

PETTY CASH FUNDS

Schools may establish petty cash funds not to exceed \$200 for making expenditures for certain low cost items and services. The principal is authorized to establish a petty cash fund for use at the school site. The petty cash fund shall be the responsibility of the principal or principal's designee. The fund must be kept in the school safe.

Petty cash funds and all accumulated receipts and invoices on hand must always match the ending balance on the Principal's Monthly Report. Petty cash cannot be used as a means to bypass or circumvent the use of check requisitions, purchase orders or other financial controls. No checks are to be cashed with petty cash funds, nor is it to be used as a change fund.

Sales tax paid on invoices paid through petty cash cannot be reimbursed. Any cash purchase by an individual in the name of the school is taxable.

Establishing the Petty Cash Fund

Document the establishment of the petty cash with a check requisition. Create an account "Advance for Petty Cash" in the cash category (0000 series of the chart of accounts) by issuing a check to the individual responsible for the fund. The petty cash activity account is to record only the initial advance; advances to increase the fund, if any; return of advances to decrease or to close the account.

Encumber the amount of petty cash from the related activity account. The activity account balance should never be allowed to fall below the amount of the petty cash fund. When the fund is near depletion, the holder should prepare a check requisition and attach supporting documents for expenditures and present to the SFA for replenishment. The reimbursement is to be charged to the activity account liable for the expenditures. Do not enter the transaction in the petty cash account.

All petty cash funds must be returned and cleared out at the end of the school year. The holder is to turn in the amount of the fund in cash and/or paid receipts. Deposit the cash returned into the petty cash internal account using a separate ROMC to document the transaction.