

HANDLING PETTY CASH

Try not to pay any bills in cash.

It is not recommendable to keep more than \$200.00 as petty cash. (It varies depending on the size of the church)

Get a petty cash pan or have a safe secure place where you will keep the cash. Make sure you have adequate petty cash slips – these can be bought at any reputable office supplies store.

Only one person should handle the petty cash at any given time.

NB: Even though these instructions are written specifically for a church setting, they may be followed for schools.

EXAMPLE: Assume that your church did not have a petty cash system and decided to establish one.

1. The board voted to have \$200.00 for petty cash so that the treasurer could perform the treasury work more efficiently.
2. You issued a check in name of the person in charge of the petty cash. That person cashed it - check #2650, amount: \$200.00; specified "Petty Cash on the check. Now, the church has \$200.00 in the petty cash pan.
3. On January 17, the church clerk asked for cash to buy flowers and stamps. She/he was not sure how much the cost would be, but estimated it at roughly \$58.20 - \$13.20 for stamps and \$45.00 for flowers.
4. You filled out a petty cash slip and asked the clerk to sign it; you sign it also and gave \$58.20 to the clerk. The slip had the following information: number, date, description, and signatures. Account(s) to charge. You did not forget to remind the clerk to bring the receipts back; otherwise she/he would be responsible for the \$58.20.

5. On January 18, the church clerk came back with the receipts and change. The receipts total was \$56.50 – (\$13.20 for stamps and \$43.30 for flowers). The change was \$1.70. You pulled out the slip that the clerk signed the day before from the petty cash pan, and made another (new) petty cash slip. This time, you were able to record accurate information: January 18, Stamps - \$13.20, Flowers \$43.30
6. After you made a new petty cash slip, you asked the clerk to sign it and handed the previous to him/her to be destroyed. Now you have one slip, with receipts attached, and the change of \$1.70.
7. You put the voucher and change in the petty cash pan. Just in case, you checked the petty cash and it was exactly \$200.00 (cash: \$143.50, slip: \$56.50)
8. On January 18, the youth leader came to you to get petty cash to buy some materials for the upcoming Sabbath afternoon's program. The youth leader asked for \$45.00 without a detailed explanation. You asked him/her what items would be bought. The youth leader told you that the money was to buy stationery and refreshment. You repeated the same procedure as before. (See "4"). The only difference was the amount.
9. Shortly after, the youth leader came back with the receipts. The receipts totaled \$52.50. The youth leader told you that he/she had to use some money from his/her pocket.
10. You pulled out the slip that the youth leader signed a while earlier, made another (new) one. The information was as follows: January 19, Staples Office Supplies - \$21.50, refreshments A&P - \$31.00.
11. After you made the new petty cash voucher, you asked the youth leader to sign it. Then you gave the youth leader \$7.50 from the petty cash pan and the previous voucher. The youth leader took the \$7.50 and destroyed the previous voucher. When the youth leader was about to leave, you took the opportunity to remind him/her not to spend more than what is taken from the petty cash.

12. After the youth leader left, you checked the petty cash pan. It was again exactly \$200.00. (cash: \$91.00, slips: \$109.00). You were happy to see that the petty cash total was always \$200.00 – cash and slips.
13. On January 25, the church had a local special speaker and it is the standard procedure (as voted by the church board) to give local speakers \$25.00 for their traveling expenses. You fill out one of the petty cash slips, ask the speaker to sign it, and then gave him the \$25.00. Include the church board action number authorizing this payment, on the petty cash slip.
14. There were no other petty cash disbursements for the month so it was decided to replenish the petty cash. The total disbursements for the month were as follows:

1.	Flowers	\$ 43.30
2.	Office Supplies	\$ 34.70
3.	AY	\$ 31.00
4.	Misc. & General	\$ 25.00
	Total	\$134.00
15. Prepare a payment voucher form for \$134.00 to the person in charge of the petty cash. Attach all the petty cash slips to the back of the form and file with your other payment records. Cash the check and put the cash back in your petty cash pan. You should again have \$200.00 in your possession.
16. When you post the check of \$134.00, charge the accounts mentioned in #14 with the individual amounts.
17. Repeat steps #4 to #16 for subsequent petty cash activities.