



ACCOUNTING BULLETIN

TO: Fiscal Officers of All State Agencies

FROM: Steven L. Valasek, Director of State Accounting

DATE: March 21, 2003

SUBJECT: Petty Cash Fund – Authorized Transactions

NUMBER: 107

The purpose of this Accounting Bulletin is to notify Agencies of a recent change to the SAMS manual relating to the operation of petty cash funds. Section 09.10.40 (7 of 16) of the SAMS manual previously stated that payments from petty cash were appropriate “when it was the most economical payment method and when it is an isolated, infrequent type of payment”. The July 1, 2003 SAMS update will reflect the deletion of the phrase “and when it is an isolated, infrequent type of payment”. However, the change is effective immediately and our pre-auditors will begin to enforce the new language.

All transactions must still meet the statutory purpose which is for “expenditures which cannot be administered economically and efficiently through customary procurement practices” (30 ILCS 105/13.3).

REMINDER - - “Stringing” of payments and employee advances are **not authorized** uses of the petty cash fund. Also, agencies are responsible for complying with IRS requirements for information reporting on Form 1099 for payments made from petty cash funds. Please refer to Section 09.10.40 for detailed procedures on these topics.

If you have any questions pertaining to this bulletin, please contact Linda Seelbach (217) 782-3608. Agencies may access this and other Accounting, SAMS and Payroll Bulletins on the Comptroller’s website at www.ioc.state.il.us under Resource Library.