

CITY GOVERNMENT OF NAGA
PETTY CASH FUND GUIDELINES AND PROCEDURES

I. DEFINITION OF TERMS

Petty Cash Fund (PCF) - is a fund administered by a named custodian for use by one department for a specified purpose

Petty Cash Custodian (PFC) - is an authorized and bonded accountable officer responsible for safeguarding petty cash funds under his or her control.

Petty Cash Voucher (PCV) - is the form used to disburse funds out of petty cash fund (Annex A)

Petty Cash Replenishment Report (PCRR) - is a summary list of the paid petty cash vouchers that is prepared to support the request for replenishment of the petty cash fund (Annex B)

Petty Cash Register (PCR) - is the report maintained by Petty Cash Custodian to monitor and summarize the petty cash fund established/replenished and the disbursements charged thereto (Annex C)

II. GUIDELINES FOR ESTABLISHMENT OF PETTY CASH FUND

- 1) Petty cash fund may be established for petty operating expenses consisting of small payments for maintenance and operating expenses which cannot be paid conveniently by check or are required to be paid immediately (Sec. 3.1.4, COA Circular 97-002)
- 2) The cash advance shall be sufficient for the recurring expenses of the agency for one month. The accountable officer may request replenishment of the cash advance when the disbursements reach at least 75%, or as the need requires, by submitting a replenishment voucher with all supporting documents duly summarized in a report of disbursements (Sec. 4.3.1, COA Circular 97-002)
- 3) Petty Cash Fund shall be set up at the beginning of the year. An Obligation Request (ObR) shall be prepared for the fund, recorded in the registers and obligated as Other Expenses. (Sec. 83, IX, LTOM)
- 4) The cash advance shall not be used for payment or regular expenses, such as rentals, subscriptions, light and water and the like. Payments out of the cash advance shall be allowed only for amounts not exceeding specific amounts for each transaction as indicated in this guideline.
- 5) The petty cash fund was established to reimburse personnel who need to make inexpensive emergency purchases. The Sangguniang Panlungsod will set the amount of petty cash to be established and the maximum amount allowed for each maintenance and operating expense to be disbursed from the Petty Cash Fund.

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- 6) No Cash advance shall be given unless for a legally specific purpose (Sec. 4.1.1, COA Circular 97-002)
 - 7) No additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made (Sec. 4.1.2, COA Circular 97-002)
 - 8) Only permanently appointed officials shall be designated as disbursing officers. Elected officials may be granted a cash advance only for their official traveling expenses (Sec. 4.1.4, COA Circular 97-002)
 - 9) Only duly appointed or designated disbursing officers may perform disbursing functions. Officers and employees who are given cash advances for official travel need not be designated as Disbursing Officers (Sec. 4.1.5, COA Circular 97-002)
 - 10) Transfer of cash advance from one Accountable Officer (AO) to another shall not be allowed (Sec. 4.1.6, COA Circular 97-002)
 - 11) The cash advance shall be used solely for the specific legal purpose for which it was granted. Under no circumstance shall it be used for encashment of checks or for liquidation of a previous cash advance (Sec. 4.1.7, COA Circular 97-002)
 - 12) Petty Cash Funds are to be maintained using an Imprest System that means a fixed amount is always reserved, which after a certain period of time or when circumstances require, because money was spent, it will be replenished.

III. GUIDELINES FOR DISBURSEMENTS OUT OF PETTY CASH FUND

- 1) Payments out of Petty Cash Fund shall be made through the use of approved Petty Cash Vouchers duly supported by official receipts and other required documents.
- 2) An official or employee who wishes to be reimbursed for a purchase must complete all information on the Petty Cash Voucher. Petty Cash Vouchers should be written in ink to prevent alteration, and be safeguarded by the petty-cash custodian.
- 3) Petty Cash reimbursement must be issued to/received by the person who expended the cash. Attach receipt to the form and highlight the amount to be reimbursed. All receipts must be attached and itemized on the form because only the amount listed on the receipts will be replenished.
- 4) All paid Petty Cash Vouchers shall be recorded in the Cashbook on a daily basis and summarized in the Petty Cash Fund Register to check the available balance of the petty cash fund on hand.