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Policy 511**

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## **IMPREST ACCOUNTS**

### **.1 PURPOSE**

Imprest accounts will be established at the discretion of the Board of Commissioners in response to requests by County Officials for use in specific funds and departments. For purposes of this policy, imprest funds include petty cash funds (whether maintained as cash or revolving checking accounts) and cash drawer/box accounts.

The purpose of this policy is to:

- Establish a procedure for authorization of imprest accounts
- Establish organization wide management policies for imprest accounts
- Establish procedures for reporting, investigation, and correction of shortages or overages

### **.4 ESTABLISHMENT**

A County Official's request to the Board of Commissioners to establish an imprest account or to increase an existing account should include the following information with the request:

- a. Name and budget number of the department requesting the account
- b. Name of custodian who will be responsible for safeguarding and managing the account
- c. Proposed amount in the account
- d. The justification for the account
- e. Security procedures to safeguard cash
- f. Specific location of fund (building and room number)
- g. A resolution re-authorizing all existing imprest accounts in the department and establishing the one being requested

All imprest accounts will be established or modified by Board resolution that includes the re-authorization of all existing imprest accounts in the requesting department. To ensure accuracy, resolutions should be routed through the Auditor prior to submission to the Board.

### **.5 PETTY CASH**

Petty cash accounts will be maintained as revolving imprest accounts to be used only for small purchases that require an immediate cash payment or to reduce the overhead cost associated with the issuance of multiple small warrants. Petty cash accounts shall not be used as a means to circumvent proper purchasing procedures.

#### **5.1 Use and Documentation of Petty Cash**

All expenditures from petty cash funds must comply with the County's purchasing ordinance and policy. All expenditures to be reimbursed from petty cash must be

approved by the account custodian. Any reimbursement made to the custodian of the petty cash account must be approved by the applicable County Official. A receipt is required to support each purchase that is presented to the account for reimbursement. It is the responsibility of the fund custodian to determine if the purchase meets the requirements as set forth in this petty cash policy. At the time reimbursement is made from petty cash, a Petty Cash Disbursement Slip, located on the County's Intranet, must be prepared showing: the date petty cash was paid; the person to whom payment was made; the amount of the payment; the BARS expenditure coding for the disbursement; and an explanation of the County purpose for the purchase. The original receipt documenting the item purchased must be attached to the disbursement slip and must contain the following information:

- a. Date of purchase
- b. Name of vendor
- c. Positive evidence that a payment was made (e.g., a cash register receipt or handwritten receipt on which the word "paid" appears)
- d. The amount paid
- e. A description of the goods purchased (entered by the vendor if a handwritten receipt is obtained or by the purchaser if a cash register tape is issued)
- f. A signature indicating receipt of goods

Receipts should be signed by the custodian, dated with the date paid, and stamped "Paid" to prevent reuse and duplicate payment. At any given time, cash on hand plus receipt documents must equal the authorized amount of the account. It is the responsibility of the fund custodian to maintain a current record of the account's financial status.

The applicable County Official for each fund is responsible for ensuring that the petty cash account is counted and reconciled at least annually by someone other than the custodian. Reconciliation shall occur no later than the last day of February of each year. This independent count and reconciliation will be documented using the standardized reconciliation form, located on the County's Intranet, and forwarded to the Auditor attached to the next reimbursement request.

#### 5.1 Prohibited Uses

An item that would be prohibited for payment through normal County disbursement channels is also prohibited from being purchased with petty cash funds. The fund custodian and the County Official must carefully monitor purchases with petty cash funds since these purchases bypass the Auditor's normal approval channels prior to payment.

Following is a non-exclusive list of items that may not be reimbursed/paid from petty cash:

- a. Single purchases in excess of the lesser of \$250 or 1/2 of the imprest amount of the account
- b. Payment for services (petty cash is for payment for goods only)
- c. Travel expenses
- d. Expenditures for non-business related items
- e. Travel or other advances, except for travel advances issued by the Travel Advance Account in the Treasurer's Office
- f. Cashing personal checks
- g. Items purchased more than 30 days prior to request for reimbursement

County Officials responsible for petty cash accounts may institute additional restrictions as they deem appropriate for their own petty cash accounts.

The Auditor's office is not allowed to reimburse prohibited expenditures.

Petty cash is not to be used for the receipt of any money other than the original balance or increases authorized by the Board of Commissioners, periodic reimbursements for expenditures, and change received back on a purchase.

## 5.2 Petty Cash Replenishment

A petty cash account may be reimbursed as frequently as required, but must be reimbursed at the end of the year if cash has been disbursed, so that expenditures will be charged to the proper year. The petty cash custodian must prepare a voucher with the supporting petty cash disbursement slips, paid receipts, and the standard Petty Cash Account Reconciliation Form located on the County's Intranet.

## .6 CASH DRAWER/BOX ACCOUNTS

### 6.1 Use and Documentation of Cash Drawer Accounts

Cash drawer accounts are to be used for cashiering purposes for the receipt and documentation of specified revenues within the applicable department. County Officials shall ensure that all cash drawer accounts comply with the following rules.

- a. Cash drawers should be locked and maintained in a secured location accessible to limited personnel
- b. Assignment, in writing, of responsibility for funds in the cash drawer
- c. Limitation on access to cash drawer to preferably one, but not more than two employees per cash box. Ideally one person should be responsible for their own

cash/check transactions. It is strongly recommended that each individual that is responsible for such transactions have their own cash box.

In the case of cash drawers with less than \$50.00 per day activity, the responsible County Official will establish reconciliation and deposit procedures and submit them for approval by the Auditor's Chief Accountant and Treasurer's Accountant.

For those cash drawers in excess of \$50.00 per day activity the County Official is responsible to ensure compliance with the following:

- a. Assignment of responsibility for daily reconciliation and deposit
- b. The daily cash/check activity will be balanced and deposited to the Treasurer's Office daily (see balance sheet example). The daily balance sheet will be retained pursuant to the retention schedule.

## 6.2 Prohibited Uses

Following is a non-exclusive list of prohibited uses for cash drawer accounts:

- a. Purchases of any kind
- b. Loans to employees or other imprest accounts
- c. Travel advances (except by Treasurer's and Sheriff's cashiers)
- d. Non-business related transactions
- e. Cashing personal checks

County Officials responsible for cash drawer accounts may institute additional restrictions as they deem appropriate for their own accounts.

## .7 DISCREPANCIES

### 7.1 Investigation Required

If an account cannot be balanced by the responsible employee the supervisor will attempt to balance the account. If the account cannot be balanced by the supervisor the following steps will be performed:

- a. Discrepancies \$250 or less - Note the discrepancy on the daily balance sheet and on the Petty Cash Discrepancy Report (on the intranet). The balance sheet and notation should be signed by the custodian and the supervisor. Investigate the overage or underage to determine the cause and circumstances. Report the discrepancy and the result of the investigation to the Treasurer's Accountant and the Auditor's Chief Accountant.
- b. Discrepancies of more than \$250 or - (in addition to the above)  
If there is a shortage, report the incident to the Port Angeles Police Department

and request an investigation. All employees will cooperate with the investigation.

A copy of the completed investigation will be forwarded to the HR Director and to the County Administrator.

County Officials and supervisors are required to monitor shortages. Repeated shortages from a particular cash drawer is an indicator of employee misconduct, employee inattention, improper procedures, or lack of training and must be dealt with accordingly.

#### 7.1 Responsibility for Cash Shortage

The imprest account custodian is responsible for maintaining proper account of the amounts in the imprest account. Unexplained or unaccounted shortages to the account are the personal responsibility of the custodian.

#### 7.2 Overage/Underage Account to be Maintained

An overage/underage account in the General Fund will be maintained by the Treasurer. All overages and shortages will be investigated and reported to the Treasurer. Overages in General Fund imprest funds will be directed to the Treasurer. After review of the investigation, the Treasurer may pay any shortage up to \$250 from the account if the account is within the General Fund. Resolution of shortages more than \$250 will be approved by the County Administrator.

Overage/Underage accounts may be maintained in the budgets of other funds if the fund contains an imprest account. Requirements for investigation and reporting are the same as those within the General Fund.

### .9 SECURITY

Imprest account funds and supporting documentation must be kept in a safe location and must not be commingled with any other funds. The Clallam County Treasurer and Auditor must be notified immediately if the account is missing and/or theft is suspected. The loss must also be reported to the risk management manager. All suspected thefts are to be treated confidentially as an investigation may be ongoing.

Imprest accounts may be audited (unannounced) at random times throughout the year by the County or State Auditor. Persons declaring themselves as authorized to conduct an audit must be identified before funds or records are relinquished. The custodian should remain with the auditors at all times to observe the counting of funds and examination of records. As part of the annual financial report each custodian will be requested by letter to confirm the amount of the account in his/her custody as of December 31.

.10 CHANGE OF CUSTODIAN

The responsible County Official will notify the County Treasurer by memorandum when a new individual becomes custodian of an existing imprest account on a temporary or permanent basis. The outgoing account custodian must ensure that the account is replenished before it is turned over to a new custodian. The final voucher that replenishes an account at the time of transfer of custodial duties must be signed by both the outgoing and incoming custodians to indicate turnover of the full imprest balance of the account. Undocumented transfer of custody between employees is not permitted.

.11 CLOSEOUT

When the account is no longer needed as determined by the responsible County Official the following steps must be taken:

- a. Notification of the County Auditor in writing
- b. Submission of final voucher for all remaining receipts
- c. Return of the entire imprest amount to the Treasurer
- d. Preparation and approval of a Board resolution re-authorizing remaining imprest funds and closing the requested accounts(s)