

| OPERATIONAL POLICY and PROCEDURE STATEMENT | | | |
|--|--------------------------------|------------|---------------------|
| Manual: | Finance | SPP No. | FN 2.02 |
| Section: | Purchasing Cycle | Issued: | Oct. 6, 2010 |
| Subject: | PETTY CASH | Effective: | Jun. 22, 2016 |
| Issue to: | All Manual Holders | Page: | 1 of 4 |
| | | Replaces: | Jun 22, 2016 |
| Issued by: | Director of Corporate Services | Dated: | Apr. 16, 2021 |

1 POLICY

- 1.01 Petty Cash shall be used only when employees are required to make small, reasonable cash purchases on behalf of the company. Receipts must be retained and recorded by the employee responsible for Petty Cash.

2 PURPOSE

- 2.01 This Statement of Policy and Procedure outlines the circumstances under which petty cash should be used, and describes controls related to the stewardship of the Petty Cash amounts.

3 SCOPE

- 3.01 This policy applies to all individuals maintaining petty cash amounts, individuals accessing Petty Cash and the **Finance Department**.

4 RESPONSIBILITY

- 4.01 All operating departments are responsible for ensuring that expenditures made on behalf of the agency represent good value and represent a benefit to the agency.
- 4.02 The Petty Cash Custodian is responsible for:
- Validating that the request for Petty Cash is for agency purposes
 - Maintaining a substantiated record of all transactions affecting the amount of petty cash
 - Obtaining supervisor approvals
- 4.03 The **Finance Department** is responsible for:
- Ensuring that Petty Cash records are reconciled to actual cash amounts
 - Replenishing Petty Cash amounts on a timely basis
 - Ensuring appropriate approvals are present

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5 DEFINITIONS

- 5.01 **“Account Allocation”** means the act of applying the disbursements to various general ledger accounts as appropriate.
- 5.02 **“Disbursement”** means paying out of money to an individual.
- 5.03 **“Petty Cash Custodian”** means the individual chosen to hold and disburse Petty Cash and to maintain a Petty Cash log.
- 5.04 **“Petty Cash record”** means a record of all transactions into and out of Petty Cash.
- 5.05 **“Reconciliation”** means the process of comparing actual amounts held to the amounts which the records indicate should be there and finding reasons for any differences.
- 5.06 **“Overage”** means the amount by which the Petty Cash has more than the records indicate it should.
- 5.07 **“Shortage”** means the amount by which the petty cash has less than the records indicate it should.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

None.

7 PROCEDURES

7.01 Petty Cash Box

- (a) Petty Cash should be kept in a secure location in a locked cash box.
- (b) One employee, the Petty Cash Custodian, shall keep the Petty Cash box key and manage the Petty Cash, including reconciliation and refreshment of funds.
- (c) Requests for replenishment of funds should be completed at least once

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per month. In cases where use of funds is infrequent, a request is to be sent at least once every 3 months. If it has not been accessed in a 6 month time period, a report showing the amount on hand is to be forwarded to the **Accounting Assistant**.

- (d) In shift operations, it may be necessary to identify more than one employee as Petty Cash Custodian. Where there is more than one Petty Cash Custodian, transactions logs must show the initials of the individual accessing Petty Cash for each transaction.

7.02 **Reimbursements from Petty Cash**

- (a) For normal purchases, employees make the purchase from their own funds and keep the receipt for the purchase for reimbursement purposes.
- (b) For purchases of out of the ordinary items employees should obtain prior verbal approval from their manager before making the purchase from their own funds as above.
- (c) Employees may obtain reimbursement for expenditures from petty cash when they present their receipt to the Petty Cash Custodian. The accounting code to be charged is to be written on the receipt.
- (d) Purchases from Petty Cash are not to exceed \$75.00.
- (e) Disbursements shall be recorded in the Petty Cash record and the receipts kept in the Petty Cash box until the reconciliation.

7.03 **Disbursements and Returns to Petty Cash**

- (a) In some cases, it is not possible or practical for the employee to make the purchase from their own funds. In these situations, the Petty Cash Custodian may make a disbursement to the employee in the estimated amount. The employee is to sign a petty cash voucher verifying they have received the money in advance.
- (b) If the Petty Cash Custodian has any concern about the request, he/she may request the approval of the employee's manager before disbursing the cash.
- (c) After making the purchase the employee delivers the receipt with the appropriate accounting code and remaining cash to the Petty Cash

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Custodian.

- (d) The Petty Cash Custodian verifies that the amount of the receipt and the amount of change equals the amount initially disbursed. The original voucher is destroyed and entry is made in the petty cash record.

7.04 **Reconciliation and Refreshment of Petty Cash**

- (a) The Petty Cash Custodian shall perform a reconciliation of Petty Cash and receipts monthly.
- (b) The total of all initialled receipts plus the cash remaining in the box should equal the total amount in the Petty Cash box at the beginning of the period, allowing for the rounding required due to the elimination of the penny.
- (c) If the Petty Cash and receipts do not reconcile, a mistake has been made. It is the responsibility of the Petty Cash Custodian to find the mistake and correct it.
- (d) The Petty Cash Custodian prepares an accounts payable voucher summarizing the accounting codes. The total of the allocations must match the total disbursements. The custodian obtains approval for issuance of a cheque to refresh the petty cash fund from the supervisor.
- (e) The reconciliation form, together with all of the receipts and the record for the period shall be forwarded to the Accounting 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 period.
- (f) The replenishment cheque is cashed by the Petty Cash Custodian.

7.05 **HST**

- (a) HST is to be coded per the guidelines. All locations have access to a template which will calculate the GST and PST portions, and the rebate receivable for each.

8.0 **Attachments**

Attachment A — Record of Petty Cash Expenses