

# **COMPTROLLER GENERAL'S OFFICE**

## **PETTY CASH GUIDANCE**



# Comptroller General's Office

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## Petty Cash Accounts – Establishing, Modifying & Closing



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## Petty Cash Accounts – Establishing, Modifying & Closing

Establishing, modifying and closing a petty cash account is a fairly straight forward process. Because it generally happens so infrequently and combining that with agency turnover, questions can arise. The procedures here have been provided as guidance for agencies to follow.

Keep in mind that to establish or increase a petty cash account **prior** approval from the State Auditor's Office is **required**. For a reduction or closure of a petty cash account, *prior* approval from the Auditor's Office is **not** required, however, they still must be notified.



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### Establish or Increase a Petty Cash Account

1. A/P – create vendor invoice (Doc Type KR) with the agency or Petty Cash Custodian as the vendor in order to cut a check and receive the *actual* cash. The invoice should generally be coded to the *statistical\** petty cash expense G/L:

DR 5230010001 – PETTY CASH FUND - CHANGE (STATISTICAL)

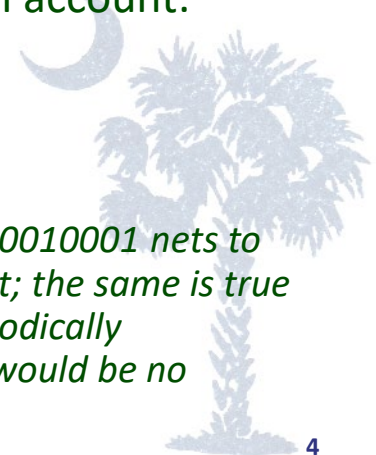
CR Cash (actual)

2. General Ledger – record a journal entry to establish the Petty Cash account:

DR 1000050000 – PETTY CASH

CR 5230010001 – PETTY CASH FUND - CHANGE (STATISTICAL)

*\* Statistical G/L accounts do not consume budget but as you can see above G/L 5230010001 nets to zero between the two entries necessary to establish or increase a petty cash account; the same is true when closing or decreasing an account. Budget should only be consumed when periodically replenishing the petty cash account (unless it's a 'change fund' in which case there would be no replenishments unless there was a loss).*



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## Petty Cash Accounts – Establishing, Modifying & Closing

### Close or Reduce a Petty Cash Account

1. Deposit – to return the *actual* cash:

DR Cash (actual)

CR 5230010001 – PETTY CASH FUND - CHANGE (STATISTICAL)

2. General Ledger – record a journal entry to reduce the Petty Cash G/L account \*:

DR 5230010001 – PETTY CASH FUND - CHANGE (STATISTICAL)

CR 1000050000 – PETTY CASH \*\*

*\* A screenshot of the deposit document or the deposit document # must be included in the backup for a JE that is reducing Petty Cash. Contact the Auditor's Office if a reduction is being made with no corresponding deposit (i.e. instances of theft or loss of the cash).*

*\*\* Before reducing cash in G/L 1000050000 be sure to confirm the current balance. Some older petty cash accounts may not have been established correctly in SCEIS. If you have a zero balance, then recording this entry would give you a negative cash balance which you would not want to do. If there is a zero balance then you will not complete Step 2. The Auditor's Office should be made aware of this.*

