



# DEPARTMENT OF ADMINISTRATION

## Enterprise Policy

OAC-A-15b-2019

### OFFICE OF ACCOUNTS AND CONTROL

#### Petty Cash Funds and Change Funds Policy

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#### 1. Purpose

- a. The purpose of a petty cash fund is to enable a State department or agency, in very limited circumstances, to pay for unique operating necessities or for nominal expenses which cannot be administered economically and efficiently through the State's customary procurement and accounts payable processes.
- b. The purpose of a change fund is to enable a State department or agency to accept cash payments from its clients or customers and give them the proper amount of change.

#### 2. Applicability

- a. This policy applies to State departments and agencies that 1) wish to establish a new petty cash fund or change fund and/ or 2) are currently managing one or more petty cash funds or change funds.

#### 3. Authorization of Funds

##### a. Authorization to set up a new petty cash fund or change fund:

- (i.) An agency seeking authorization to set up a new petty cash fund or change fund shall first submit Form PCF-1, Application for New Petty Cash or Change Fund, to the State Controller. This form is available on the Controller's website.
- (ii.) The Controller has final approval over the establishment of petty cash or change funds. Approved funds will be assigned a new RI-FANS asset account number. Each petty cash or change fund must have a designated custodian who is the sole person authorized to make disbursements from the fund. If a request for a new fund is denied, the Controller will notify the agency CFO of the final decision and the reason(s).

##### b. Operating guidelines for petty cash funds

- (i.) After the initial funding of a petty cash fund, an agency must submit vouchers for expenditure reimbursement to the Accounts Payable Section of the Office of Accounts and Control. All reimbursement checks generated through the Accounts Payable process shall be made payable to the order of the fund custodian as disbursing officer. They shall **not** be made payable to the custodian without mention of the D.O. (Disbursing Officer) qualification, **nor** shall they be made payable to the order of any other individual.

- (ii.) Originals of **all** supporting vendor invoices, vendor account statements, or expenditure receipts **must** be attached to all reimbursement vouchers submitted to the Accounts Payable Section of the Office of Accounts and Control. Such vouchers are to be signed by the agency's CFO. In addition, a supporting petty cash reconciliation sheet signed by the agency petty cash fund reconciler **must** be included with each reimbursement request.
  - (iii.) The petty cash reconciliation sheet should include:
    1. The actual amount of cash in the safe or strongbox as of the date of the reconciliation.
    2. A listing of the amounts of individual vendor receipts or other forms of documentation of disbursements from the fund, the total of which should equal the amount that the agency is currently seeking to be replenished.
    3. The sum of the amounts in the two bullets listed above, which should equal the total authorized amount of the fund. Accounts and Control may not process a petty cash replenishment unless the reconciliation total equals this authorized amount.
  - (iv.) A petty cash fund may **not** be used to provide payroll advances, mileage reimbursements, and the like to State employees or to any other individual or entity.
  - (v.) A petty cash fund may **not** be used to reimburse a State employee for payments he/she makes out of his/her own resources for State purposes, **except** in the rare case of an emergency where the employee had to make such a payment as a last resort. Instead, it is preferable that employees make use of a State-issued P-card in such circumstances.
  - (vi.) In cases where a petty cash fund has been used to reimburse an employee for emergency payments out of his/her own resources, the employee **must** provide an original vendor invoice or receipt as backup. Such an invoice or vendor receipt should show, at a minimum, the date, the dollar amount, and a description of the purchase.
  - (vii.) An exception to the backup documentation requirement may be made in cases where a State employee or agent has drawn from the fund in order to make a cash payment as part of an undercover operation. In such cases, the agency may simply provide a list showing the amounts, dates, and the names of the parties to whom the State employee or agent made the payments.
  - (viii.) A petty cash fund may **not** be used to pay any party to whom the State is obligated to issue a Form 1099.
- c. Annual petty cash fund reconciliations or change fund certifications**
- (i.) Each year, all agency petty cash fund reconcilers shall complete and submit to the Office of Accounts and Control a final reconciliation of each of their agency's petty cash funds as of June 30. In the case of a change fund, the CFO of the agency shall submit a signed certification that the amount of cash in the change fund as of June 30 equaled the amount authorized for the fund. Said

reconciliations or certifications are due at the Office of Accounts and Control by no later than the following July 31, along with a corresponding Petty Cash Fund Account Form A-15R (available on the Controller's website) for each separate petty cash or change fund.

**d. Changes in petty cash or change fund management**

- (i.) If there is a change in the custody or location of a petty cash or change fund, both the former and the successor custodians/ disbursing officers must sign a statement (a fund reconciliation is acceptable) showing the exact amount of cash on hand and either 1) the amount of unreimbursed expenditures in the case of a petty cash fund, or 2) the amount of undeposited receipts in the case of a change fund, as of the date of transition. The administering agency shall transmit a copy of the signed statement to the State Controller.

**e. Petty cash fund and change fund retirement**

- (i.) The State Controller must be notified whenever an agency wishes to dissolve an existing petty cash fund or change fund. In such a case, the agency CFO must explain the reason(s) for its request and include a reconciliation of the contents of the fund as of the time of notification.
- (ii.) In order to retire a **petty cash** fund from use, the disbursing officer shall first deposit any cash on hand into the State's General Fund and simultaneously submit a final request for expenditure reimbursement to Accounts and Control.
- (iii.) In order to retire a **change fund** from use, the disbursing officer shall deposit all cash on hand into the State's General Fund. Under no circumstances should a fund retirement deposit be for less than the authorized amount of the fund.
- (iv.) The Office of Accounts and Control will inactivate the RI-FANS petty cash fund or change fund asset account once the balance in the account is zeroed out as a result of the final agency deposit.

**f. Audits of petty cash or change funds**

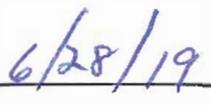
- (i.) At fiscal year-end, the Office of Accounts and Control will follow up with agencies that have not submitted a year-end reconciliation sheet for one or more of their petty cash fund accounts, or a certification for one or more of their change fund accounts, by the July 31 deadline as described in item C above. If it turns out that the CFO has no knowledge of a particular petty cash or change fund for which a RI-FANS account number exists, then the Supervising Accountant will report that fact to the State Controller to determine what further steps to take.

**4. Repercussions for Noncompliance**

- a. If it is discovered that an agency has engaged in any of the practices prohibited in this policy and in Accounts and Control operating guidelines, or if it appears that irregularities have occurred in the management of its petty cash or change funds, or if the agency has not submitted a year-end reconciliation or certification to Accounts and Control within a month after the July 31 deadline, then the agency will be required to retire the fund in question immediately in accordance with the procedures outlined in section 3E above.

**5. Signatures**

  
\_\_\_\_\_  
**State Controller**

  
\_\_\_\_\_  
**Date**

  
\_\_\_\_\_  
**Director of Administration**

  
\_\_\_\_\_  
**Date**