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BOARD POLICY MEMORANDUM NO. 2020-01

To: All Division Heads	Subject: Petty Cash Disbursement Procedures
Effective Date: January 28, 2020	Revision Date:
Approved by:  FRANCISCO G. SANTOS, Chairman, Board of Directors	

I. PURPOSE:

To establish a petty cash system for the purchase of supplies needed for the efficient and effective administration or operational function of the Port Authority of Guam (PAG).

Petty cash disbursements are small payments that are immediately needed for expenses such as postage, courier fees, repairs, and supplies. The Petty Cash Fund allows for the immediate payment of these purchases, wherein the lack of which may impair PAG's ability to respond to situations.

This procedure establishes the proper use and administration of the petty cash fund. This should be used only when cash is the most cost-efficient method of payment. Petty cash fund provides cash to departments to purchase minor items where a purchase order would be impractical or not cost-effective.

II. AUTHORIZED PETTY CASH FUND

The authorized amount for the Petty Cash Fund is \$3,000.00 and is disbursed from the PAG Finance Division.

III. PROCEDURES:

- A. The Petty Cash Fund is to be used only for official PAG business.
- B. The Petty Cash Fund shall not be used on the following: food items, beverages, personal items, alcohol, tobacco, or any other items prohibited by law.
- C. The Petty Cash Custodian or Alternate is the designated officials to disburse the petty cash fund. Funds are disbursed when presented with a completed Petty Cash Voucher (PCV) form.

- D. The Division Managers and other personnel designated by the General Manager may request for the disbursement of petty cash by completing a PCV form.
- E. Each PCV must be approved by the authorized personnel listed in the Petty Cash Requestor's List prior to the disbursement of cash.
- F. The Budget Analyst shall certify the funding for each PCV based on the available budget balance for the specific object class account.
- G. Absolutely no alteration shall be made on the PCV after budget certification. If changes are necessary on the PCV after budget certification, the requestor must resubmit a corrected PCV to the Budget Analyst for certification.
- H. In the event the expenditure exceeds the original approved PCV, another PCV must be submitted with the required approval based on the total invoice amount.
- I. Personal checks and/or payroll checks are not allowed to be cash from the petty cash fund.
- J. The same item/service may not be requested more than four (4) times in a month.
- K. PCV request unclaimed for more than 5 days will be discarded.

IV. AUTHORIZED APPROVAL LIMIT

Authorized personnel must exercise sound professional and fiscal judgment on the approval of the petty cash request.

The Petty Cash Voucher should be approved based on the approval limit below:

- i. Equal or less than \$200.00
 - a. Division Manager
- ii. Greater than \$200 but not more than \$300
 - a. Division Manager; and
 - b. Deputy General Manager – Administration (Admin related) or
Deputy General Manager – Operations (Operations related)
- iii. Greater than \$300 but not more than \$400
 - a. Division Manager;
 - b. Deputy General Manager – Administration (Admin related) or
Deputy General Manager – Operations (Operations related); and
 - c. General Manager

All requests should be forwarded to the Financial Affairs Controller for final approval.

V. RESPONSIBILITIES:

A. Requestor

- i. The Petty Cash Fund should not be used to circumvent the procurement process.

- ii. The requestor should furnish the Petty Cash Custodian with the original vendor receipt(s) and unused funds within the next working day.
- iii. The requestor should first check if the supply is available in the PAG supply inventory department before submitting a request.

B. Budget Analyst

- i. Responsible for certifying the PCV before disbursement of cash.
- ii. Ensures that the PCV form has the amount, description, account number (approved by the pertinent department/division manager), and required quotes before budget certification and clearance.
- iii. Responsible for the annual update of the list of employees authorized to request and approve the PCV along with their signature specimen.

C. Petty Cash Custodian & Alternate

- i. Ensure that the petty cash fund is physically secured at all times. Cash must always be locked securely when not in use and shall take all reasonable precautions for the fund's protection.
- ii. Ensure that the petty cash fund is not comingled with other funds and cannot be used as change funds.
- iii. Ensure that no one is permitted to write personal checks against petty cash funds.
- iv. Ensures that PCV contains all required information, budget clearance, and approval signatures prior to disbursing cash to the requestor/employee.
- v. Issue cash to the requesting employee only upon receiving a properly approved PCV form. Fill out and have the employee sign the receipt of cash on the PCV form.
- vi. The Petty Cash Custodian will be held personally liable for any disbursement that is not supported by records.
- vii. Balance the petty cash fund each time a disbursement is made, or a minimum of once every two weeks if no disbursements are made. The total count should always balance with the authorized petty cash fund amount. Document such balance count.
- viii. Monitors and ensures that original receipt(s) from petty cash disbursement is submitted within the next working day from the employee to whom the cash was issued, a receipt from the vendor for the items purchased, and any excess cash issued but not expended.
- ix. Follow-up and notify employees (requestor) on outstanding petty cash transactions. Fill out the Outstanding Petty Cash Order Notification Form.

- x. Responsible for the replenishment of the petty cash fund.
- xi. Retain copies of signed and acknowledged petty cash replenishment requests in a centralized location for documentation purposes.
- xii. Replenishment of the Petty Cash Fund may be made every 1st and 16th day of the month or when the remaining balance is less than five hundred dollars (\$500).
- xiii. Immediately report theft, overage, or shortage of petty cash fund to the General Accounting Supervisor or designee.
- xiv. Immediately report any obvious misuse of the petty cash fund to the General Accounting Supervisor, Financial Affairs Controller, and appropriate Division Manager.

D. General Accounting Supervisor

- i. Reviews the petty cash replenishment request submitted by the Petty Cash Custodian or Alternate prior to submittal to the Financial Affairs Controller for approval.
- ii. Conduct and document unannounced and irregular petty cash fund counts. These unannounced counts will be supported by the Petty Cash Balance Certification Form.

E. Financial Affairs Controller

- i. The Financial Affairs Controller will designate the Petty Cash Custodian and Alternate.
- ii. At least once a year, evaluate the proper level or amount of the established petty cash fund balance. The Quarterly Petty Cash Report will be used in the evaluation.
- iii. Take prompt action to have petty cash fund adjusted to a level commensurate with demonstrated needs whenever circumstances warrant such action. If the petty cash fund balance change is necessary, whether to increase or decrease, seek the approval of the General Manager supported by analysis and evaluation.

VI. PETTY CASH DISBURSEMENT PROCESS:

A. Maximum Allocation

The maximum amount for a petty cash request is four hundred dollars (\$400.00). The PAG will not reimburse for any item(s) /service(s) that exceeds the four hundred dollars (\$400.00) maximum petty cash disbursement.

B. Process

The following steps must be followed in requesting for petty cash:

1. The requestor must complete a PCV and include the specific goods or services, justification, business unit, account number, and the estimated cost of the item.

2. The requestor should obtain three (3) quotes (telephonic or equivalent) from vendors for each petty cash expenditure request and include such documentation in the request. Exceptions would only be made for certain items or services that can only be obtained from a single source (i.e. police report, abstract, court clearances, etc.)
3. The division head is to affix his/her signature and approval on the form.
4. The form is then routed through the Budget Office for clearance.
5. After clearance, the form is submitted for approval based on the approval limit.
6. After the required approval has been obtained, the form will be submitted to the Financial Affairs Controller or his delegate, for final review and approval.
7. Once all required signatures have been obtained, the form is then submitted to the Petty Cash Custodian or Alternate.
8. The Petty Cash Custodian will review the form to ensure that all necessary information and signatures are indicated.
9. The Petty Cash Custodian will disburse the funds to the requestor. The requestor will sign the Petty Cash Voucher prior to receiving the funds. The cash given is based on the estimated/quoted amount of the requested goods/services and should not exceed the maximum allocation of \$400.00.

VII. OBTAINING RECEIPT FOR ITEMS(S)/SERVICES(S):

- A. No later than the next working day, the requestor is required to provide the Petty Cash Custodian with an official receipt for the acquired goods/services, along with the remaining cash, if any. The original vendor receipt(s) must have, at the minimum, the vendor's name, address, invoice date, invoice number, and amount. The receipt(s) must also indicate the payment has been made or stamped as "PAID".

If the item/service exceeds the petty cash disbursement, reimbursement for the difference may be made provided it does not exceed the maximum allocation of \$400.00. The requestor will be informed that failure to provide the necessary receipt may result in a payroll deduction of the petty cash amount.

If the official receipt has not been received in three (3) working days after the petty cash was issued, the Petty Cash Custodian will remind the requestor of the outstanding document. In addition, the Division Manager will be informed of the non-compliance by the requestor. The Outstanding Petty Cash Order Notification form will be used to notify the requestor.

- B. If the requestor has not submitted the receipt within five (5) working days after the petty cash was issued, the Petty Cash custodian will inform the Division Manager and Deputy

General Manager that a recommendation will be submitted to the Financial Affairs Controller to deduct the petty cash amount from the requestor's earnings.

- C. If the official receipt has not been received by the 10th working day after the petty cash was issued, the Financial Affairs Controller will forward the recommendation for payroll deduction to the General Manager for approval.

VIII. REPLENISHMENT OF PETTY CASH FUND:

The Petty Cash Fund should not exceed three thousand dollars (\$3,000). The petty cash replenishment request shall be supported by the following documents:

- i. Petty Cash Voucher;
- ii. Petty Cash Replenishment Form;
- iii. Cash Count; and
- iv. Vendor Invoices

The request for replenishment will be submitted to the General Accounting Supervisor for authorization. The request is then forwarded to the Financial Affairs Controller for approval.

IX. PETTY CASH FORMS:

- A. Petty Cash Voucher - This is used to request, approve, and disburse the petty cash request.
- B. Petty Cash Replenishment Report – This is used for the replenishment of the petty cash fund.
- C. Petty Cash Count Report – This is used for the Petty Cash Custodian's petty cash count, surprise count, and/or petty cash handover (to back-up custodian).
- D. Quarterly Petty Cash Report – This is used to provide a summary of petty cash expense on a division level. This is reviewed and signed-off by the Division Manager, Financial Affairs Controller, Deputy General Manager, and General Manager.
- E. Outstanding Petty Cash Order Notification Form – This is used to inform the request and the appropriate division manager of any pending receipts or supporting documents.
- F. Petty Cash Balance Certification Form – This is used by the General Accounting Supervisor during the surprise cash count.

X. CONTROL:

- A. Security of Cash Box
Petty cash should be controlled and kept in a safe and secure area at all times.
 - 1. The Petty Cash Custodian will have sole custody of the petty cash box key. A duplicate key will be under the custody of the General Accounting Supervisor.

2. The Petty Cash box shall be secured in the General Accounting Supervisor's office placed in a locked cabinet.

B. Cash Count

The cash count should verify that the amount of cash in the fund, the replenishment checks not yet cashed, and the outstanding vouchers equal the established fund amount of three thousand dollars (\$3,000). This should be performed by the Petty Cash Custodian and/or General Accounting Supervisor.

1. Routine Cash Count

The cash count should be performed by the Custodian every 1st and 16th of the month to ensure cash on hand is fully accounted for. The cash count should be verified by the Alternate Petty Cash Custodian. Cash count must also be performed during the handover of the petty cash responsibility to the Alternate Petty Cash Custodian.

2. Surprise Cash Count

The General Accounting Supervisor will conduct a random review of the petty cash amount and receipts at least four (4) times a year. The timing of the process will be unannounced.

Any discrepancy (shortage or overage) must be researched and reported to the Financial Affairs Controller. Appropriate corrective action should be made.

The Petty Cash Count Report should be used in performing this activity.

C. Reporting

To ensure that there is a proper review of the frequency and purpose of the petty cash requested by each department, a report will be prepared by the Petty Cash Custodian on a quarterly basis.

The Petty Cash Custodian will prepare and submit a report per division indicating the total amount and purpose of the petty cash issued. This will be submitted to the following for review and sign-off:

- i. General Accounting Supervisor
- ii. Financial Affairs Controller
- iii. Division Head
- iv. Deputy General Manager (Administration or Operation); and
- v. General Manager

The quarterly Petty Cash Report should be used for this activity.

XI. ENTIRE POLICY

All prior policies or memoranda in conflict with this policy are hereby rescinded.