

RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A PETTY CASH FUND IN SOME OFFICES OF THE CITY GOVERNMENT OF NAGA, SUBJECT TO COMPLIANCE OF EXISTING ACCOUNTING AND AUDITING RULES AND REGULATIONS:-

Sponsor: Hon Salvador M. Del Castillo

WHEREAS, a request for the establishment of a Petty Cash Fund was submitted to the Sangguniang Panglunsod of the City of Naga to cover the immediate needs of some offices of the City, such as those urgent and small amount of expenses being incurred in its day to day operations;

WHEREAS, this matter was referred to the appropriate committee and after its deliberations, the committee recommended for the establishment of the petty cash fund in the various offices of the City;

WHEREAS, the establishment of Petty Cash Fund will greatly help in the efficient operations of these offices of the City;

WHEREAS, this Petty Cash Fund shall be governed by the hereto attached guidelines which is an integral part of this resolution except Item No. 9 of Roman Numeral II thereof;

NOW, THEREFORE, on motion of Hon. Salvador M. del Castillo, seconded by Hon. Cecilia Veluz-De Asis, Hon. Mila S.D. Raquid-Arroyo and Hon. Julian C. Lavadia Jr.;

BE IT RESOLVED, as it is hereby resolved to authorize the establishment of a petty cash fund in the following offices of the City of Naga, viz:

OFFICE	NAME OF PETTY CASH CUSTODIAN	Amount of PCF (in PhP)
1. Naga City Health Office/Our Lady of Lourdes Infirmary	Ms. Estelita Sanico	P 100,000.00
2. City Social Welfare & Development Officer	Ms. Annabel Vargas	150,000.00
3. Naga City Council for Women	Ms. Pinky Inocencio	50,000.00
4. Naga City Children's Home	Ms. Evangeline Manalo	40,000.00
5. Naga City Hospital	Ms. Myra Rodriguez	100,000.00

LET COPIES of this resolution be furnished His Honor, the City Mayor for his approval, the City Treasurer, the City Accountant and all concerned offices for their information and guidance.

APPROVED

Adopted: April 4, 2017

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WE HEREBY CERTIFY to the correctness of the foregoing resolution.

GIL A. DE LA TORRE

Secretary to the
Sangguniang Panlungsod


NELSON S. LEGACION
City Vice Mayor
& Presiding Officer

APPROVED:

JOHN G. BONGAT
City Mayor

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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.

- 21
- 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.

- 5) Officials and employees are not allowed to use the petty-cash fund to cash personal checks or to receive personal credit advances or "IOU's".
- 6) Reimbursements for the purchase of office supplies, unless for an approved emergency, will not be allowed. A Requisition and Issue Slip for supplies and materials must first be approved by the department/unit head and certified by the General Services Department that no stock is available before purchase.
- 7) Disbursements should strictly comply with the allowed expenditures authorized by the Sanggunian Panlungsod. Splitting of transactions to avoid exceeding the ceiling shall not be allowed (Sec. 4.3.2, COA Circular 97-002)

IV. GUIDELINES FOR REPLENISHMENT AND LIQUIDATION OF PETTY CASH FUND

- 1) The **PCC** will prepare the Petty Cash Replenishment Report (**PCRR**) that lists all paid Petty Cash Vouchers upon replenishment.
- 2) The **PCC** will attach all paid Petty Cash Vouchers together with all receipts and documents which support employee reimbursements to the **PCRR**.
- 3) The **PCC** will ensure that all supporting documents are complete and amounts are tallied with the **PCRR**. An OBR to record the actual expenses shall be drawn and will be submitted together with the DV for replenishment to the City Budget Office for recording in the registries and forwarded to the City Accounting Office for processing of the payment.
- 4) A Disbursement Voucher shall be prepared by the Petty Cash Custodian duly supported by the **PCRR** once he/she has disbursed at least 75% of the petty cash fund.
- 5) At the end of the year, all balances of the Petty Cash Fund shall be returned to the Local Treasurer together with the liquidation thereof. (IX, Sec. 83, LTOM)
- 6) At the start of an ensuing year, a new cash advance may be granted, provided that a list of expenses against the previous cash advance is submitted. However, when no liquidation of the previous cash advance is received on or before January 20, the Accountant shall cause the withholding of the AO's salary (Sec. 5.9, COA Circular 97-002)

V. DUTIES AND RESPONSIBILITIES OF THE PETTY CASH CUSTODIAN

- 1) The Petty Cash Custodian will be designated by the City Mayor to be an authorized Accountable Officer (AO).
- 2) Each AO with a total cash accountability of P2,000.00 or more shall be bonded. The amount of bond shall depend on the total

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accountability of the officer as fixed by the Head of the Agency (Sec. 7.1, COA Circular 97-002)

- 3) The amount of bond necessary for the cash accountability of the AO shall be in accordance with the schedule of cash accountability and bond issued by the Bureau of the Treasury (Sec. 7.5, COA Circular 97-002)
- 4) A newly designated **PCC** shall open and maintain a Cashbook to record all transactions on a daily basis or as transaction occurs. He may record each invoice/ receipt/voucher individually or the total disbursements for the day depending on the volume of the transactions.
- 5) The AO shall reconcile the book balance with the cash on hand daily. He shall foot and close the books at the end of each month. The AO and the Accountant shall reconcile their books of accounts at least quarterly (Sec. 6.3, COA Circular 97-002)
- 6) The **PCC** should balance the fund each day to ensure that the available cash and the approved petty cash vouchers tally.
- 7) The **PCC** will be asked to reconcile any variations in his/her report and in the Petty Cash Register after reconciliation of records with the Accountant.
- 8) The cashbooks shall be kept at the Office of the AO and then placed inside the safe or cabinet when not in use. It may be taken from his custody only by the Auditor or an official duly authorized by the Agency Head, who shall issue the necessary receipt (Sec. 6.4, COA Circular 97-002)
- 9) When the AO ceases to be one, the cashbook shall be submitted to the Accountant or the Treasurer (for local government units) and shall form part of the accounting records. No clearance shall be issued to an AO if he fails to submit the cashbook as required (Sec. 6.5, COA Circular 97-002)
- 10) All disbursements out of petty cash fund shall be covered by duly approved Petty Cash Vouchers supported by cash invoice, official receipts or other evidence of disbursements required under applicable accounting and auditing rules and regulations. The PCC shall not disburse funds out of petty cash without the necessary supporting documents.

VI. LIST OF ALLOWED PETTY OPERATING EXPENSES

These are the allowed maintenance and operating expenses that can be disbursed out of the petty cash fund and the maximum allowed per reimbursement:

- 1) Traveling Expenses - Local (50201-010) - for fares within the City of Naga not to exceed P500.00 per month
- 2) Office Supplies Expenses (50203-010) - purchases on emergency basis (approved emergencies) only not to exceed P5,000.00 per single receipt

- 3) Food Supplies Expenses (50203-050) - amount paid for daily food consumption by NCH, OLLI, and NCCH not to exceed P7,500.00 per single invoice or RER
- 4) Other Supplies and Materials Expenses (50203-990) - amount paid for cooking gas and other materials not to exceed P3,000.00 per single receipt
- 5) Postage and Courier Services (50205-010) - amount paid for mailing documents and letters
- 6) Repairs and Maintenance - Machinery and Equipment (50213-050) - amount paid for minor repairs of office equipment and machineries not to exceed P5,000.00
- 7) Repairs and Maintenance - Transportation Equipment (50213-060) - amount paid for minor repairs of authorized government vehicles not to exceed P10,000.00 per transaction
- 8) Other Maintenance and Operating Expenses (50299-990) - amount paid for other maintenance and operating expenses not classified not to exceed P5,000.00 per receipt
- 9) Donations and Solicitations (for CMO only) - aid to individuals and organizations not to exceed P5,000.00 each claimant
- 10) Aid to Families and Indigents in Crises Situations (AFICS) - amount paid by CSWDO for indigents for the following assistance:
 - a. Food - not to exceed P500.00 each
 - b. Transportation - depends on the destination but maximum amount is for P8,000.00
 - c. Burial - not to exceed P10,000.00 each
 - d. Medicines - not to exceed P10,000.00 each
 - e. Education - not to exceed P3,000.00 each
 - f. Emergency Shelter (for fire victims) - maximum of P5,000.00 for partially damaged houses and P15,000.00 for houses with total damages

VII. CHECKLIST OF MINIMUM REQUIRED SUPPORTING DOCUMENTS

- 1) The cash advance disbursement voucher shall be supported with the following documents:
 - a) Copy of authority by the Agency Head (attachment to initial cash advance)
 - b) Copy of approved application for bond (attachment to initial cash advance)
 - c) Purchase Request showing approved estimates of petty expenses for one month
 - d) Obligation Request recording estimated expenses as "Other Expenses"
- 2) The disbursements out of petty cash fund will be supported with the following documents:
 - a) Petty Cash Vouchers duly approved and certified
 - b) Approved Requisition and Issue Slip with the Certificate of Emergency Purchase, if necessary
 - c) Official Receipts, sales invoices, reimbursement expense receipts (RER) as evidence of payment
 - d) Certificate of Acceptance/Inspection
 - e) Official Business Slips with Certificate of appearance
 - f) Monthly/Quarterly Itinerary of Travel (Appendix A and B) for fares within the City of Naga

- g) Pre and Post Repair Inspection Report for minor repairs, except for repairs done during travel
 - h) Such other supporting documents as are required by the nature of the expense
- 3) The replenishment voucher or liquidation report will be supported by the following documents:
- a) Petty Cash Replenishment Report
 - b) Paid Petty Cash Vouchers with complete supporting documents
 - c) Obligation Request detailing actual expenses and the related MOOE expense codes
 - d) Petty Cash Fund Register as of date of replenishment/liquidation