

## **Town of New Lebanon**

### **Petty Cash Policy**

The Town of New Lebanon hereby adopts the following as its Petty Cash Policy. The purpose of this Policy is to provide guidelines for the appropriate establishment, use, and accountability of petty cash funds in furtherance of effective administration and internal control of cash-handling operations.

#### **Purpose of Petty Cash**

Petty cash funds are established to enable departments to pay, in advance of audit, properly itemized and verified or certified bills for materials, supplies, or services furnished to the Town of New Lebanon for the conduct of its affairs and upon terms calling for payment to the vendor upon the delivery of any such materials or supplies or the rendering of any such services, and to allow the making of change when such is required in the performance of official duties.

#### **Establishment and Custody of Petty Cash Funds**

Petty cash funds are established pursuant to resolution of the Town Board. Such resolution shall designate the custodian and the authorized petty cash amount for each petty cash fund established. Only one person shall be designated as custodian for each petty cash fund established.

Each custodian shall execute an acknowledgement of receipt of this Policy in the form annexed hereto as **Exhibit A**, and shall be personally liable for transactions occurring in the such petty cash fund that are disallowed by the Town Board upon audit.

#### **Standards Governing Custody and Use of Petty Cash Funds**

All petty cash funds shall be governed by the following:

1. Petty cash may only be used for:
  - a. paying, in advance of audit, properly itemized and verified/certified bills for materials, supplies or services furnished to the Town of New Lebanon for the conduct of its affairs and upon terms calling for payment to the vendor upon the delivery of any such materials or supplies or the rendering of any such services; or
  - b. making change when such is required in the performance of official duties.

2. Each custodian is required to appropriately safeguard, account for, and document all uses and transactions of the petty cash fund for which that custodian is designated.
3. Each custodian shall require and maintain adequate original receipts and documentation to support all transactions involving the petty cash fund.
4. Petty cash funds shall be maintained at all times in a secure, locked device, separate from any other cash receptacle or cash storage. No person other than the duly designated custodian of such petty cash fund shall have access to the secure, locked device, except as expressly provided otherwise by the Town Board. The custodian of the petty cash fund is not authorized to designate any other person to access the petty cash fund.
5. Petty cash shall not be used for any purpose other than for lawful Town expenditures.
6. Under no circumstances may petty cash be used for personal use, even if only temporary and even if later reimbursed.
7. Making of change using the petty cash fund shall be permitted only where doing so is required in the performance of official duties.
8. Each custodian shall follow the following procedures for transactions involving the petty cash fund:
  - a. No petty cash shall be issued from the petty cash fund except upon the custodian's receipt and approval of a duly completed Petty Cash Request Form, in the form annexed hereto as **Exhibit B**, executed by a town official or employee, and only where the request is for a lawful Town expenditure.
  - b. The Petty Cash Request Form shall have annexed thereto a properly itemized and verified voucher for materials, supplies or services furnished to the Town, payment terms of which require payment upon delivery or furnishing of such materials, supplies or services.
  - c. Within 1 business day after issuance of petty cash, original receipt(s) shall be delivered to the custodian demonstrating that the materials, supplies, or services have been delivered or furnished. The custodian shall append the original receipt(s) to the Petty Cash Request Form and voucher.
  - d. All Petty Cash Request Forms with attached vouchers and original receipts shall be maintained in the same secured, locked device in which the petty cash fund is maintained.

- e. All Petty Cash Request Forms with attached vouchers and original receipts shall be submitted to the Town Board upon submission of a request by the custodian for replenishment of the petty cash fund; provided, however, that each custodian shall ensure that Petty Cash Request Forms with attached vouchers and original receipts are submitted as party of such request for replenishment no less frequently than every sixty (60) days. Upon submission of a request for replenishment, the custodian shall maintain a copy of such request for replenishment with the petty cash fund until the replenishment is approved and funded. Under no circumstances shall the petty cash fund be funded in an amount in excess of the amount designated by the Town Board by resolution.
9. **Weekly Closing Reconciliation Procedure.** As close as is reasonably practicable to the end of the last business day of each week, the custodian shall conduct a weekly reconciliation of the petty cash fund (hereinafter, the “**Weekly Closing Reconciliation**”). The custodian shall conduct this reconciliation in the presence of another town employee or official as witness. The witness shall be required, in the presence of the custodian, to verify the total amount of cash then on hand and the total amount of petty cash issued as reflected on approved Petty Cash Request Forms with annexed vouchers and receipts. The sum of the cash on hand and the amounts of petty cash issued as reflected on approved Petty Cash Request Forms shall equal the total amount of petty cash assigned to that custodian by the Town Board.<sup>1</sup> The Weekly Closing Reconciliation shall be memorialized by completion of the Weekly Closing Reconciliation Form, a copy of which is annexed hereto as **Exhibit C**. In the event of any discrepancy discovered during the Weekly Closing Reconciliation, the custodian shall immediately notify the Town Board by email and no further transactions shall occur in such petty cash fund until the discrepancy is resolved.
10. **Weekly Opening Balance Procedure.** At the beginning of the first business day of each week, the custodian shall, in the presence of another town employee or official as witness, review the Weekly Closing Reconciliation Form from the prior week and confirm that the amount of cash on hand and approved Petty Cash Request Forms<sup>2</sup> does not depart from that reported on the Weekly Closing Reconciliation Form for the prior week (hereinafter, the “**Weekly Opening Balance Procedure**”). Completion of the Weekly Opening Balance Procedure shall be memorialized by the custodian and the witness by date and initials on the relevant Weekly Closing Reconciliation Form in the space provided therefor. In the event of any discrepancy, the custodian shall immediately notify the Town

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<sup>1</sup> In the event Petty Cash Request Forms are submitted to the Town Board as part of a request for replenishment and the replenishment remains outstanding and unfunded as of the Weekly Closing Reconciliation, the amount of the requested replenishment as shown on the request for replenishment shall be taken into account in reconciling the petty cash fund.

<sup>2</sup> Or, as applicable, the amount of any outstanding and unfunded requests for replenishment.

Board by email and no further transactions shall occur in such petty cash fund until the discrepancy is resolved.

11. No transactions in any petty cash fund shall occur after completion of a Weekly Closing Reconciliation until the next Weekly Opening Balance Procedure is completed.
12. All completed Weekly Closing Reconciliation Forms shall be maintained in chronological order by the custodian.

### **Monthly Reporting of Petty Cash Fund Activity**

Following the adoption of this Policy, each custodian shall report in writing to the Town Board at or prior to its next regular meeting, all transactions occurring within the petty cash fund assigned to the custodian and the dates on which Weekly Closing Reconciliation and Weekly Opening Balance Procedures were completed, since the effective date of this Policy. Thereafter, each custodian, as part of such employee's or official's regular monthly report to the Town Board, shall provide a written report to the Town Board concerning all transactions occurring within the petty cash fund assigned to the custodian and the dates on which Weekly Closing Reconciliation and Weekly Opening Balance Procedures were completed since the prior report of same to the Town Board.

### **Town Board Audits of Petty Cash Funds and Records Relating Thereto**

Each petty cash fund and all records relating thereto shall be subject to audit by the Town Board or its duly authorized designee at any time and for any reason or no reason at all. Such an audit shall occur not less than annually, but also may occur more frequently in the discretion of the Town Board, whether on a one-time, periodic, or sporadic basis, and may further be conducted with or without advance notice to the custodian thereof. The Town Board's receipt and review of reports under this Policy and the conducting of any audits hereunder shall not be construed as a waiver or satisfaction of its legal responsibility to conduct an annual audit of the various departments and officials under the New York Town Law. Notwithstanding this Policy, the Town Board shall annually audit each department and official as required under State law, and each department and official shall fully submit to such annual audit.

**Town Board Review of Policy**

The Town Board shall periodically review this Policy and shall, as appropriate, make any amendment or changes as may be necessary to improve the Town's internal controls for financial operations.

Adopted: 4/11/2023

Last Updated: \_\_\_\_\_

**Exhibit A**  
**Petty Cash Policy**  
**Acknowledgment Form**

I, \_\_\_\_\_, have been designated as Custodian of a petty cash fund by the Town of New Lebanon Town Board.

I hereby acknowledge receipt of the Town of New Lebanon Petty Cash Policy. It is my responsibility to read and familiarize myself with the Town of New Lebanon Petty Cash Policy. I agree to comply with all provisions of the Town of New Lebanon Petty Cash Policy.

I understand that I may be personally liable for transactions occurring in the petty cash fund for which I am designated as Custodian that are disallowed by the Town Board upon audit. In addition, I understand that failure to comply with the Town of New Lebanon Petty Cash Policy, or misuse or abuse of the petty cash fund for which I am designated as Custodian, may result in civil and/or criminal liability, as well as disciplinary action, including up to and including, as may be applicable, termination of employment or removal from office in accordance with applicable legal procedures.

Date: \_\_\_\_\_

\_\_\_\_\_  
Name:  
Title:

**Exhibit B**

**Petty Cash Request Form**

**Requesting Employee/Official:** \_\_\_\_\_

**Department:** \_\_\_\_\_

**Amount Requested:** \_\_\_\_\_

**Materials, Supplies or Services:** \_\_\_\_\_

**Date of Request:** \_\_\_\_\_

**Check as applicable:**

**A properly itemized and verified voucher for materials, supplies or services furnished to the Town is attached.**

**Payment terms of the materials, supplies, or services furnished require payment upon delivery or furnishing of such materials, supplies, or services.**

I understand that an original receipt must be furnished within one business day. I hereby certify that use of petty cash as requested herein is for a lawful Town expenditure and is in accordance with the Town of New Lebanon Petty Cash Policy, a copy of which I have received and reviewed. I hereby certify that the foregoing is true, accurate and complete.

\_\_\_\_\_  
**Signature of Requesting Employee/Official**

\_\_\_\_\_  
**Date**

**For Custodian Use Only:**

<input type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Denied. Reason:</b> _____
<b>Amount Issued:</b> _____	<i>Amount and Date</i>
<b>Amount Returned (if applicable):</b> _____	<i>Amount and Date</i>
<b>Net Amount Issued:</b> _____	<i>Amount Issued, Less Amount Returned</i>
<b>Original Receipt Provided:</b> _____	<i>Date</i>

# Exhibit C

## Weekly Closing Reconciliation Form

*To be completed at the close of business on the last business day of each week*

Custodian Name: \_\_\_\_\_

Week Ending: \_\_\_\_\_

### Cash on Hand

100s: \$ \_\_\_\_\_  
50s: \$ \_\_\_\_\_  
20s: \$ \_\_\_\_\_  
10s: \$ \_\_\_\_\_  
5s: \$ \_\_\_\_\_  
1s: \$ \_\_\_\_\_  
COINS: \$ \_\_\_\_\_

Total Cash On Hand: \$ \_\_\_\_\_

### Petty Cash Request Forms

Date: _____	Net Amount: \$ _____
Date: _____	Net Amount: \$ _____
Date: _____	Net Amount: \$ _____
Date: _____	Net Amount: \$ _____
Date: _____	Net Amount: \$ _____
Date: _____	Net Amount: \$ _____
Date: _____	Net Amount: \$ _____

Total Net Amount Issued Reflected on Petty Cash Request Forms: \$ \_\_\_\_\_

### Outstanding Replenishment Requests

Date: _____	Amount: \$ _____
Date: _____	Amount: \$ _____

Total Outstanding Replenishment Requests: \$ \_\_\_\_\_

**Sum of Cash on Hand, Net Amount Issued and Outstanding  
Replenishment Requests: \$ \_\_\_\_\_**

\_\_\_\_\_  
Custodian Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Date

*To be completed on the first business day of the week that follows the week set forth above*

As of first business day following the week reported above, the amount of cash on hand, net amount issued as reflected on Petty Cash Request Forms, and outstanding replenishment requests in the petty cash fund does not depart from that reported above.

\_\_\_\_\_  
Custodian Initials

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness Initials

\_\_\_\_\_  
Date