

# Site Revolving Petty Cash Fund Procedures

## General Background

Site revolving petty cash funds have been established to enable site administrators to have a ready source of funds for incidental purchases of an urgent nature or low dollar expenditure. Site revolving petty funds are a component of the District's revolving cash fund established under the provisions of California Education Code sections 42800 through 42806.

This procedure is intended to document the District's established standard for the proper operation of site revolving petty cash funds.

## Establishing/Changing a Site Revolving Petty Cash Fund

1. Site administrators may request a site revolving petty cash fund by sending a memo to the Deputy Superintendent, Chief Business Official. The memo should include the following:
  - A. Site name
  - B. Name of the custodian (usually the site administrator)
  - C. Amount of the site fund
  - D. Purpose for the site fund

Note: Only one person may be named custodian of a specific site revolving petty cash fund.

2. Custodians of site revolving petty cash funds may request a change in the site fund by sending a memo to the Deputy Superintendent, Chief Business Official. The memo should include the following:
  - A. Site name
  - B. Name of the custodian
  - C. Nature of the change requested (i.e., increase/decrease amount, change custodian)
  - D. Purpose for the change
3. The Deputy Superintendent, Chief Business Official shall prepare the necessary resolution for action by the Board of Education to establish or change a site revolving petty cash fund.
4. After approval by the Board of Education, the Deputy Superintendent, Chief Business Official shall initiate the site fund by performing the following steps:
  - A. Prepare a Custodian Acknowledgment Form
  - B. Issue a District Revolving Fund check payable to the custodian of the site revolving petty cash fund
  - C. Provide the custodian with necessary forms and procedures needed in the operation of the site fund
  - D. Provide the custodian with appropriate training and guidance regarding the operation of the site fund
5. When personnel assignment changes involve the custodian of a site revolving petty cash fund, the Deputy Superintendent, Chief Business Official shall immediately request the current custodian of the site fund to return the cash balance and account for any outstanding amounts.
6. The Deputy Superintendent, Chief Business Official shall prepare the necessary resolution for action by the Board of Education to validate existing site revolving petty cash funds at least annually.

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### Responsibility of Custodians of Site Revolving Petty Cash Funds

1. The custodian of the site revolving petty cash fund shall authorize all expenditures from the fund subject to the guidelines presented in this procedure.
2. The custodian of the site revolving petty cash fund shall submit a completed "Request For Reimbursement For Cash Purchase Site Revolving Petty Cash Fund" form (NM148) to Fiscal Services at least monthly.
3. The custodian of the site revolving petty cash fund shall immediately return the cash balance and account for any outstanding amount of the site revolving petty cash fund upon request of the custodian of the Revolving Cash Fund of the Newport-Mesa Unified School District, the governing board of the district, the county auditor or the county superintendent of schools.
4. The custodian of the site revolving petty cash fund shall operate the site fund in accordance with the procedure outlined in this document.

### Limitations On and Use of Site Revolving Petty Cash Funds

1. The custodian of the site revolving petty cash fund is only authorized to expend monies from the fund for services and/or materials (except as noted in paragraph #2 below). The securing or purchasing of these items is a legal charge against the District (reference California Education Code Section 42804). Expenditures from site revolving petty cash funds must conform to the same expenditure and documentation guidelines established by the California Education Code and the Orange County Department of Education.
2. The custodian of the site revolving petty cash fund may **not** use the fund for the following:
  - A. Cashing of personal checks or loaning money to employees or others (IOUs).
  - B. Payments to employees or board members for the reimbursement of travel, conference or mileage expenses.
  - C. Payments for any services normally requiring an independent contractor's agreement.
  - D. Payments to employees, board members or students for the loss or damage of personal property.
  - D. Purchases of equipment as defined in the District's Fiscal Procedures Manual and the *California School Accounting Manual*.
  - E. Payments to individuals (i.e., students or parents) for the refund of book or material fees shall be requested by sending a Refund Form
3. Expenditures for refreshments (food) **must** conform to the following guidelines:
  - A. Refreshments may be provided for persons attending District sponsored events if these events serve a legitimate public purpose. If the primary purpose of the expenditure is to benefit the public, then the expenditure is not considered a gift of public funds even though some incidental benefits to individuals may be derived (reference California Education Code section 35160).

## **Site Revolving Petty Cash Fund Procedures (Continued)**

- B. Activities where refreshments may be served include the following:
  - 1. Functions for volunteers and retiring employees
  - 2. Activities honoring individuals in education
  - 3. Public Schools Week activities
  - 4. Educational events sponsored by the District
  - 5. Seminars and workshops sponsored by the District
  - 6. Board appointed committee meetings
  - 7. Group planning and operational meetings
  - 8. Other activities as designated by the Board
  
- C. Expenditures for refreshments shall be prudent and reasonable so that the benefit to individuals is only incidental.
  
- F. Expenditures for alcoholic beverages are prohibited.
  
- E. Expenditures for gratuity (tips) are permitted.

### **Documentation of Expenditures from Site Revolving Petty Cash Funds**

- 1. Only expenditures made with cash shall be reimbursed from the site revolving petty cash fund.
- 2. No expenditure shall be made from the site revolving petty cash fund unless the original itemized receipt is obtained with the date, item purchased and amount expended.
- 3. The custodian should record the purpose of the expenditure on the receipt. Receipts for food shall clearly describe the activity or event for which the food was purchased.

### **Reconciliation and Reimbursement of Site Revolving Petty Cash Funds**

- 1. Site revolving petty cash funds must be reconciled and reimbursement requested at least monthly (reference California Education Code section 42804). Forms shall be submitted to Fiscal Services no later than the fifth business day of the calendar month.
- 2. If there have been no expenditures from the site revolving petty cash fund during the month, a Request For Reimbursement For Cash Purchases Site Revolving Petty Cash Fund form (NM148) must be submitted to Fiscal Services according to the instructions below.
- 3. Using the Request for Reimbursement For Cash Purchases Site Revolving Petty Cash form (NM148), the custodian of the site revolving petty cash fund shall provide the following information:
  - A. Unit/site name
  - B. Date of purchase
  - C. Person who made purchase
  - D. Vendor name (where purchased)
  - E. Item(s) purchased (If multiple items were purchased, indicate "Multiple items, see receipt." The receipt must include a clear description of each item.)
  - F. Account to be charged (pseudo and object)
  - G. Total cost of item(s) including tax
  - H. Original signature of custodian (facsimile stamps are not appropriate)

## **Site Revolving Petty Cash Fund Procedures (Continued)**

4. The custodian must certify that the fund has been reconciled and that the reimbursement request conforms to:
  - A. District policy, and
  - B. The expenditure and documentation guidelines established by the California Education Code and the Orange County Department of Education.
  
5. The Request For Reimbursement For Cash Purchases Site Revolving Petty Cash Fund form (NM148) is used to summarize the status of the site revolving petty cash fund by providing the following:
  - A. Current cash balance on hand
  - B. Amount being submitted for reimbursement
  - C. Authorized balance of the fund
  - D. Original signature of the custodian and date (facsimile stamps are not appropriate)

Note: The total of items "A" and "B" above must equal "C".

6. The custodian shall submit a Request For Reimbursement For Cash Purchases Site Revolving Petty Cash Fund form (NM148) certifying the status of the fund even if there has been no expenditures during the month. Under these circumstances, the current cash balance on hand in the fund will equal the authorized balance of the fund. The amount requested for reimbursement is zero.
  
7. At least annually, Fiscal Services shall request that the custodian of each site revolving petty cash fund return the cash on hand along with completed Request For Reimbursement For Cash Purchases Site Revolving Petty Cash Fund form (NM148).
  
8. Forms are available from Fiscal Services web site at: <http://web.nmusd.us/accounting>

### **Safeguarding Site Revolving Petty Cash Funds**

1. The custodian of the site revolving petty cash fund shall replenish the fund within five (5) business days from receiving the reimbursement check from Fiscal Services.
  
2. Site revolving petty cash fund monies shall never be deposited in a personal bank account of the custodian or any other site-based bank account (i.e., student body account).
  
3. The site revolving petty cash fund may be kept in any denomination that facilitates functionality of the fund.
  
4. The maximum amount of cash to be maintained in site revolving petty cash funds is the amount authorized by the Board of Education. The custodian shall at all times maintain cash, valid receipts, or a combination of both which total the authorized balance.
  
5. The site revolving petty cash fund shall not be commingled with funds for other purposes (i.e., funds collected awaiting transmittal to Fiscal Services).
  
6. The site revolving petty cash fund shall be kept in a safe or other lockable fireproof container. Do not leave monies unattended in a desk or cabinet drawer.

## **Site Revolving Petty Cash Fund Procedures (Continued)**

### **Processing Reimbursements to Site Revolving Petty Cash Funds**

1. Fiscal Services shall process reimbursement claims for site revolving petty cash funds within ten (10) business days of receipt of a properly completed reconciliation and reimbursement request.
2. Fiscal Services shall verify the mathematical correctness of all claims and validate compliance with expenditure and documentation guidelines established by the California Education Code and the Orange County Department of Education.
3. Reimbursement checks shall be made payable to the custodian as custodian of the specific site fund (i.e., John Doe, Custodian Mary Doe School Site Revolving Petty Cash Fund).
4. Fiscal Services shall ensure a timely reimbursement of the District Revolving Cash Fund through completion of the county claims process.