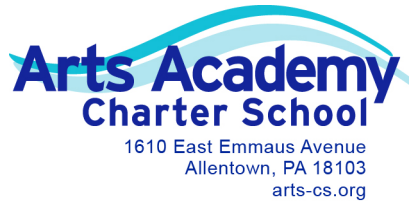


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Board Policy 8.3

PETTY CASH POLICIES AND PROCEDURES

POLICY

Petty cash funds have been established for small or emergency purchases on the basis of demonstrated need. It is to be used only for the acquisition of those unanticipated items that require an immediate cash payment and should not be used as a means to circumvent proper purchasing procedures.

DEFINITION

Petty cash funds are revolving imprest accounts that are used to make small or emergency purchases to avoid the inconvenience and expense of processing checks through Arts Academy Charter School's normal purchasing procedures.

PROHIBITED PURCHASES

No item should be handled as a petty cash item that can be readily secured through normal procurement channels. An item that would not ordinarily be purchased through the operating account as an acceptable item for the school is also prohibited from being purchased with petty cash funds. The fund custodian and the CEO must carefully monitor purchases with petty cash funds since these purchases bypass the normal purchasing policy and procedures.

*Unless otherwise approved by the Executive Director, the following items will **not be reimbursed** from petty cash:*

(Note: List is not all-inclusive)

- Single purchases in excess of \$100.00
- Equipment of any kind
- Payment to an individual for services rendered
- Software
- Gasoline
- Honorariums
- Alcoholic beverages
- No IOUs for cashing personal checks
- Items purchased more than 30 days prior to request for reimbursement
- Custodians should not use *personal* funds in-lieu of petty cash.

Violation of this policy may result in the cancellation of the petty cash fund.

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USING THE PETTY CASH FUND

A \$500.00 check drawn on Arts Academy Charter School's operating account was used to initially fund the petty cash on hand.

All expenditures that are to be reimbursed with petty cash funds are to be pre-approved by the fund custodian. A receipt to verify the purchase and payment must support expenditures from the fund. It is the responsibility of the fund custodian to determine if the transaction meets the requirements as set forth in the petty cash policy. At the time the expenditure is made, documentation including the following must be obtained:

- Date
- Name of vendor
- Positive evidence that a payment was made (i.e., a cash register receipt or handwritten receipt on which the word "paid" appears)
- The amount paid
- A description of the goods purchased (entered by the vendor if a handwritten receipt is obtained or by the purchaser if a cash register tape is issued)
- A signature indicating receipt of goods
- The fund custodian's signature documenting approval of expenditure
- An explanation of the purchase justifying the relevance of each purchased item

At any given time, cash on hand plus receipt documents **must** equal the authorized amount of the fund. It is the responsibility of the fund custodian to maintain a current record of the fund's financial status. The following format will be used:

Date	Description	Purchases	Reimbursements	Balance
8/02/09	Beginning Balance			\$100.00
8/07/09	Name of Vendor	\$7.50		92.50
8/13/09	Name of Vendor	\$25.00		67.50
8/19/09	Name of Vendor	\$13.75		53.75
8/26/09	Name of Vendor	\$21.24		32.51
8/30/09	Reimbursement		\$467.49	500.00

When the fund balance reaches \$50.00, a replenishment check will be written to increase the fund back to \$500.00.

ALL Petty cash funds must be reimbursed at fiscal year end (prior to June 30) in order to charge expenditures to the proper accounting period.

SAFEGUARDING THE PETTY CASH FUND

Petty cash funds and supporting documentation (receipts) must be kept in a safe

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location (i.e., locked up in a safe, vault, or desk drawer) and must not be commingled with any other funds. The fund should be verified and reconciled on at least a weekly basis. The CEO and Board of Directors must be notified immediately if the fund is missing and theft is suspected. The fund custodian must prepare a document outlining the facts and circumstances of the loss. All suspected thefts are to be treated confidentially since an investigation may be ongoing.

Board approved: 07/16/12

Revisions approved: 10/15/12 (in italics)