

Petty Cash Policy

Objective

Regulate the use and administration of Petty Cash to ensure the correct management, replenishment and control of funds allocated for minor payments.

Scope

This policy applies to petty cash custodians and all areas where employees have responsibilities in the execution of these procedures.

Responsible

- General Manager: Ensures compliance with the policies, procedures, and instructions of the operation.
- Finance Manager: Oversees the proper use of petty cash funds, authorizes the amount based on needs and cash flow movements, and requests allocations from the treasury of the operation. If no treasury department exists, this responsibility falls on the Finance Manager.
- Petty Cash Custodian: Responsible for safeguarding the designated funds and ensuring they are used solely under the directives of this policy.
- Internal Auditor: Conducts petty cash audits once a month as necessary or as scheduled in the annual audit plan.
- Operation Treasury: Manages the assignment and cancellation of petty cash funds as required by the Finance Management.

Definitions

- Petty Cash: Designated fund primarily used to cover unforeseen and/or urgent minor expenses.
- Petty Cash Custodian: An employee entrusted with petty cash funds to cover minor expenses under this policy.
- Petty cash voucher or receipt: Documents authorized by Finance Management to substantiate expenses that do not have a fiscal document, used in special cases.
- Petty Cash Liquidation: The only authorized document for requesting petty cash reimbursement.

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- Petty Cash Audit: The process of reviewing and quantifying available cash, reconciling pending liquidations, and ensuring alignment with the recorded balance in accounting.

Glossary

- CI: Internal Control
- GCCF: Accounting and Financial Consolidation Manager
- CFO: Chief Financial Officer

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POLITICS

1. General:

- a. If any department requires a petty cash fund, a written request must be submitted for its allocation.
- b. The amount of the petty cash fund is determined by the Finance Department of each company based on operational needs, allowing for more efficient minor purchases.
- c. All petty cash funds must be authorized by the Finance Manager and the General Manager of the operation.
- d. Upon receiving the fixed cash fund, the custodian must sign the corresponding responsibility form, applicable to both petty cash and fixed sales funds.
- e. The creation of a Petty Cash account in the SAP system must be requested and authorized by Finance CORP and managed by the IT department.
- f. Every petty cash custodian must be registered as both a client and a supplier in the business partner module of the SAP system.
- g. Funds must be safeguarded in a security box to ensure their protection.
- h. Any increase in the fund must be requested in writing and have the authorization of the Financial Manager and General Manager, who may also order its reduction or cancellation by the same means.
- i. The replenishment of the fund must be requested once 50% of the allocated amount is reached, attaching liquidation documents and receipts. Expenses must be settled weekly or upon reaching this limit.
- j. The Accounting/Internal Control Department must conduct periodic petty cash audits to verify proper management and use of funds, as well as maintain audit reports for future reviews.
- k. Any misuse of the fund will be considered a serious offense and may result in dismissal.
- l. During the petty cash custodian's vacation period, an audit must be conducted before the formal handover to the temporary custodian, who will sign a temporary responsibility form for the received funds.

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2. Special cases:

- a. Petty cash expenses must be under US\$ 70.00 or its equivalent in local currency.
- b. Expenses exceeding this amount due to emergencies must be authorized by the Finance Manager, with the reason for the exception noted on the invoice.
- c. Below are some examples of permitted expenses:
 - i. Photocopies must be accompanied by corresponding invoices, including the user's name and department.
 - ii. Cleaning, bathroom, and office supplies purchases are only allowed in emergencies to prevent recurring expenses.
 - iii. Minor services and repairs, including facility maintenance such as locksmithing, painting, etc.
 - iv. Refreshments and lunches for business meetings receipts must be attached along with a list of participants and guests, signed by them.
- d. Each liquidation must include invoices that are no older than 4 business days.

3. Petty cash vouchers:

These must be authorized by the Financial Manager and comply with:

- a. Correlative/Sequential numbering
- b. A specific use such as food vouchers, parking vouchers, etc.
- c. Liquidation of petty cash vouchers must be done along with supporting receipts in the petty cash liquidation format no later than 2 days after funds are requested.

4. Prohibitions:

- a. Dining outings or invitations to employees, clients and suppliers (must be settled separately through the liquidation system)
- b. Payments and/or advance of wages and salaries
- c. Payments and/or advance of vacations and overtime
- d. Payments of subsidies and social benefits
- e. Payments with unauthorized vouchers
- f. Loans granted to company officials and employees
- g. Check cashing for employees or officials
- h. Payment of invoices older than 15 days
- i. Split expenses paid to the same supplier
- j. Payment of fuel and vehicle depreciation
- k. Lending the petty cash key or prepaid card to unauthorized personnel for cash withdrawals

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5. Special provisions:

- a. Assess whether prepaid cards qualify as bank accounts under national regulations and should be reflected in accounting accordingly, as well as whether they should be included in bank reconciliations.

END OF POLICY

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Edition

This is the second edition as of 18-04-2022

Modifications

Any changes in wording, numbering, or new provisions must be reported and considered in the next version of this policy, with the review of Corporate Internal Control and the approval of the Finance Director.

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Finance & Accounting Consolidation Manager	Regional Internal Control Auditor	Chief Financial Officer (CFO)
Modified by	Revised by	Approved by

f. _____