



# **CIRCULAR**

## **STATE OF NEW JERSEY**

### **DEPARTMENT OF THE TREASURY**

NO.: 18-07-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 3
EFFECTIVE DATE: 12-01-17	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 13-08-OMB
SUBJECT: GUIDELINES FOR THE ESTABLISHMENT AND OPERATION OF PETTY CASH FUNDS		
ATTENTION: DIRECTORS OF ADMINISTRATION AND CHIEF FISCAL OFFICERS		
FOR INFORMATION CONTACT: LESLIE A. NOTOR		PHONE: (609) 292-5040

#### **I. PURPOSE**

This Circular changes the reauthorization process and lists the information that should be included in the audit report.

Petty cash funds are established to provide the administrator of a spending agency with a method of payment to be used for goods and services that require immediate purchase. Additionally, petty cash funds are established to provide change funds for those agencies that receive cash payments from the public.

A petty cash expenditure shall not violate any State statute, the Appropriations Act, or any existing circular.

#### **II. ESTABLISHMENT OF PETTY CASH FUND**

A request to establish a petty cash fund is made by an agency's Assistant Commissioner or Director of Finance or Administration, using the request form attached. Indicate that the request is for a new fund by placing a check on the appropriate line at the top of the form. The agency must detail the nature of activity and provide justification for the fund and fund amount. Indicate specifically why the use of a payment voucher or off-line system is not appropriate. The form must be properly completed, signed, and dated.

If authorized, a copy of the approved request form will be sent to the agency. The fund will be assigned a payee identification number upon completion and submission of a W-9 questionnaire to the Office of Management and Budget (OMB) Vendor Control Unit. OMB will instruct the requesting agency to process a UA transaction that references the payee identification number and the appropriate (1009) balance sheet account to produce a check to establish the fund.

If a checking account is needed, it is the requesting agency's responsibility to request the opening of a bank account by OMB's Cash Management Unit, in accordance with Circular 10-11-OMB, Banking Services. A copy of the approved petty cash fund request form must accompany this request.

### III. OPERATION OF THE PETTY CASH FUND

- A. The special payee identification number must be referenced on every payment voucher submitted for reimbursement of the fund.
- B. Petty cash funds should be reimbursed as frequently as possible.
- C. Petty cash change funds will not be reimbursed. The checks that initially finance these funds will be the only payments made to the funds unless a subsequent request for an increase in the fund is approved (See V. below).
- D. A petty cash expenditure is an expenditure not exceeding \$200 for the purpose of paying a current expense requiring a prompt cash outlay. Such an expense shall not be part of a larger amount payable which exceeds \$200 and which is made payable to the same vendor for the same purpose.
- E. When an emergency requires an immediate payment for goods or services of more than \$200, a memorandum documenting such emergency must be prepared and signed by the Agency Approval Officer and made part of the petty cash file.

### IV. AUDIT REQUIREMENTS

It is the responsibility of the administering agency to ensure that periodic audits of each petty cash fund are performed. Audit reports are required in accordance with the following schedule:

ANNUAL DISBURSEMENTS	AUDIT FREQUENCY
\$50,000 or more	every two years
\$25,000 to less than \$50,000	every three years
Less than \$25,000 and/or change fund	every four years

To determine the next period to be audited, the fund disbursements during the last period audited should be measured. For example, if the fund was audited for the year ended June 30, 2010, and disbursements for that year were \$24,000, the next period to be audited would be the year ended June 30, 2014. If disbursements in 2010 were \$26,000, the next period to be audited would be the year ended June 30, 2013.

OMB may require more frequent audits than indicated by the above schedule. Additionally, an agency may submit a request to OMB to audit the fund less frequently than indicated by the above schedule. OMB will determine if the agency request contains sufficient justification for approval.

The audit report is to be submitted to OMB no later than 180 days after the audit period. The following information must be included in the audit report:

- The fund's name and payee identification number.
- The name of the depository bank, the bank account name, and the bank account number.
- The period audited.
- A statement identifying the auditing standards used in performing the audit.
- A description of the audit objectives, audit scope, and the methodology used to perform the audit.
- The total disbursements from the fund for the period audited.

- A statement about whether the fund was operated in compliance with the circular and a description of any significant instances of non-compliance.
- A description of any internal control weaknesses identified as a result of the audit.
- A response from the responsible officials to the audit findings and recommendations, including any corrective actions taken or planned.
- A description of the status of corrective actions taken to resolve prior audit findings.
- A bank reconciliation of the account for the month-end coinciding with the audit period end date.
- The audit completion date and audit preparer's contact information.

#### V. INCREASE/DECREASE OF FUND - REAUTHORIZATION

Petty cash funds are only reauthorized when requesting an increase or decrease of the fund. A request for an increase or decrease should be submitted by memorandum to the Assistant Director, OMB Accounting Bureau by an agency's Assistant Commissioner or Director of Finance or Administration. The request should include the following:

- Petty Cash Fund Request/Reauthorization Form
- A fund reconciliation for the petty cash fund, certified by both the preparer and the agency's approval officer. This fund reconciliation must reconcile the most recent bank statement and cash on hand, as applicable, to the authorized amount of the fund. A blank reconciliation form is provided in the reauthorization package.
- A copy of the bank statement used in the above reconciliation.

NOTE: All forms must be properly completed, signed, and dated.

#### VI. CLOSE-OUT OF FUND

After final reimbursement is made to the petty cash fund to return it to the authorized amount, the following items must be submitted to OMB:

- A copy of the check drawn against the petty cash bank account for the amount of the fund.
- A copy of the cash receipt document to reimburse the State account and reduce the 1009 balance sheet account.
- A final fund reconciliation and audit. If there is a checking account associated with the account, the agency should close the account in accordance with Circular 10-11-OMB.



David Ridolfino  
Acting Director

**PETTY CASH FUND REQUEST/REAUTHORIZATION FORM**

New Fund \_\_\_\_\_

Existing Fund \_\_\_\_\_

Payee Identification # \_\_\_\_\_

Name of Fund \_\_\_\_\_

Name of Requesting Agency \_\_\_\_\_

Name of Custodian \_\_\_\_\_

Address of Custodian \_\_\_\_\_

Bank name \_\_\_\_\_

Bank Account Name/Number \_\_\_\_\_

Current Authorized Amount of Fund \_\_\_\_\_

Requested Authorized Amount of Fund \_\_\_\_\_

Justification for Fund and Fund Amount (attach additional support as necessary)

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Requested By:

\_\_\_\_\_  
Signature of Agency Approval Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Agency Approval Officer (Please Print)

\_\_\_\_\_  
Title of Agency Approval Officer (Please Print)

\_\_\_\_\_  
Address of Agency Approval Officer

**FOR OMB USE ONLY**

Approved \_\_\_\_\_

Denied \_\_\_\_\_

\_\_\_\_\_  
Assistant Director, Accounting Bureau, OMB

\_\_\_\_\_  
Date

## RECONCILIATION OF FUND

DEPARTMENT \_\_\_\_\_

DIVISION \_\_\_\_\_

FUND NAME \_\_\_\_\_

FUND VENDOR ID# \_\_\_\_\_ AUTHORIZED FUND AMOUNT \_\_\_\_\_

<b>A.</b>	<b>CASH ON HAND AS OF:</b>	(MM/DD/YYYY)	\$
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<b>B.</b>	<b>CASH IN BANK:</b>		
	Balance per Bank Statement as of: _____ (Please attach copy of bank statement used.)	\$	
	LESS: Outstanding Checks Issued (-)	\$	
	PLUS: Deposits Not Credited (+)	\$	
	OTHER: (+/-)	\$	
	<b>TOTAL CASH IN BANK (Must Equal Checkbook Balance)</b>	<b>+</b>	<b>\$</b>

### INVOICES / RECEIPTS SUBMITTED FOR FUND REIMBURSEMENT IN NJCFS

<i>U1 DOC #</i>	<i>AMOUNT</i>	<i>U1 DOC #</i>	<i>AMOUNT</i>
1)	\$	4)	\$
2)	\$	5)	\$
3)	\$	6)	\$
(+) \$			

### INVOICES / RECEIPTS NOT YET SUBMITTED FOR REIMBURSEMENT IN NJCFS

<i>Receipt / Check #</i>	<i>AMOUNT</i>	<i>Receipt / Check #</i>	<i>AMOUNT</i>
1)	\$	4)	\$
2)	\$	5)	\$
3)	\$	6)	\$
(+) \$			

**Sub-Total**      \$

**ADJUSTMENTS:** (List and/or Explain Adjustments)

<i>Reason/Explanation</i>	<i>AMOUNT</i>
	\$

**Grand Total (Must Equal Authorized Fund Balance)**      \$

<b>Signature – (Preparer)</b>	<b>Signature – (Agency's Approval Officer)</b>
<b>Print Name:</b>	<b>Print Name:</b>
<b>Telephone #:</b>	<b>Telephone #:</b>
<b>Prepared Date:</b>	<b>Approval Date:</b>
If fund has more than one location within the Department please list location on separate sheet and submit.	