



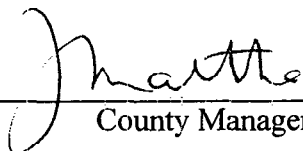
ADMINISTRATIVE MEMORANDUM
COUNTY OF SAN MATEO

NUMBER: A-2

SUBJECT: Central Revolving Fund (Petty Cash Fund)

RESPONSIBLE DEPARTMENT: Controller

APPROVED:


County Manager

DATE: March 1, 2000

This memorandum is revised to reflect new policies and procedures in the Central Revolving Fund. This replaces the Administrative Memorandum A-2 dated December 6, 1995. In accordance with the Board of Supervisors Resolution No. 37838, the Controller operates the Central Revolving Fund as follows:

1. Procedures for the establishment and operation of departmental Petty Cash Funds are attached and required to be signed and delivered to the Controller's Office before any monies are distributed (Petty Cash Fund Initiation and Operating Procedures). These procedures are considered to be an integral part of this administrative memorandum.
2. 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 against anticipated expenses or cash for making change are not authorized uses.
3. Maximum reimbursement per expenditure is \$100. Expenditures cannot be split to claim reimbursement from the Central Revolving Fund. Regular claims are to be submitted if an expenditure exceeds \$100.
4. The Controller requires a standard Petty Cash Voucher, approved by the department head (or appropriate designee), which reports the date the charge was incurred, the amount, and the purpose of the expenditure.
5. The requirements in Items 2 and 3 apply to all departmental revolving funds with the exception of those specifically approved for exception by the County Manager's Office and the Controller's Office.
6. For audit purposes, supporting documentation (original receipts) should be attached to the petty cash voucher.

COUNTY OF SAN MATEO

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: March 1, 2000
TO: Department/Division Heads
FROM: Tom Huening, Controller
SUBJECT: Petty Cash Fund Initiation and Operating Procedures

Departments may decide that a petty cash/revolving fund is necessary for their operations. All conditions for operation of a Central Revolving Fund (Petty Cash Fund) described in Administrative Memorandum A-2 are to be followed. This memorandum and the accompanying checklist are an integral part of Administrative Memorandum A-2.

A memo should be drafted to the Controller's Audit Division requesting the setup of a new petty cash/revolving fund, which includes:

- The amount of the fund.
- Why the fund is needed and what the fund will primarily be used to purchase.
- A date for the establishment of the fund.
- The name of the custodian of the fund and their location, phone and PONY number.
- The name of the backup custodian of the fund and their location, phone and PONY number.
- The name, location, phone and PONY number of the person responsible for reconciling the fund on a regular basis.
- A statement that the department head understands that they are responsible for ensuring that internal controls are adequate and meet the minimum requirements set forth by the Controller's Office in the attached Petty Cash/Revolving Fund Operating Controls Checklist.

When requesting the set-up of a new petty cash/revolving fund from the Controller's Office, the attached Petty Cash Operating Procedures Checklist should be completed and signed by the department head. This checklist contains a listing of the minimum operating internal control procedures that should be used for all petty cash/revolving funds. Additionally, a batch should be prepared and forwarded to the Audit Division with the request memo. **It should be emphasized that the responsibility for internal controls rests with departmental management.**

Upon receipt of:

1. Your memo,
2. Signed Petty Cash/Revolving Fund Operating Controls Checklist, and
3. Signed batch proof,

the Audit Division will check to ensure that all the information is correct, internal controls appear adequate and prepare an authorizing memorandum for the Controller to sign. The Accounts Payable Division of the Controller's Office will then approve your batch for check issuance.

If you have any questions, please call the Audit Division Manager, at 4893.

COUNTY OF SAN MATEO

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: March 1, 2000

PETTY CASH/REVOLVING FUND OPERATING CONTROLS CHECKLIST

- ___ Formally printed, pre-numbered vouchers will be used to ensure that all petty cash receipts are accounted for and easy to track by the custodian.
- ___ All vouchers will be completed in ink to ensure they are not altered after completion.
- ___ All vouchers will be signed by the employee requesting reimbursement and by the department/division head or designated person. The custodian should not be the designated person. This procedure evidences that the employee received reimbursement and that someone approved the expenditure other than the custodian.
- ___ All vouchers will have the vendor's receipt(s) attached for the full amount being reimbursed from the fund. This will ensure that there are no duplicate reimbursements and that reimbursements are valid and for the correct amount.
- ___ Each expenditure should not exceed \$100 as required by County Administrative Memo A-2.
- ___ All of the guidelines outlined in Administrative Memo A-2 will be strictly adhered to.
- ___ Petty cash replenishment checks will be made payable to an approved custodian. Either the custodian or the department head will be the check payee. This reduces the risk of another employee, who is not responsible for the fund, cashing the check and misplacing the money.
- ___ Petty cash vouchers and attachments will be cancelled (stamped/marked paid) and forwarded to the Controller's Office with the batch requesting fund reimbursement. This reduces the risk of reimbursing someone twice and the risk that someone else will reuse the attached receipt.
- ___ A signed formal petty cash replenishment request form with attached expenditure distribution form should be attached to the original cancelled vouchers and receipts. The signature provides audit evidence that the vouchers and receipts were reviewed and approved by the department head or their designee (someone other than the custodian at a management level).
- ___ The petty cash custodian is independent of employees who handle any other cash receipts. If the custodian also handles cash received for other purposes, there is a risk that cash may be commingled.
- ___ The petty cash fund will be periodically reconciled by someone other than the custodian. The petty cash fund will be reconciled, perhaps quarterly, by a supervisor who performs a surprise count of the cash and vouchers on hand, and balances this total to the original fund amount. This reconciliation by the supervisor will be documented on a log kept in the petty cash box. The reconciliation ensures that any errors/irregularities by the custodian will be addressed in a timely manner. The documentation becomes a record of any discrepancies and provides audit evidence that this procedure was performed.
- ___ To ensure funds are safeguarded, the fund should be assigned to only one person and an

COUNTY OF SAN MATEO

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: March 1, 2000

alternate. Too many hands in the petty cash box make it difficult to assign responsibility for errors or irregularities.

_____ The petty cash fund alone (not commingled with a change fund) should be maintained in a box and kept in a locked drawer or safe. The cash must be kept in a locked drawer or safe at all times in order to reduce the risk of theft.

The above minimum controls will be established for our petty cash/revolving fund(s):

Designee, Date

Custodian, Date

Department Head, Date