APPENDIX A – PETTY CASH LOG/RECONCILIATION FORM (SAMPLE)

Petty Cash Log - (Petty Cash Custodian) - (Date)

Amount	HST	Total Amount	GL Number	Description	Department Approval
\$100.00	*	\$100.00	101-0000000-0113	Float	(Department Name)
\$4.47	*	\$4.47	105-1001021-0301	Tea	(Department Name)
\$13.94	*	\$13.94	105-1001021-0302	Milk/Sugar	(Department Name)
\$14.78	*	\$14.78	105-1001021-0303	Tissue	(Department Name)
\$3.97	\$0.52	\$4.49	105-1001021-0304	Training Lunch	(Department Name)
\$14.88	*	\$14.88	105-1001021-0305	Training Lunch	(Department Name)
\$33.90	*	\$33.90	105-2043015-0252	Milk and Coffee	(Department Name)
\$54.98	\$7.15	\$62.13	105-1001021-0353	0	(Department Name)
\$150.00	*	\$150.00	105-1001010-0340	Bag Piper Services	(Department Name)
\$390.92	\$7.67	\$398.59			