

**CITY OF NEW ORLEANS
CHIEF ADMINISTRATIVE OFFICE**

POLICY MEMORANDUM NO. 31(R)

May 30, 1997

TO: All Departments, Boards, Agencies, and Commissions

FROM: Marlin N. Gusman, Chief Administrative Officer

SUBJECT: **PETTY CASH ACCOUNTS AND CHANGE ACCOUNTS**

I. PURPOSE.

This memorandum is revised to comply with the Home Rule Charter as amended through January 1, 1996 and to update the procedures required for the control of petty cash accounts and change accounts.

II. BACKGROUND.

- A. Section 6-201 (4) of the Home Rule Charter (as amended through January 1, 1996) authorizes petty cash accounts and prescribes standards for operating such accounts.
- B. Petty cash accounts are established by Councilmanic ordinance in Chapter 70, Section 101, of the Code of the City of New Orleans. The ordinance should specify any restrictions on the accounts.
- C. Change Accounts are money withdrawn from other accounts and maintained to make change. Such accounts shall not be expended nor shall they be used for cashing checks. If any such account or part thereof is no longer needed, it shall be returned to its original account or fund. All other provisions for petty cash accounts shall also apply to change accounts, such as the following:
 - 1. No change account shall be greater than necessary to conduct the City's business transactions,
 - 2. Officers or employees having custody of change accounts shall be bonded,
 - 3. The accounts shall be used only for public purposes and to achieve the goals of the accounts or funds from which they were created,
 - 4. Change accounts, like petty cash accounts, shall be established by ordinance,
 - 5. The change accounts shall be coded in the Bureau of Accounting's records to prevent reimbursements.

III. PROCEDURE.

- A. To ensure compliance with the City Charter, the establishment of any petty cash accounts or change accounts and any change in either must have the approval of the Chief Administrative Officer.
- B. Any City agency that requires either a petty cash account or change account or charges in either shall submit a written request to Bureau of Internal Audit for review.
- C. Written requests for petty cash accounts or change accounts should describe in detail the requirements for the account or changes. If the request is for the creation or change of a petty cash account, the request shall be accompanied by copies of the public vouchers or purchase orders reflecting the description and purpose, the charge codes and dollar amounts processed by the department within the past twelve (12) months which could be applied to a petty cash account.
- D. The Bureau of Internal Audit shall review the request and submit its recommendation to the Assistant Chief Administrative Officer for Budget, Operations, and Planning.
- E. The Chief Administrative officer shall make the final decision concerning all petty cash account or change account requests.
- F. If the request is approved by the Chief Administrative Officer, the requesting department shall be notified and the required ordinance shall be prepared by the Budget, Operations and Planning Division of the Chief Administrative Office. The proposed ordinance shall then be transmitted to the requesting department that is responsible for processing the ordinance and check sheet in accordance with Policy Memorandum No. 3(R).
- G. If the request is disapproved by the Chief Administrative Officer, an ordinance shall not be submitted to the City Council. The Assistant Chief Administrative Officer for Budget, Operations and Planning will notify the requesting department of such disapproval.
- H. The Bureau of Internal Audit shall be provided with a copy of the ordinance reflecting approval or a copy of the disapproved notification.
- I. The Department of Finance, Bureau of Accounting, shall maintain a listing of the petty cash account and change accounts in accordance with the following restrictions:
 - 1. No other funds will be included in this listing of petty cash accounts and change accounts and additions to or deletions from this listing will be by ordinance.

2. This listing shall denote the change accounts (a coding to prevent reimbursements) separate from the petty cash accounts.
 3. The listing shall be reconciled to the petty cash accounts and change accounts listed in the Code of the City of New Orleans at least yearly and also reconciled when any change to the petty cash account or change account is enacted by ordinance.
 4. Upon request by either the Bureau of Internal Audit, or any agency, the Bureau of Accounting shall provide the cited listing to verify that the requested accounts have been recorded accurately by the Bureau of Accounting.
 5. No expenditures shall be reimbursed until the petty cash account has been listed in the Bureau of Accounting financial records.
- J. The agency granted the request, by passage of the ordinance, shall be responsible for the verification of its recordation in the Code of the City of New Orleans and on the Bureau of Accounting's General Ledger.

IV. INQUIRIES

Any questions concerning this memorandum should be addressed to the Budget, Operations and Planning Division of the Chief Administrative Office.

Marlin N. Gusman
Chief Administrative Officer

MNG/PLMjr/bab/itb