

## Guam Power Authority

### Standard Operation Procedure

**Title/Description:** PETTY CASH FUNDS

**Procedure No.:** SOP-034

**Effective Date:** 4/5/2024

**Supersedes:** April 30, 2019

**Procedure Owner:** Cash Management, Finance Division  
*Winnie Sharma*

**Prepared by:** \_\_\_\_\_  
Winnie Sharma, Accountant III

**Reviewed by:** *Lenora Sanz* \_\_\_\_\_  
Lenora Sanz, Controller

**Concurred by:** *John Kim* \_\_\_\_\_  
John J.E. Kim, Chief Financial Officer

**Approved by:** *John M. Benavente* \_\_\_\_\_  
John M. Benavente, P.E., GENERAL MANAGER

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#### 1. PURPOSE

To establish an imprest (advance of money) system for cash payment transactions relative towards purchasing of supplies as needed for the efficient and effective administration or operation of functional organizations within the Authority.

In the interest of efficient operations, petty cash funds are used for immediate payment of purchases for supplies the lack of which could possibly impair GPA' s ability to respond to situations is desirable and is established within the following selected GPA organization to provide for its need

#### 2. SCOPE

This procedure establishes the proper uses and administration of petty cash funds. These funds should be used only when cash is the most cost efficient method of payment. Petty cash funds provide cash to departments to purchase minor items where a purchase order would be impractical or not cost effective.

Example: The proper use of petty cash fund would be the immediate cash procurement of spark plugs to restore a vehicle back into operational status. The use of petty cash for this situation would reduce the expense and inconvenience of having a vehicle in an inoperative condition for an extended period of time.

Petty cash funds are to be established only when required, used only for the purpose for which they are issued, properly safeguarded, accounted for, and accurately reported. This procedure is Applicable to all functional organizations and personnel within the Authority.

### **3. DEFINITIONS**

#### **3.1 Imprest Systems**

A system under which a pre-determined amount of cash is maintained for disbursements and which is periodically restored to its original amount through reimbursements exactly equal to the amount expended.

#### **3.2 Petty Cash**

A relative pre-determined amount of cash on hand, available for disbursements, and maintained under the imprest system. It is important that the total at any time of the cash on hand plus the paid vouchers on hand will equal the original authorized amount of the fund.

#### **3.3 Chief Petty Cash Custodian and Alternate**

The Chief Petty Cash Custodian or Utility Cashier II is responsible for auditing and assuring that the guidelines are followed using established procedures. During the replenishment stage the Cash Management Supervisor will review documents for accuracy and compliance.

An Alternate Chief Petty Cash Custodian will be appointed for issuance of petty cash funds in the event the Chief Petty Cash Custodian is not available.

Chief Petty Cash Custodian and Alternate are rotated every quarter via a memo from the Cash Management supervisor or a designee.

#### **3.4 Petty Cash Order (PCO)**

A form used by the requestor/employee to request and seek approval of petty cash disbursements. *(See Exhibit 1)*

#### **3.5 Petty Cash Voucher (PCV)**

A form used to document the cash disbursed by the Chief Petty Cash Custodian or Alternate to the requestor/employee. The form documents the cash amount receipt acknowledgment by the requestor/employee. The form also documents the items and/or services procured, reference the corresponding account number(s), and amount.

This form is also used by the Chief Petty Cash Custodian or Alternate to clear the PCO once a receipt and/or money change is received from the requestor/employee. *(See Exhibit 2)*

**3.6 Petty Cash Replenishment Documentation**

A form completed by the Chief Petty Cash Custodian or Alternate to list and report petty cash period and transactions, which are used to justify and support petty cash replenishment request. The form is supported by actual receipts, price quotes, and the PCO and PCV forms. *(See Exhibit 3)*

**3.7 Petty Cash Signature Specimen**

A form depicting names of authorized employees and management within the Authority allowed to request and approve Petty Cash Orders. This specimen form is to be completed and submitted to Budget, Finance Division annually at the beginning of each fiscal year. A copy will be maintained by Cash Management supervisor. *(See Exhibit 4)*

**4. RESPONSIBILITIES****4.1 EMPLOYEES (requestor) receiving Petty Cash Advance:**

- 4.1.1 Solicit discounts for prompt payment
- 4.1.2 Obtain three (3) positive quotes from vendors for each petty cash expenditure request. Exceptions would only be made for certain items or services that can only be obtained from a single source (i.e., police report, abstract, court clearances, stamps, etc.). *(See Exhibit 8 for the form)*
- 4.1.3 Not use petty cash to circumvent the procurement process.
- 4.1.4 Furnish Petty Cash Custodian with original vendor receipt(s) and unused monies within three (3) days for all advances received.

**4.2 BUDGET OFFICE**

- 4.2.1 Responsible for certifying the PCO *(Exhibit 1)* prior to disbursement of cash within two (2) working days upon receipt of complete documents and subject to availability of budgeted funds. As necessary, will confirm with the Cash Management Accountant if PCO request is in compliance with the authorized use of petty cash prior to certification.
- 4.2.2 Ensures that the PCO form had the amount, description, account number approved by the pertinent department/division manager, and required quotes prior to budget certification and clearance.  
  
Rejection of the of PCO form includes but is not limited to incomplete documentation; altered amount; incorrect account number; unauthorized signatories; petty cash amount request above the threshold; etc.
- 4.2.3 Responsible for the annual update of the list of employees authorized to request for petty cash disbursements along with their signature specimen *(See Exhibit 4)*.

#### **4.3 CHIEF PETTY CASH CUSTODIAN AND ALTERNATE**

- 4.3.1 Responsible for ensuring that petty cash funds are physically secured at all times. Cash must always be locked securely when not in use and shall take all reasonable precautions for the fund's protection.
- 4.3.2 Ensure that petty cash funds are not commingled with other funds and cannot be used as change funds.
- 4.3.3 Ensures that no one is permitted to write personal checks against petty cash fund.
- 4.3.4 Cash Management Accountant will review and ensures that PCO contains all required information, budget clearance, approval signatures and in compliance with petty cash policy prior to the Chief Petty Cash custodian disbursing cash to the requestor/employee.<sup>1</sup>
- 4.3.5 Issue CASH to the requesting employee only upon receiving a properly approved Petty Cash Order form. Fill out and have the employee sign receipt of cash on the Petty Cash Voucher form (*Exhibit 2*).
- 4.3.6 Balance the petty cash fund each time a disbursement is made, or a minimum of once per month if no disbursements are made. Document such balancing count. The total should always balance with the authorized petty cash fund amount.
- 4.3.7 Monitors and ensures that original receipt(s) from petty cash disbursement are submitted within three (3) working days from the employee to whom cash was issued, a receipt from the vendor for the items purchased, and any excess cash issued but not expended.
- 4.3.8 Follow-up and notify employees (requestor) on outstanding petty cash transactions. Fill out the Outstanding Petty Cash Order Notification form (*Exhibit 6*).
- 4.3.9 Responsible for the monthly replenishment of the petty cash funds. The replenishment request will include the following documentation:
  - a. Petty Cash Replenishment Request Memo (*Exhibit 7*)
  - b. Petty Cash Replenishment Documentation (*Exhibit 3*)
  - c. Petty Cash Balance Certification (*Exhibit 5*)
  - d. Corresponding PCO, PCV, Abstract (*Exhibit 8*), and original receipt(s) per petty cash transaction request.
- 4.3.10 Retain copies of signed and acknowledged petty cash replenishment requests (as outlined in 4.3.9) in a centralized location for documentation purposes.

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<sup>1</sup> Provision added to address Internal Audit Office's recommendations.

- 4.3.11 Document and retain a log of the amount of the monthly replenishment request. Information will be used in the annual evaluation of the authorized petty cash fund amount.
- 4.3.12 Replenishment request will be made and submitted to the Accounts Payable Section by the 10th each month to ensure the timely processing.
- 4.3.13 Upon discovery, immediately report theft, overage, or shortage of petty cash funds to the Cash Management supervisor or designee. Reporting and investigation of theft of funds will be reported to and conducted in accordance with Authority policy.
- 4.3.14 Immediately upon discovery of any obvious misuse of any petty cash fund, notify the Chief Financial Officer, Cash Management supervisor, and the appropriate Division Manager.

#### **4.4 CASH MANAGEMENT SUPERVISOR**

- 4.4.1 At least once a year, evaluate the proper level or amount of the established petty cash fund balance. The monthly replenishment log retained by the Chief Petty Cash Custodian or Alternate will be used in the evaluation.
- 4.4.2 Take prompt action to have petty cash fund adjusted to a level commensurate with demonstrated needs whenever circumstances warrant such action. If the petty cash fund balance change is necessary, increase or decrease, and seek the approval from the Chief Financial Officer to be supported by the analysis and evaluation.
- 4.4.3 Reviews the petty cash replenishment request submitted by the Chief Petty Cash Custodian prior to submittal to the Controller for approval.
- 4.4.4 Conduct and document unannounced and irregular petty cash fund counts. These unannounced counts will be supported by the Petty Cash Balance Certification form (*Exhibit 5*).

### **5. REGULATIONS AND PROCEDURE**

- 5.1 Petty Cash funds are to be used only for official GPA business.
- 5.2 The Chief Petty Cash Custodian or Alternate are the designated officials to disburse petty cash funds to Authority employees/requestor. Funds are disbursed when presented with a completed PCO form (*Exhibit 1*).
- 5.3 The Department/Division managers and other designated personnel by the General Manager may request the disbursement of petty cash by obtaining and completing a PCO form.

- 5.4 Each Petty Cash Order must be approved by the authorized personnel listed in Section 6.0 prior to the disbursement of cash.
- 5.5 The Chief Budget Officer shall certify the funding for each PCO based on available budget for the specific object class account.
- 5.6 Absolutely no alteration shall be made on the PCO after budget certification. If changes are necessary on the PCO after budget certification, the requestor must resubmit a corrected PCO to Budget Office for certification.
- 5.7 In the event the expenditures exceed the original approved petty cash order, another petty cash voucher must be approved by the appropriate Division Head for the overage amount with a reference to the original Petty Cash Order number and a copy of the receipt or invoice from the supplier attached to the additional order.
- 5.8 An original vendor receipt(s) and any excess cash must be submitted within three (3) working days upon receipt petty cash advanced. The original vendor receipt(s) must have, at the minimum, the vendor's name, address, invoice date, invoice number, and amount. The receipt(s) must also indicate that payment has been made or stamped as "PAID". **Handwritten receipts must include the name and signature of the vendor's representative.**
- 5.9 The original receipt must contain the requestor/employee signature indicating that the item/service was received.

Should the employee/requestor fail to submit the cash advance and original vendor receipt, and found to have willfully violated this policy, he or she may be subject to progressive disciplinary action as outlined in the Authority's Code of Conduct.

- 5.10 Below are unauthorized use of petty cash funds.<sup>2</sup>
- a. Personal checks and/or payroll checks are not allowed to be cashed from the petty cash fund.
  - b. To reimburse travel – related expenses.
  - c. To purchase items from military commissaries.
  - d. **Reimbursement requests** or items purchased prior to approval and authorization.

## **6. AUTHORIZED APPROVALS & THRESHOLDS**

The authorized amount for the Authority's Petty Cash fund is \$3,000.00 and is disbursed from the Cash Management, Finance Division at the Gloria B. Nelson Building, Mangilao.

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<sup>2</sup> Provision amended to address Internal Audit Office's recommendations.

Authorized personnel must exercise sound professional and fiscal judgement on the nature of the petty cash request.

Prior to any cash disbursement from any petty cash fund, each PCO must be authorized.

**PCO forms approved by authorized personnel and certified by the Budget Office will not be processed if purchases are not in compliance with the Petty Cash Policy.** <sup>1</sup>

Authorized personnel and their corresponding approval limit per petty cash request are as follows:

<b>Authorized Personnel</b>	<b>Petty Cash Approval Limit</b>
General Manager	\$500
Assistant General Manager, Operations Assistant General Manager, Engineering/ Technical Assistant General Manager, Administration	\$400
Chief Financial Officer	\$400
Department/Division Managers	\$300
Assistant Managers	\$200

## **7. MONITORING AND ENFORCEMENT**

The Internal Audit Office will conduct, at least once a year, unannounced and random petty cash fund count. Results of the unannounced cash count will be reported and submitted to the General Manager and Chief Financial Officer.

Employees are required to abide by this procedure. Where guidance or interpretation of this procedure is needed, employees are advised to discuss the situation with Cash Management officials or Internal Auditor for guidance. Any employee found to have violated this policy may be subject to progressive disciplinary action as outlined in the Authority's Codes of Conduct.

**EXHIBIT 1**

<b>GUAM POWER AUTHORITY</b> <b>PETTY-CASH ORDER</b>			<b>NO. PC 00802</b>
DATE: _____	Reference No.: _____		
	Job Order No.: _____		
TO: PETTY CASH CUSTODIAN			
<b>THE FOLLOWING PROCEDURES MUST BE ENFORCED WITH NO EXCEPTION.</b>			
1. Absolutely NO ALTERATION on the AMOUNT.			
2. The establishment name and address must be pre-stamped or printed on the invoice or receipt. Handwritten will not be accepted.			
3. Receipts must be turned in within (3) three working days for all advance petty cash.			
4. The approval of the Division Head / Certifying Officer is a REQUIREMENT prior to disbursement of funds.			
5. All other information, please refer to SOP-034.			
Description: _____			
_____			
_____			
_____			
<b>COST:</b> _____			
<b>REQUESTED BY:</b>			
PRINT NAME	SIGNATURE	DATE	
<b>APPROVED BY:</b>			
PRINT NAME	SIGNATURE	DATE	
<b>BUDGET CLEARANCE:</b>			
PRINT NAME	SIGNATURE	DATE	



**EXHIBIT 2****GUAM POWER AUTHORITY**

ATURIDÁT ILEKTRESEDÁT GUAHAN  
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

**PETTY CASH VOUCHER**

Division/Section:	Petty Cash Order #:	Date Issued:
Pursuant to SOP No. # 034, Section 5.8 – An original vendor receipt(s) and any excess cash must be submitted within three (3) working days upon receipt of petty cash advanced.		
Employee's Name:	GPA ID Badge No.:	Work Phone No. /Ext.:
Employee's Signature (Acknowledging Receipt):		Amount Received:
		\$
Disbursed by (Print Name):		Disburser's Signature:
<b>LIST ITEM</b>	<b>ACCOUNT NO.:</b>	<b>AMOUNT</b>
		\$

Receipt(s) Total:	\$
Returned Change:	\$

Cleared by: \_\_\_\_\_ Date: \_\_\_\_\_  
(Print Name)

Remarks:

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**EXHIBIT 4**

**GUAM POWER AUTHORITY  
ATURIDAT ILEKTRESEDAT GUAHAN**

**PETTY CASH - SIGNATURE SPECIMEN**

<b>DEPARTMENT/DIVISION:</b>	
<b>EFFECTIVE DATE:</b>	

**AUTHORIZED TO REQUEST**

EMPLOYEE NAME	POSITION TITLE	SIGNATURE SPECIMEN

**AUTHORIZED TO APPROVE**

EMPLOYEE NAME	POSITION TITLE	SIGNATURE SPECIMEN

The above employees are granted authorization to request and/or approve petty cash requests.

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**MANAGER/ADMINISTRATOR SIGNATURE**

**EXHIBIT 5****GUAM POWER AUTHORITY**

ATURIDÁT ILEKTRESEDÁT GUAHAN  
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

**PETTY CASH BALANCE CERTIFICATION**

CURRENCY	TOTAL
1's x	
2's x	
5's x	
10's x	
20's x	
50's x	
100's x	
<b>SUB-TOTAL</b>	
<b>COINS</b>	
.01 x	
.05 x	
.10 x	
.25 x	
<b>SUB-TOTAL</b>	
<b>BREAKDOWN</b>	
Cash on Hand (Chief Petty Cash Custodian)	
Cash on Hand (Alternate Petty Cash Custodian)	
Vouchers with Receipts	
Vouchers without Receipts	
Petty Cash Fund – Total	
Imprest Amount (\$5,000)	<b>VOUCHERS PAID</b>
Chief Petty Cash Custodian * \$4,000	
Alt. Petty Cash Custodian * \$1,000	
<b>Total Reimbursement Requested</b>	
<b>Cash On Hand/Vouchers without Receipts</b>	
<b>Grand Total</b>	

\_\_\_\_\_  
Chief Petty Cash Custodian\_\_\_\_\_  
Cash Mgmt. Supvr.\_\_\_\_\_  
Controller

## EXHIBIT 6



### GUAM POWER AUTHORITY

ATURIDAT ILEKTRESEDAT GUAHAN  
P O BOX 2977, AGANA, GUAM 96932-2977  
Telephone: (671) 648-3066 Fax: (671) 648-3168

#### MEMORANDUM

TO: (Employee's Name)

FROM: Petty Cash Custodian

DATE:

SUBJECT: **OUTSTANDING PETTY CASH ORDER NOTIFICATION**  
**REF: Petty Cash Order # \_\_\_\_\_**

Our petty cash records indicate that you have not reported the petty cash transactions of your request(s) for petty cash funds relative to Petty Cash Order No.: \_\_\_\_\_, Dated: \_\_\_\_\_.

*Petty Cash SOP-034 states, 4.0 Responsibility - Section 4.1.4 "Furnish Petty Cash Custodian with original vendor receipt(s) and unused monies within three (3) days for all advances received".*

Kindly remit the required documents no later than \_\_\_\_\_. Your immediate response in resolving this matter is very much appreciated.

PETTY CASH CUSTODIAN'S (NAME)

cc: Division Manager  
Chief Financial Officer  
Controller

## EXHIBIT 7



# GUAM POWER AUTHORITY

ATURIDÂT ILEKTRESEDÂT GUAHAN  
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

### MEMORANDUM

TO: Controller, Finance Division  
FROM: Chief Petty Cash Custodian  
DATE:  
SUBJECT: **PETTY CASH REPLENISHMENT REQUEST**

This is a request for a check disbursement in the amount of  
\$ \_\_\_\_\_ necessary to replenish our Petty Cash fund for the period of  
\_\_\_\_\_ through \_\_\_\_\_.

Thank you for your support and attention to the above regard.

\_\_\_\_\_  
**CHIEF PETTY CASH CUSTODIAN**

\_\_\_\_\_  
**CONTROLLER**

EXHIBIT 8

<i>I certify that the foregoing statement of informal quotation is true and correct and prices charged are just, fair, and reasonable, and the best obtainable for:</i>				VENDOR 1		VENDOR 2		VENDOR 3	
				Vendor:		Vendor:		Vendor:	
				Email:		Email:		Email:	
Buyer _____ Date _____ Req. No. _____				Date:		Date:		Date:	
				Discount:		Discount:		Discount:	
				Delivery		Delivery:		Delivery:	
ITEM	DESCRIPTION	QTY:	UOM	UNIT PRICE	EXT.	UNIT PRICE	EXT.	UNIT PRICE	EXT.
1									
2									
				Frt. Handling					
				Amt. Disc.					
				Net Total:					