



## Standard Operating Procedure (SOP)

**Title:** Accounts – Petty Cash Management  
**Version:** 1  
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**Prepared by:** Tamara Gray

### 1. Purpose

The purpose of this SOP is to establish standardized procedures for handling petty cash transactions at Tamborine Mountain Glades. It also outlines guidelines for recording and reconciling petty cash expenses to ensure accurate tracking and accountability.

### 2. Scope

This SOP applies to all employees involved in managing, disbursing, and recording petty cash at Tamborine Mountain Glades, including the finance department, petty cash custodians, and any staff authorized to use petty cash.

### 3. Responsibilities

- **Petty Cash Custodian:** Responsible for managing the petty cash fund, disbursing cash, and maintaining accurate records of all transactions.
- **Employees:** Authorized staff may request petty cash for approved small expenses and must provide receipts and documentation for all transactions.
- **Finance Manager:** Oversees the petty cash process, reviews reconciliations, and approves fund replenishments.

### 4. Definitions

- **Petty Cash:** A small amount of cash kept on hand to cover minor expenses that cannot be paid through regular accounts payable processes.
- **Reconciliation:** The process of comparing the recorded petty cash expenses with the remaining cash on hand to ensure accuracy and accountability.

### 5. Procedures

#### 5.1 Establishing the Petty Cash Fund

- **Fund Setup:**
  - The finance manager approves the establishment of a petty cash fund, including the initial amount to be allocated.
  - A designated petty cash custodian is appointed to manage the fund and is responsible for its safekeeping and administration.
- **Initial Funding:**
  - The finance department issues a check or electronic transfer to establish the petty cash fund, which the custodian cashes to obtain the initial cash balance.
  - The initial cash balance is recorded in the petty cash log, with a corresponding entry made in the accounting system.



- **Security and Storage:**
  - The petty cash fund must be stored in a secure, locked cash box or drawer accessible only to the petty cash custodian.
  - Access to the petty cash fund is restricted to authorized personnel only.

### 5.2 Handling Petty Cash Transactions

- **Requesting Petty Cash:**
  - Employees needing petty cash must complete a petty cash request form, specifying the purpose, amount, and date of the transaction.
  - The petty cash custodian reviews the request to ensure it is for an approved business expense and falls within the petty cash limit.
  - If the request is approved, the custodian disburses the cash and records the transaction in the petty cash log.
- **Documenting Expenses:**
  - Employees must provide a receipt or other proof of purchase for every petty cash transaction.
  - The receipt should be attached to the original petty cash request form and submitted to the custodian upon return of the remaining cash, if any.
  - The custodian records the actual expense amount and retains the documentation for reconciliation.
- **Transaction Limits:**
  - Individual petty cash transactions should not exceed a specified limit, as determined by the finance manager (e.g., \$50).
  - Larger expenses should be processed through the regular accounts payable system.

### 5.3 Recording Petty Cash Transactions

- **Petty Cash Log:**
  - The petty cash custodian maintains a petty cash log, recording each transaction, including the date, amount disbursed, purpose, and the name of the employee requesting the funds.
  - The log should be updated immediately after each transaction to ensure real-time tracking of the cash balance.
- **Monthly Reconciliation:**
  - At the end of each month, the petty cash custodian performs a reconciliation of the petty cash fund.
  - The reconciliation involves comparing the remaining cash on hand with the recorded balance in the petty cash log and accounting for all receipts and documentation.
  - Any discrepancies must be investigated and resolved immediately, with the finance manager notified of any unresolved issues.
- **Replenishing the Petty Cash Fund:**
  - When the petty cash fund is low, the custodian prepares a replenishment request, summarizing the expenses incurred and attaching all supporting documentation.
  - The finance manager reviews and approves the replenishment request, and a check or electronic transfer is issued to restore the petty cash fund to its original balance.



- The replenishment is recorded in the petty cash log and the accounting system.

#### 5.4 Reconciling Petty Cash Expenses

- **Reconciliation Process:**

- The petty cash custodian reconciles the petty cash fund monthly or more frequently if necessary.
- The reconciliation should ensure that the sum of the remaining cash and documented expenses equals the original fund balance.
- The reconciliation report, along with all supporting documentation, is submitted to the finance manager for review and approval.

- **Addressing Discrepancies:**

- If the reconciliation identifies discrepancies (e.g., missing cash or receipts), the custodian must investigate the cause and take corrective action.
- Unresolved discrepancies should be reported to the finance manager and documented in the reconciliation report.
- Depending on the nature and amount of the discrepancy, further investigation or disciplinary action may be warranted.

- **Filing and Record Keeping:**

- All petty cash records, including the log, receipts, reconciliation reports, and replenishment requests, must be securely stored for a minimum of seven years or as required by law.
- Electronic copies of records should be backed up regularly to prevent data loss.

#### 5.5 Auditing and Review

- **Periodic Audits:**

- The finance department conducts periodic audits of the petty cash fund to ensure compliance with company policies and to verify the accuracy of records.
- The audits may be scheduled or unannounced and should include a review of the petty cash log, receipts, reconciliations, and the remaining cash balance.

- **Review and Approval:**

- The finance manager reviews and approves the monthly reconciliation reports and any replenishment requests.
- Any issues identified during the review process should be addressed promptly, with corrective actions documented.

#### 6. Guidelines for Recording and Reconciling Petty Cash Expenses

- **Accuracy:** Ensure that all petty cash transactions are accurately recorded in the log, with supporting documentation retained for each expense.
- **Timeliness:** Update the petty cash log immediately after each transaction and conduct reconciliations on a regular basis.
- **Security:** Store petty cash securely, limit access to authorized personnel, and maintain control over the fund to prevent misuse or theft.
- **Transparency:** Maintain clear and transparent records of all petty cash transactions, making them available for review, audit, and reconciliation.



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## **7. Review and Revision**

This SOP should be reviewed annually or as necessary to ensure it remains relevant and effective. Any revisions must be approved by the finance manager and communicated to all relevant staff.