

CITY OF NEWTON, MASSACHUSETTS  
COMPTROLLER'S OFFICE  
**PETTY CASH POLICY**

The municipal finance laws of the Commonwealth of Massachusetts, as well as the ordinances of the City of Newton prescribe standard methods for paying vendor and payroll obligations of the City. These methods are intended to make certain that assets, liabilities, revenues, expenditures, and fund balances of the City are accurately accounted for and that City funds are only used in accordance with the budget, grant awards, trust agreements, and state, federal and local laws.

The municipal finance laws specify that unless otherwise authorized, all funds of the City are to be paid into the City treasury and can only be expended with the prior written approval of the appropriate department head, the Comptroller, and the Mayor.

In recognition of the fact that there are certain limited situations where operating departments of the City need expenditure flexibility for small purchases that is not available under the standard vendor payment system, the Mayor and School Committee have authority to authorize individual petty cash advances of not more than \$500.

All such petty cash authorizations must be in writing and must include identification of a City employee who is required to assume personal responsibility for petty cash funds in their custody prior to funding of the petty cash advance. Petty cash custodians are also required to acknowledge agreement with the City's policies governing the use of petty cash advances prior to the disbursement of the cash to create petty cash accounts from the City treasury.

Petty cash advances are to be kept in a secure location at all times. In the event that a theft occurs in a petty cash advance, the custodian must notify the Newton Police Department and Comptroller immediately. A copy of a police report must be filed with the Comptroller within 24 business hours of the discovery of theft.

Prior to the disbursement of any petty cash funds, the custodian must obtain an original receipt for an authorized purpose from either the vendor providing goods or services or the employee requesting reimbursement. The sum of petty cash disbursement receipts and cash on hand must total the authorized amount of the petty cash account at all times. Unannounced physical counts of petty cash accounts may be performed by the Comptroller's Office, the Newton Public Schools Business and Finance Office, and/or the City's independent auditors at any time.

Petty cash advances can only be used for the following purposes:

- Provide change to customers when a department collects fees or levies charges on users of services provided by the department.
- Fee and user charge income is not to be commingled with petty cash funds. Fee and user charge income is to be deposited with the City treasurer, with supporting

documentation at least weekly, or more frequently as soon as the total amount of collections reaches \$200.

- Purchase materials, supplies, and services where the amount of a single purchase does not exceed \$50. Copies of original vendor receipts must be obtained in support of all such purchases.
- Legal recording fees.
- Tolls, parking charges, and vehicle use reimbursement at the official rate established by the City, for in-state travel related to the official business of the City.
- Veteran benefit payments.

Petty cash advances can not be used for any of the following purposes:

- Payment of compensation to any employee of the City.
- Purchase of meals, alcoholic beverages, tobacco products, or entertainment.
- Purchase of gifts.
- Out-of-state travel expenses.
- Vehicle use reimbursements in excess of the City's standard vehicle use rate.
- Cashing of personal checks.
- Personal advances or loans.
- Any individual purchase of greater than \$50.

Petty cash expenditures may be submitted for reimbursement as frequently as deemed necessary by the custodian of each petty cash advance, but not less frequently than monthly. Petty cash reimbursement requests are to be made through the City's standard accounts payable process, with supporting original receipts and identification of the appropriate expenditure budget accounts to be charged. All such reimbursement requests must be signed by the custodian of the petty cash advance.

Petty cash custodians are required to provide the Comptroller with an annual accounting of their petty cash activity at June 30 of each fiscal year.

Questions concerning this policy should be directed to the Comptroller's Office at extension 1300.

CITY OF NEWTON  
PETTY CASH ADVANCE REQUEST

**Petty cash custodian agreement**

I have reviewed the City of Newton's petty cash advance policy and agree to abide by the terms of the policy and assume personal responsibility for petty cash funds under my care and custody.

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

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*-For Comptroller's Office Use-*

Approved: \_\_\_\_\_  
Comptroller

Petty cash advance G/L # \_\_\_\_\_

Petty cash advance check # \_\_\_\_\_

Date: \_\_\_\_\_

*Attach copy of School Committee vote or Mayor's letter of approval.*