

# POLICY ON PETTY CASH

Boston Water and Sewer Commission

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## **PETTY CASH POLICY**

### **POLICY STATEMENT**

The Boston Water and Sewer Commission's petty cash fund is intended to provide reimbursement for miscellaneous, incidental, non-recurring and unanticipated items and services purchased on behalf of the Commission that cost \$50.00 or less. The policy promotes effective administration and internal control of cash handling operations.

### **APPLICABILITY**

This policy applies to all Commission employees.

### **PENALTIES**

The inappropriate use of petty cash may result in discipline up to and including termination. In addition, violation of this policy may result in criminal penalties.

### **PETTY CASH AUTHORIZATION**

All requests for reimbursement of petty cash must be approved by the Executive Director or his designees.

When eligibility of a reimbursement is disputed, the Executive Director or the Chief Financial Officer will determine if the expense is eligible. When appropriate, the request for determination will be a signed and dated writing to either executive when appropriate.

A sample of the Executive Director's and his designees' signatures will be kept on file.

### **ELIGIBLE USES OF PETTY CASH FUNDS**

All petty cash reimbursement must be able to withstand strict auditing standards and public scrutiny. Petty cash may only be reimbursed for small work-related purchases that require cash, including but not limited to:

1. Parking fees
2. Toll fees
3. Taxi cabs
4. Delivery charges
5. Postage
6. Minor office supplies

## **PROHIBITED USES OF PETTY CASH FUNDS**

Petty cash cannot be used to circumvent the Commission's procurement policies and procedures. Petty cash may not be used, including but not limited to, for the following:

1. Travel expenses
2. Payments of salaries or overtime
3. Gifts and awards
4. Office decorations for holidays
5. Moving violations
6. Cashing personal checks or IOUs
7. Payroll advances, travel advances and loans to employees
8. Reimbursement for entertainment expenses
9. Direct or indirect personal gain
10. Expenses older than 120 days
11. Recurring expenses

## **REIMBURSEMENT**

Reimbursement for petty cash must be for the exact amount of the expense. Splitting transactions in excess of \$50 into several parts, or requesting reimbursement of less than the full amount of the expense is specifically prohibited.

For the Commission to reimburse an employee, the employee must submit an original purchase receipt(s) signed and authorized by the Executive Director or one of his designees to the cashier/teller and also sign the Receipt of Petty Cash form, which the cashier/teller prepares.

## **REPLENISHMENT AND RECONCILIATION**

In order to replenish and reconcile the petty cash fund when the cash on hand balance falls below \$100:

1. The cashier/teller prepares a "Request for Check" made payable to the Boston Water and Sewer Commission for the difference of four hundred dollars (\$400) less the outstanding petty cash balance at that time (less than \$100):

- a. The cashier/teller forwards the Request for Check to their supervisor/manager for review and approval.
  - b. Each reimbursement Request for Check is accompanied by a sequentially numbered petty cash receipt that ties to the subsidiary petty cash ledger.
  - c. Upon approval, the Request for Check is forwarded to Accounts Payable for processing.
  - d. The cashier/teller cashes the “replenishment check” and places the proceeds in the petty cash strongbox.
2. To maintain the integrity of the petty cash account, an accounts receivable supervisor/manager shall review all transactions to ensure that:
- a. Each page in the petty cash ledger corresponds to a Request for Check form and a reimbursement check to the fund.
  - b. Each reimbursement vendor receipt is stapled to the “Receipt of Petty Cash” form.
  - c. Each withdrawal, reimbursement or replenishment has been properly and duly authorized.
  - d. The cashiers/tellers reconcile the daily amount maintained in the strongbox to the amounts reflected in subsidiary ledgers.

#### **EFFECTIVE DATE OF POLICY**

This policy is approved as of August 13, 2015 and rescinds all past Commission policies on the Processing and Recording of Petty Cash Expenditures. The Policy on the Processing and Recording of Petty Cash Expenditures was originally approved and adopted by the Commission at a meeting held on August 15, 1989. This policy was last updated on December 19, 1995.

This policy shall remain in effect until amended or rescinded by a vote of the Commissioners of Boston Water and Sewer Commission.