

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

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Rules Repealing Rules and Regulations for the  
Administration and Accountability of Petty Cash  
Funds and Adopting Chapter 11 of  
Title 3, Administrative Rules

SUMMARY

1. "Rules and Regulations for the Administration and Accountability of Petty Cash Funds" are repealed.

2. Chapter 11 of Title 3, Administrative Rules entitled "Rules and Regulations for the Administration and Accountability of Petty Cash Funds" are adopted.

"Rules and Regulations for the Administration and  
Accountability of Petty Cash Funds" REPEALED  
[ MARCH 30, 1981 ]

TITLE 3  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

CHAPTER 11

RULES AND REGULATIONS FOR THE  
ADMINISTRATION AND ACCOUNTABILITY OF PETTY CASH FUNDS

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Historical Note: Chapter 11 of Title 3 is based upon the Rules Governing the Administration and Accountability of Petty Cash Funds, implementing §40-84, Hawaii Revised Statutes [Eff. 6/13/69; R MARCH 30, 1981 ]

§3-11-1 Purpose and scope. The purpose of these rules and regulations is to provide guidelines necessary for the proper administration and accountability of petty cash funds authorized by §40-84, Hawaii Revised Statutes. All petty cash funds established by the comptroller under §40-84 are subject to these rules and regulations. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-2 Definitions. As used in these rules and regulations, the following definitions apply:

"Petty Cash Fund" means a sum of money set aside for the purpose of making change or paying small obligations for which the issuance of individual warrant vouchers and warrants would be excessively costly or time consuming.

"Agency" means any one of the executive and administrative departments named in §26-4, Hawaii Revised Statutes, and any other organizational unit identified in writing by the comptroller as an agency for the purpose of administration and accountability of petty cash funds.

"Custodian" means the person designated by the head of an agency (or by the authorized representative of the head of an agency) to have control over and responsibility for a petty cash fund. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-3 Request and justification. Whenever the head of an agency deems it necessary to have a petty cash fund for the proper transaction of the business, such agency shall make a written application therefor to the comptroller setting forth the details covering the purposes and uses for such fund. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-4 Designation of custodian. The written application for a petty cash fund shall include the name of the person designated custodian of such fund. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-5 Limitation of amount. The total amount of all petty cash funds issued to any one agency from unappropriated cash in the General Fund shall not exceed the sum of \$5,000, or such other amount as may be prescribed by statute. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-6 Imprest system. Each petty cash fund shall be maintained under an imprest system whereby the total of petty cash on hand plus the amount of petty cash vouchers at any one time must equal the original amount of the petty cash fund. In order to preserve the accountability of the original amount, petty cash must not be commingled with other collections of an agency, except that collections may be included in petty cash funds used exclusively for making change during the periods between deposits. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-7 Disbursements. Disbursements may be made from the petty cash fund by the custodian or any other person so delegated with such responsibility in order to achieve operational efficiency and functional practicality.

Each disbursement must be supported by a petty cash voucher conforming substantially to the "Form of the Petty Cash Voucher" dated 06-13-69, at the end of this chapter, which is made a part of this section, and each such petty cash voucher must in turn be supported by the related cash receipt, cash register tape, invoice, freight bill, or other original documentary evidence of disbursement. At an agency's discretion, where the size of the original documentary evidence of disbursement is such that a rubber stamp can be used conforming substantially to the "Form of the Petty Cash Voucher", such rubber stamp may be used in lieu of the separate form.

Each petty cash voucher must be approved by the head of the agency or by an authorized representative other than the custodian.

A single disbursement from a petty cash fund shall not exceed \$100; under that limitation, each agency may establish its own policy governing the maximum amount of each disbursement that may be made from a petty cash fund. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-8 Replenishments. At the end of each quarter, and as often as may be necessary within a quarter, petty cash funds must be replenished by claiming reimbursement of all disbursements made therefrom since the immediately preceding replenishment. Such claims shall be prepared on warrant vouchers and submitted to the comptroller in the same manner other claims are prepared and submitted; the warrant vouchers must be supported by the signed receipts or petty cash vouchers approved when disbursements were made from the petty cash fund.

To facilitate balancing the petty cash fund during the period a reimbursement claim is being processed by the comptroller, an appropriate memorandum disclosing the amount of the reimbursement claim should be included with the petty cash fund. Upon receipt of the reimbursement warrant, the custodian to whom such warrant is payable shall cash the warrant, place the cash in the petty cash fund, and remove the memorandum referred to in the preceding sentence. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-9 Bank accounts. A petty cash fund operated through a bank account is subject to these rules in the same manner as other petty cash funds, with the following additional requirements:

(a) Written notice to the comptroller must be given for each petty cash fund operated through a bank account.

(b) A checkbook or register that discloses the balance of the bank account must be maintained in lieu of cash on hand.

(c) The title of a bank account through which a petty cash fund is operated must include the phrase "Petty Cash Fund - State of Hawaii".

[Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-10 Records. In addition to expenditure records normally retained, each agency must maintain the following written records relating to its petty cash funds:

(a) The agency's policy governing the type of disbursements and the maximum amount of each disbursement that may be made from a petty cash fund.

(b) The name of the custodian of each of the agency's petty cash funds.

(c) The name of the authorized representative (if any) of the head of an agency, which representative may designate custodians under §3-11-2 or who approves disbursements under §3-11-7. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-11 Internal control. Each agency is responsible for instituting procedures of internal control that will assure proper maintenance of its petty cash funds. The internal control procedures shall include, as appropriate, periodic unannounced cash counts, independent bank account reconciliations, and regular reviews that would disclose disbursements for personal loans or other unauthorized items. Mere approval of warrant vouchers for replenishments does not constitute adequate internal control. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-12 Security. Each agency must provide adequate security for safeguarding its petty cash funds. Except as otherwise allowed by the head of an agency, only the custodian shall have access to a petty cash fund. [Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-13 Losses. Any loss from petty cash funds must be immediately reported to the comptroller. Each agency is responsible for any uninsured loss from its petty cash funds, and the amount of any such loss must be replaced from the agency's appropriations. In claiming replacement of an uninsured loss, there must be attached to the warrant voucher a statement describing the circumstances of the loss, the date of the loss, and the action taken, including the filing of reports with the Policy Department. [Eff. MARCH 30, 1981 ]  
(Auth: HRS §40-84) (Imp: HRS §40-84)

§3-11-14 Exceptions. If a requirement of these rules and regulations results in an undue hardship for an agency, the comptroller may, upon written request of the head of the agency, grant an exception to the requirement. Each such exception granted by the comptroller shall be by written memorandum.  
[Eff. MARCH 30, 1981 ] (Auth: HRS §40-84) (Imp: HRS §40-84)

Chapter 11, Title 3, Administrative Rules entitled Rules and Regulations for the Administration and Accountability of Petty Cash Funds, were adopted on March 19, 1981 following a public hearing held on February 13, 1981 after public notice was given in the Honolulu Star Bulletin and the Honolulu Advertiser on January 22, 1981.

3. These rules shall take effect ten days after filing with the Office of the Lieutenant Governor.

/s/ \_\_\_\_\_  
HIDEO MURAKAMI  
Comptroller

APPROVED:

/s/ \_\_\_\_\_  
GEORGE R. ARIYOSHI  
GOVERNOR  
STATE OF HAWAII

Dated: March 19, 1981

APPROVED AS TO FORM:

/s/ \_\_\_\_\_  
Deputy Attorney General

March 19, 1981  
\_\_\_\_\_  
Lt. Governor's Office  
Filed