



Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 817-2
Chapter: Control of Expenditures			
Directive Title: ACCOUNTABLE ADVANCES - PETTY CASH			

1. POLICY

Petty Cash Funds must be accounted for as accountable advances and must be established under S. 52(2) of the *FAA* and used in accordance with this directive.

2. DIRECTIVE

Petty cash purchases must comply with Regulation 9904 - Government Contract Regulations and Directive 808 - 2 Delegation of Purchasing Authority on Government Contracts.

3. PROVISIONS

3.1. Under S.52(2) of the *FAA*, the Comptroller General may authorize the establishment of Petty Cash Funds.

3.1.1. Establishing a Petty Cash Fund and appointing a custodian

- a) Departmental Executive Finance Officers (EFO) may request approval from the Comptroller General to establish a petty cash fund or cash register float, the appointment of a temporary, permanent, or replacement petty cash custodian, the changing of the approved amount, the changing of the single transaction maximum limit, or the closing of an existing petty cash fund using the Petty Cash Approval Form (See Appendix A).
- b) Such requests must be submitted to the Director, Financial Operations of the Office of the Comptroller General (OCG) or to the Regional Directors of Financial Services, Department of Finance.
- c) The initial cheque to establish the fund, and subsequent reimbursements, will be issued to the individual named as the

custodian on the Petty Cash Fund Approval form (example, John Smith / custodian of petty cash).

3.1.2. Allowable uses of petty cash

Petty cash may be used only for:

- a) floats used by designated GN cashiers; and,
- b) essential and immediately required purchases for which the use of Local Contract Authority is impractical.

3.1.3. The amount of a petty cash fund

The following should be considered in setting the amount of a petty cash fund:

- a) the size and location of the GN operation to be served;
- b) the security available for the cash box at various times;
- c) how the fund will be used;
- d) the practical maximum value of single transactions;
- e) frequency of replenishment (not more frequently than bi-weekly); and
- f) the amount of a float should be adequate to support business needs.

3.2. Monitoring and Administration of Petty Cash Funds

3.2.1. Custody and Control

- a) The custodian named on the Petty Cash Fund Approval form shall have sole custody and control, and shall be personally liable for the full amount of the fund. At the discretion of the Comptroller General the custodian may be required to repay any cash lost due to negligence.
- b) The custodian shall maintain the fund in a locked box and no other person shall be authorized to make disbursements from the fund. The locked box shall be kept inside a locked area when not in use.
- c) No advances for personal use shall be permitted.

- d) Advances for business purposes shall be authorized in advance by an expenditure officer and must be supported by signed temporary receipts.
- e) All disbursements from the fund must be supported by original receipts.
- f) Petty cash reconciliations must be done on a regular basis and periodic surprise cash counts should be verified and confirmed by a supervisor.
- g) Theft or other loss of petty cash must be reported immediately in accordance with Directive 913, Loss of Cash or Other Assets.
- h) To close a petty cash fund the appropriate departmental EFO shall return the fund to the Director, Financial Operations of the OCG, or to the Regional Directors of Financial Services of the Department of Finance for deposit back to the Consolidated Revenue Fund (CRF), with the completed Petty Cash Fund Approval Form (Appendix A).

3.2.2. Reconciliation and Replenishment

- a) The cash on hand plus the verified approved disbursements (receipts and advances) must always equal the approved petty cash fund balance.
- b) The fund balance must be reconciled whenever it is near depletion, on the last day of the fiscal year, or when the custodian is temporarily or permanently replaced.
- c) A reconciled balance need not be replenished before being transferred to a temporary or new custodian.
- d) The fund must be replenished at the end of each fiscal year to record expenses in the financial system.
- e) To replenish the fund, the custodian shall submit to the departmental expenditure officer, a completed Expense Voucher (payable to the custodian) with approved receipts attached, and the reconciliation form showing the fund in balance. Any discrepancies must be explained and approved.

3.2.3. Recovery of Petty Cash Fund balance



The Comptroller General or delegate may at any time, by written notice to the custodian of a petty cash fund, demand an accounting of the advance and repayment of any unexpended balance.

3.2.4. Goods and Services Tax

Petty cash fund purchases are subject to the Goods and Services Tax (GST). To facilitate recovery of the GST by the Government, the GST must be charged to the GST Recovery account and not included in the total amount charged to an appropriation.



APPENDIX A

PETTY CASH FUND APPROVAL FORM

All applicable parts of this form must be completed and signed in order to establish, amend or close a petty cash fund or to replace the custodian.

1. REQUEST FOR APPROVAL TO (CHECK APPLICABLE BOXES):

- Establish a fund
- Amend a fund
- Close a fund
- Change of custodian

Location:
Justification for the use of the petty cash fund:
Proposed amount of fund: \$..... Justification for the amount:
Proposed maximum value of single transactions using the fund: \$..... Justification for the amount:
Proposed <input type="checkbox"/> temporary custodian or <input type="checkbox"/> permanent custodian (check one) to sign: I certify by my signature that: I have read and understand the <i>Financial Administration Manual</i> Directive 817-2, Accountable Advance -Petty Cash and will adhere to its requirements; I will be personally liable and responsible for the petty cash and all related documentation placed under my care; and I understand that, at the discretion of the Comptroller General, I may be required to repay to the Government any loss of cash due to my own negligence. Name: Position: Employee No. Signature: Date:

Reconciliation Form

Existing custodian to sign if custodian is to be replaced or fund is to be closed:	
I certify by my signature that the following items make up the petty cash fund at transfer (to new custodian) or at closing of the fund:	
Cash on hand	\$
Receipts and approved invoices (list all details on a separate sheet)	
Total receipts and approved invoices	\$ _____
Total approved petty cash fund balance	\$ _____



**FINANCIAL ADMINISTRATION
MANUAL**



Name of custodian..... Position: Signature: Date:
Program Manager or Regional Director responsible for the fund replenishment budget: Name: Position: Signature: Date:
Director of Corporate Services: Name: Position: Signature: Date:

2. APPROVAL OF PETTY CASH FUND, CUSTODIAN, AMENDMENT OR CLOSURE

Approval to be signed by one of the following: Director, Financial Operations, Finance or Regional Director of Financial Services Name: Position: Signature: Date:

3. APPOINTMENT OF NEW PETTY CASH CUSTODIAN

New custodian to sign below upon appointment or upon amendment of petty cash fund amount: I hereby acknowledge receipt of cash and disbursement documents totaling \$....., which is the approved amount of the petty cash fund. Name of custodian: Position: Signature: Date:
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