

# City of Wellston

## Petty Cash Policy

Policy ID: FIN-EXC-001  
Effective Date: January 12, 2026  
Prepared by: City Auditors Office

Approved by: David W. Walton (Service Director)  
Date: 1/12/2026

### Purpose

The purpose of this policy is to establish guidelines for the establishment, maintenance, custody, and control of the City's single petty cash fund, which is designated exclusively as a change-making fund for the Recreation Department. This fund ensures that accurate change can be provided to customers while maintaining strong internal controls, accountability, and compliance with generally accepted accounting principles and municipal best practices.

### Scope

This policy applies to all City employees, officers, and officials who have any involvement with the petty cash fund, including the Treasurer, Auditor, Deputy Auditor, Assistant Deputy Auditor, and any personnel handling Recreation Department cash receipts.

### Fund Characteristics

- There shall be one petty cash fund for the entire City.
- The sole authorized use of the fund is to provide change for cash transactions in the Recreation Department.
- The fund has a fixed total (the "authorized balance"). The authorized balance shall be determined jointly by the Treasurer and Auditor based on historical and projected needs of the Recreation Department.
- The fund shall not be used for any purchases, reimbursements, or other expenditures.

## **Custody and Physical Security**

- The Treasurer shall be the designated custodian of the petty cash fund and is responsible for its day-to-day administration.
- The fund shall be kept in a locked cash bag or box inside a locked safe located in the Treasurer's office.
- Access to the safe shall be restricted to the following individuals only:
  - Treasurer
  - Auditor
  - Deputy Auditor
  - Assistant Deputy Auditor
- Keys and/or combinations to the safe shall be issued only to the above individuals.

## **Dual Control Requirement**

- All handling of the petty cash fund, including counting, transfers, replenishment, and any movement of funds into or out of the safe, must be performed under dual control. Two authorized individuals must be present, count the cash together, and both sign or initial the transaction log verifying the amount and the action taken.
- No single individual may handle, count, or transfer cash from the fund alone.

## **Transaction Procedures**

- When providing change to a Recreation Department customer, the employee receiving payment shall take the customer's tendered bill from the petty cash fund as change and place the full payment received into the Recreation Department's cash receipts (not back into the petty cash fund).
- All cash receipts from Recreation Department activities shall be recorded separately on a daily cash receipts log or point-of-sale system and deposited intact daily (or according to the City's cash handling policy).
- Excess cash accumulating in the Recreation Department's daily receipts shall be deposited promptly and shall not be used to replenish or increase the petty cash fund balance.

## **Logging and Documentation**

- A permanent petty cash log shall be maintained inside the cash bag/box.
- Every transaction involving the fund (initial funding, replenishment, deposit of excess, counts, or transfers) must be recorded in the log with the following information:
  - Date
  - Description of transaction
  - Amount added or removed
  - Running balance
  - Printed names and signatures/initials of the two individuals performing dual control
- At the end of each week in which the fund is accessed, the fund shall be counted under dual control and reconciled to the authorized balance; any variance must be noted in the log and immediately reported to the Treasurer and Auditor.

## **Monthly Reconciliation and Reporting**

- At the end of each month, the Treasurer shall perform a full count of the fund under dual control with the Auditor (or designee).
- The monthly count shall be documented in the petty cash log and attached to the City's monthly bank reconciliation package as supporting documentation for cash on hand.

## **Replenishment and Funding Adjustments**

- If the fund balance falls below the authorized amount due to loss, theft, or error, the Treasurer shall immediately notify the Auditor and initiate an investigation. Shortages shall be replenished by check from the appropriate City account after approval by the Auditor.
- If excess cash is identified during counts, it shall be deposited to the City's bank account and recorded accordingly.
- Initial establishment and any increase to the authorized balance shall be funded by check or dual control cash withdrawal from the appropriate City account.

### **Periodic Audits and Reviews**

- The Auditor shall conduct unannounced (surprise) cash counts at least quarterly.
- The fund shall be subject to review during the City's annual audit process.
- Any discrepancies, losses, or suspected misuse must be reported immediately to the Auditor and Mayor.

### **Prohibited Activities**

- Use of the fund for any purpose other than providing change for Recreation Department transactions.
- Commingling of petty cash with personal funds or other City cash receipts.
- Loans or IOUs from the fund.
- Failure to follow dual control procedures.

Signature \_\_\_\_\_



Date 1-12-2026