

DIVISION OF MENTAL HEALTH AND HOSPITALS

ADMINISTRATIVE BULLETIN 7:11

DATE: February 2, 1983

SUBJECT: Petty Cash Fund  
Applicability: CO

I. Purpose

To provide the regionally based Bureau of Transitional Services (BTS) offices with a means to effect payment of a current expense requiring a prompt cash outlay. Such an expense shall be a "single expenditure" and shall not be part of a larger amount payable which exceeds \$50 and which is made to the same vendor or payee for the same purpose.

Under no circumstances shall petty cash expenditures be for personal loans or salary advances.

II. Authority

State of New Jersey Department of Treasury Circular Letters 71-16, 75-13, and 75-15.

State of New Jersey Department of Human Services, Office of Management and Budget Circular 4:01-12.

III. Implementation

A. Request to Establish Petty Cash Fund

The Office of Fiscal and Management Operations, in accordance with the provisions of the Circular Letters referenced above, will initiate the necessary paperwork required by the Department of Treasury to request approval to establish a petty cash fund.

B. Opening an Account

Each regional office will be assigned a petty cash fund with a specific amount for the fiscal year. The replenishment of funds will be disbursed from a central checking account, opened and administered by the Office of Fiscal and Management Operations.

C. Operation and Administration

1. The custody and local recordkeeping operation of the petty cash fund shall be the responsibility of one person designated by the Regional Supervisor as the "Petty Cash Custodian". The Regional Supervisor or designated alternate (other than Custodian) must

approve all petty cash vouchers for payment prior to reimbursement by the Custodian. Vouchers must be completed and signed by the employee receiving reimbursement.

2. At the time of purchase, a store receipt must be collected by the employee. If the vendor does not routinely provide receipts, the person expending the money shall have the vendor write on a piece of paper the vendor's name, date, the item, amount expended and sign the paper. Vendor receipts are required by the Department of Treasury for all types of expenditures, and are to be included with the replenishment memorandum (see par. 9). If it is not possible to secure a vendor receipt this must be noted and explained directly on the petty cash voucher.
3. The voucher shall include the amount of the expenditure, date of purchase, item(s) purchased, approval by the supervisor or his alternate and any required explanation. The voucher shall be submitted with respective vendor receipts to the petty cash custodian. The voucher must be completed in ink or be typewritten (see Attachment A).
4. The following are examples of allowable petty cash expenditures:

- a. Occasional meals for clients under supervision with maximum allowances as follows:

breakfast	\$2.50
lunch	3.50
dinner	7.50

- b. Emergency contact of client's relative.
- c. Recruitment efforts for housing.
- d. Materials for group boarding home meetings.

The above examples are not exhaustive. However, any expenditures not listed above about which a Regional Supervisor has any doubt must have the approval of the Chief, Bureau of Transitional Services or designee.

5. The following are examples of non-allowable expenditures:
  - a. Meals for employees.
  - b. Refreshments for employee meetings.
  - c. Traffic or parking violations.
  - d. Subscriptions and memberships.
  - e. Loans for cashing checks for employees or clients.

- f. Donations to any cause or organization.
- g. New Jersey State sales tax on any purchase except for occasional meals where applicable (see paragraph 6, below).
- h. Parking and telephone expenses.
- i. Cash advances.
- j. Notary Public commissions.
- k. Newspaper advertisement costs.
- l. Printing costs.

The above examples are not exhaustive. Contact the Chief, Bureau of Transitional Services, for other non-allowable expenditures.

- 6. New Jersey State sales tax expenditures cannot be reimbursed through the petty cash fund except for occasional meals for clients. Completion of form ST-4 (see Attachment B) provides exemption from payment of the sales tax.

- a. Form ST-4 is for the express purpose of precluding the payment of sales tax on expenditures of petty cash funds. These tax exempt expenditures shall be made by a Division of Mental Health and Hospitals employee in the conduct of State business only and in compliance with all other sections of this directive.

- b. ST-4 forms must be completed in duplicate for all vendors utilized. Completion of the form by the vendor will cover all purchases made by all employees on behalf of Division of Mental Health and Hospitals from the vendor. A new form shall not be completed each time a purchase is made. The custodian should complete and sign the ST-4 form for all regular vendors containing the vendor's name, address, signature, and items of purchase. For new vendors, the employee should have the vendor complete the form at the time of purchase and then sign the form. From that point on, new forms will not be required to be completed by that vendor.

Note: Do not attempt to establish tax status for out-of-state vendors.

- 7. A petty cash ledger must be maintained by the custodian in each unit which operates a petty cash fund. The ledger shall consist of the following (see Attachment C):

- a. Date of voucher.
- b. Item purchased.
- c. Voucher number.
- d. Case number (if applicable).
- e. Amount of expenditure.
- f. Replenishment amount.
- g. Balance.

Upon the close of business each day, the custodian should post all of the day's vouchers to the ledger.

8. The petty cash fund should be reconciled daily by the custodian (see Attachment D). The petty cash ledger should be reviewed by the B.T.S. Regional Supervisor quarterly to ensure appropriate use and accurate accounting of the fund.
9. Replenishment requests shall be made by forwarding a memorandum, accompanied by copies of vouchers and all vendor receipts for the period covered, to the Office of Fiscal and Management Operations on a monthly basis, or as needed. It shall be the responsibility of the Regional Supervisor and the custodian to maintain sufficient funds on hand to cover expenditures. It is recommended that a level of 50% to 60% of the petty cash fund be maintained. Petty cash funds will not be increased above the maximum in order to decrease the number of replenishment requests.
10. The petty cash fund should be stored in a locked metal box within a locked file cabinet or desk. It is recommended that the file cabinet or desk be located in a working area which is in constant view of more than one employee and not in an enclosed office or some remote area.

The fund must not be carried on a person.

D. Reporting Stolen Petty Cash Funds

1. Report the theft to the local police.
2. Report the theft, by memorandum, to the Chief, B.T.S. explaining what happened. Include a copy of the police report of the theft. A copy of the memorandum and police report shall also be sent to the Office of Fiscal and Management Operations.

Division of Mental Health and Hospitals

Petty Cash Voucher  
General Instructions and  
Voucher Format

Purpose and Use

The form is used to:

- . declare the amount spent (the amount of reimbursement requested from the Petty Cash Fund),
- . declare what was purchased,
- . identify for whom it was purchased,
- . identify who approved the reimbursement, and
- . acknowledge receipt of the reimbursement.

Instructions for Completing the Form

The form is completed by the employee, and is typed or handwritten in ink.

\_\_\_\_\_ 19 \_\_\_\_\_ Enter the date the expenditure was made.

Amount \$ \_\_\_\_\_ Enter the amount of reimbursement.

For \_\_\_\_\_ Enter a description of the item(s) purchased and the name of the person for whom the expenditure was made.

Approved \_\_\_\_\_ Supervisor approving the reimbursement signs his name in the space provided.

Date \_\_\_\_\_ Enter the date of the Supervisor's signature.

Division of Mental Health and Hospitals  
Petty Cash Voucher (continued)

Received \_\_\_\_\_ Employee requesting reimbursement enters  
signature when the funds are received.

Date \_\_\_\_\_ Enter the date employee was reimbursed.

DISTRIBUTION

Original - Office of Fiscal Management and Operations

Copy - Custodian's File

Petty Cash Voucher

\_\_\_\_\_, 19\_\_\_\_ Amount \$ \_\_\_\_\_

For \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Approved \_\_\_\_\_ Date \_\_\_\_\_

Received \_\_\_\_\_ Date \_\_\_\_\_

MAY BE REPRODUCED

ST 4 (9-78, R-2)

To be completed by purchaser and given to and retained by vendor. Read instructions on back of this Certificate.

THIS CERTIFICATE MAY NOT BE USED IN CONNECTION WITH THE PURCHASE OF SERVICES

State of New Jersey

DIVISION OF TAXATION  
SALES TAX  
EXEMPT USE CERTIFICATE  
FORM ST-4

PURCHASER'S  
CERTIFICATE OF AUTHORITY NUMBERS

[Empty box for Purchaser's Certificate of Authority Numbers]

ELIGIBLE NONREGISTERED  
PURCHASER: SEE INSTRUCTIONS\*\*

[Empty box for Eligible Nonregistered Purchaser]

TO

Date

(Name of Vendor)

Address

City

State

Zip

The undersigned purchaser certifies that it is not required to pay the New Jersey Sales and/or Use Tax on the purchase or purchases covered by this Certificate because the tangible personal property purchased will be used for an exempt purpose.

The tangible personal property will be used for the following exempt purpose:

The exemption on the sale of the tangible personal property to be used for the above described exempt purpose is provided in subsection N.J.S.A. 54:32B- (See reverse side for listing for principal exempt uses of tangible personal property and fill in the block with proper subsection citation).

I, the undersigned purchaser, have read and complied with the instructions and rules promulgated pursuant to the New Jersey Sales and Use Tax Act with respect to the use of the Exempt Use Certificate, and it is my belief that the vendor named herein is not required to collect the sales or use tax on the transaction or transactions covered by this Certificate. The undersigned purchaser hereby swears (under the penalties for perjury and false swearing) that all of the information shown in this Certificate is true.

A VENDOR SHOULD READ AND COMPLY WITH THE INSTRUCTIONS GIVEN ON BOTH SIDES OF AN EXEMPTION CERTIFICATE.

NAME OF PURCHASER (as registered with the Division of Taxation)

By

(Signature of owner, partner, officer of corporation, etc.) or qualified officer of Agency

(Address of Purchaser)

1. **Good Faith**—In general, a vendor who accepts an exemption certificate in "good faith" is relieved of liability for collection or payment of tax upon transactions covered by the certificate. The question of "good faith" is one of fact and depends upon a consideration of all the conditions surrounding the transaction. A vendor is presumed to be familiar with the law and the regulations pertinent to the business in which he deals.

In order for "good faith" to be established, the following conditions must be met:

- The certificate must contain no statement or entry which the vendor knows, or has reason to know, is false or misleading.
- The certificate must be an officially promulgated certificate form or a substantial and proper reproduction thereof.
- The certificate must be dated and executed in accordance with the published instructions, and must be complete and regular in every respect.

The vendor may, therefore, accept this "good faith" Exempt Use Certificate on a basis for exempting sales to the signatory purchaser provided that:

- The purchaser's Certificate of Authority number, indicating that the purchaser is registered with the New Jersey Division of Taxation, is entered on the face of the Certificate.

\*NOTE: Federal agencies, New Jersey State agencies and municipal agencies making purchases in the amount of fifty dollars (\$50) or less from imprest funds may use this certificate to be relieved of making such purchases by government check or voucher. The Certificate must be signed by a qualified officer of the agency. In the block provided for the exempting citation, the indicia "9" (a) should be written. The name and position of the person dealing with the vendor must be given at the bottom of the certificate.

- The purchaser has entered all other information required on the form.
- The vendor has no reason to believe that the property to be purchased is of a type not ordinarily used in the purchaser's business for the purpose described in this Certificate.

2. **Improper Certificate**—Sales transactions which are not supported by properly executed exemption certificates shall be deemed to be taxable retail sales. The burden of proof that the tax was not required to be collected is upon the vendor.

3. **Correction of Certificate**—In general, vendors have 60 days after date of sale to obtain a corrected certificate where the original certificate lacks material information required to be set forth in said certificate or where such information is incorrectly stated.

4. **Additional Purchases by Same Purchaser**—This Certificate will serve to cover additional purchases by the same purchaser of the same general type of property. However, each subsequent sales slip or purchase invoice based on this Certificate must show the purchaser's name, address and Certificate of Authority number for purposes of verification.

5. **Retention of Certificates**—Certificates must be retained by the vendor for a period of not less than three years from the date of the last sale covered by the certificate. Certificates must be in the physical possession of the vendor and available for inspection on or before the 60th day following the date of the transaction to which the certificate relates.

6. The most common exempt uses for which the Exempt Use Certificate (Form ST-4) is applicable are following: Enter the applicable subsection symbol printed in bold lettering on the front of the ST-4 certificate in the block provided.

- Sales of machinery, apparatus or equipment for use of consumption directly and primarily in the production of tangible personal property by manufacturing, processing, assembling or refining; (Re-enacted effective January 1, 1978) [N.J.S.A. 54:32B-8 (m) (1)]

- Sales of machinery, apparatus or equipment for use or consumption directly and primarily in the production, generation, transmission or distribution of gas, electricity, refrigeration, steam or water for sale or in the operation of sewerage systems. [N.J.S.A. 54:32B-8 (m) (2)]

- The exemptions granted in the subsection (m) shall not apply to motor vehicles or to parts with a useful life of 1 year or less or tools or supplies used in connection with the machinery, equipment or apparatus described in this subsection; [N.J.S.A. 54:32B-8 (m) (5)]

- Sales of tangible personal property purchased for use or consumption directly and exclusively in research and development in the experimental or laboratory sense. Such research and development shall not be deemed to include the ordinary testing or inspection of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions or research in connection with literary, historical or similar projects. [N.J.S.A. 54:32B-8 (n)]

- Sales or use of wrapping paper, wrapping twine, bags, cartons, tape, rope, labels, nonreturnable containers, reusable milk containers and all other wrapping supplies when such use is incidental to the delivery of personal property which has been sold. [N.J.S.A. 54:32B-8 (o)]

- Sales of newspapers production machinery, apparatus and equipment for use and consumption directly and primarily in the publication of newspapers in the production departments of a newspaper plant including, but not limited to: engraving, enlarging and development equipment, internal process cameras and news transmission equipment, composing and pressroom apparatus and equipment, type fonts, leads, mats, ink, plates, conveyors, stackers, sorting, bundling, stuffing, labeling and wrapping equipment and supplies for any of the foregoing except that sales of motor vehicles, typewriters, and other equipment and supplies otherwise taxable under this act are not exempt. (Re-enacted effective January 1, 1978) [N.J.S.A. 54:32B-8 (dd)]

- Sales of materials, such as chemicals and catalysts, used to induce or cause a refining or chemical process, where such material are an integral or essential part of the processing operation, but do not become a component part of the finished product. [N.J.S.A. 54:32B-8 (t)]

- The sale of advertising materials to be published in a newspaper. [N.J.S.A. 54:-8 (ee)]

- Sales, renting or leasing of: commercial motor vehicles and vehicles used in combination therewith, as defined in R.S. 39:1-1 and registered in New Jersey for more than 18,000 pounds; or which are operated pursuant to a certificate or permit issued by the Interstate Commerce Commission; and repair and replacement parts therefor. [N.J.S.A. 54:32B-8 (ff)] (Effective January 1, 1978)

Instructions for use of the ST-4 by persons operating a business, the nature and circumstances of which do not require registration with the New Jersey Division of Taxation.

In the box at the top, right corner of the return marked "Eligible Nonregistered Purchaser" the purchaser is required to place one of the following: (1) the Federal identification Number of the firm, (2) the operator's I.C.C. permit number (if he has one) or (3) the individual's social security number in those instances where none of the previous numbers are available.

The box in the center of the form where the exemption is explained should be filled in with one of the following statements:

- For the purchase of a commercial motor vehicle registered in New Jersey for more than 18,000 pounds or
- "Repair or replacement parts for a commercial motor vehicle registered in New Jersey for more than 18,000 pounds; or
- "Repair or replacement parts for a vehicle used in combination with a commercial motor vehicle and registered in New Jersey; or
- "Repair or replacement parts for a commercial motor vehicle or a vehicle used in combination therewith, operated pursuant to I.C.C. No.

- Sales of solar energy devices or systems designed to provide heating or cooling, or electrical or mechanical\* power\* by collecting and transferring solar-generated energy and including mechanical or chemical devices for storing solar-generated energy. The Director of the Division of Energy Planning and Conservation in the Department of Energy shall establish standards with respect to the technical sufficiency of solar energy systems for purposes of qualification for exemption. [N.J.S.A. 54:32B-8 (hh)]

- The use of property for market sampling by the purchaser. [N.J.S.A. 54:32B-11 (4)]

REPRODUCTION OF EXEMPT USE CERTIFICATE FORMS: Private reproduction of Exempt Use Certificates may be made without the prior permission of the Division of the Taxation.



Petty Cash Ledger

A.B. 7:11

	1	2	3	4	5	6
Date	Item Purchased	Voucher #	Case #	Amount Expended	Replenish Amount	Balance
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

Reconciling the Petty Cash Fund

Example for a \$50 Fund

Allotted Amount		\$50.00
Cash on Hand:	\$	
Pennies	.04	
Nickles	.10	
Dimes	.20	
Quarters	.50	
Half Dollars	---	
Singles	1.00	
Fives	5.00	
Tens	10.00	
Twenties	---	
Total Cash on Hand	\$16.84	
Total Vouchers in Transit	27.00	
Total Vouchers on Hand	<u>6.16</u>	
Total Cash and Vouchers		<u>50.00</u>
Over (Under)		---
		---
		---