GUIDELINES AND PROCEDURES FOR PETTY CASH

Parishes, Parish Elementary Schools, and Related Organizations/Activities
Revised: January, 2013

The following guidelines and procedures have been recommended by the Diocesan Task Force for Financial Policies for parish, parish elementary school, and parish related organizations.

GENERAL GUIDELINES AND PROCEDURES

Petty Cash Fund

a) Petty Cash Transactions
All petty cash transactions should be recorded in a Petty Cash Register to maintain a clear record of the payment of certain non-recurring expenses that are nominal in dollar amount. A record of each petty cash payment should be maintained to identify the person paid, the reason, the amount, and the date of payment. All petty cash funds are to be handled on an imprest basis. The bulk of petty cash should be in a checking account, with a small amount set aside in cash for minor expenditures. When a check is written or cash is disbursed from the petty cash account, all the pertinent information concerning the expenditure must be recorded on a petty cash voucher, to include the date of the check, the account number to be charged, and the amount expended. After the petty cash fund has been reconciled this voucher is to be mailed to HCAS for replenishment of the petty cash fund.

b) Replenishment of the Petty Cash Fund
Replenishment checks should be written from the parish operating account and made payable to the petty cash fund, not to an individual, e.g., “St. Unique School Petty Cash”. Cash should NEVER be taken directly from Sunday collections or other income. To keep the fund at its pre-determined level, the petty cash custodian should calculated the total amount needed for the replenishment of the fund and periodically make the deposits necessary to maintain this pre-determined total. Replenishment must be approved by an authorized person other than the individual responsible for the petty cash fund.

c) Fund Limit
The maximum balance in a petty cash account should be $3,000 to cover incidental expenses, such as postage. At any point in time, cash and receipts should equal the total of the fund. A lower petty cash balances is strongly encouraged, if the specific petty cash transaction volume of a parish or school warrants it.

d) Disbursements are Supported by Documentation
Valid supporting documentation (i.e. a store receipt) must accompany each request from petty cash to document the types of expenses, the date, and the payee to determine that petty cash is appropriately used. Supporting documentation is to be attached to a copy of the petty cash voucher and retained in file. Supporting documentation must be cancelled at the time of disbursement to preclude its reuse. Individuals rendering services to the parish should not be paid from petty cash. If the individual is already on payroll anywhere within the Diocese, he/she is to be paid through payroll as an employee. Cashing of personal checks for an individual’s cash needs or of third party checks endorsed over to the parish or school is prohibited. Payees are required to sign vouchers for all disbursements paid.

It is strongly recommended that no individual check or series of checks from the same transaction in excess of $500 be written from petty cash.

Petty cash may be utilized when an emergency expenditure is required or when there is clearly insufficient time to make a request for funds through the Diocesan accounting system.

e) Authorized Custodian
The best way to establish a petty cash fund is to place a fixed amount of money in the custody of the parish secretary or other designee who is most likely to be accessible on a day-to-day basis. The fund should be kept in a lockable container to which only the designee has a key. A duplicate key should be stored in a sealed, dated, and witnessed envelope in a separate locked container accessible to other personnel for use only in emergencies. Responsibility of the
petty cash fund is to be vested in only one person. If this person is absent, the responsibility is to be clearly delegated and approved by an authorized person.

f) Adequate Physical Safeguards
Store funds in a secure and locked drawer, box, or office.

g) Designating Funds to Petty Cash
Petty cash funds should be designated for small non-recurring expenses of the parish. Petty cash funds should not be commingled with the funds used for benevolent gifts.

Funds will be periodically checked by Diocesan financial personnel.