

Petty Cash Policy for Employees

This policy is binding to all employees of the company. Not adhering to the following guidelines can result in disciplinary action, as mentioned in the policy.

1. **Purpose:** The purpose of this policy is to establish guidelines and procedures for the use of petty cash funds.
2. **Definition:** Petty cash funds are small amounts of cash kept on hand for the purpose of making small purchases, reimbursing employees for out-of-pocket expenses, and other miscellaneous expenses.
3. **Administration:** The petty cash fund will be administered by the designated person(s) authorized by the company, henceforth known as the Custodian.
4. **Establishment:** Petty cash funds will be established only upon the approval of the authorized person(s) and with the proper documentation. The amount of the petty cash fund will be determined by the authorized person(s) based on the needs of the company.
5. **Custody:** The designated custodian will be responsible for the security and disbursement of the petty cash fund. The custodian should be a trustworthy employee who is authorized by the company to handle petty cash.
6. **Security:** The petty cash fund must be kept in a secure location, such as a locked drawer or cabinet. The custodian must ensure that only authorized personnel have access to the petty cash fund.

7. **Reimbursement:** Petty cash disbursements must be properly documented with original receipts and a petty cash voucher. All expenditures must be approved by the authorized person(s) prior to reimbursement. The petty cash voucher should include the date, amount, purpose of the expenditure, and the signature of the person who received the petty cash. The original receipts should be attached to the voucher.
8. **Limitations:** The petty cash fund should only be used for small purchases or reimbursements, typically less than \$100. If an expense exceeds this limit, it should be processed through the company's accounts payable system.
9. **Frequency of Replenishment:** The petty cash fund should be replenished at least once a month or as needed. The custodian should keep track of the balance of the petty cash fund and notify the authorized person(s) when it is running low.
10. **Audit:** The petty cash fund will be subject to periodic audit by the authorized person(s) to ensure proper use and documentation. The authorized person(s) should review the petty cash vouchers and receipts to ensure they are accurate and valid.
11. **Records:** All petty cash transactions must be recorded and maintained for a period of at least three years. The records should include petty cash vouchers and receipts, as well as any other relevant documentation.

12. **Responsibility:** All employees who handle petty cash are responsible for complying with the provisions of this policy. They should ensure that all disbursements are properly documented and approved.

13. **Violation:** Violations of this policy may result in disciplinary action, up to and including termination of employment. If an employee is found to have misused or mishandled petty cash, they may be required to reimburse the company for any losses incurred.

Note: This policy is intended to provide guidance for the use of petty cash funds. If you have any questions or concerns, please contact the designated person(s) authorized by the company.