

UNIVERSITY OF KING'S COLLEGE



Guide to Financial
Management



Purchasing &
Payments to
Vendors



Petty Cash

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Issued by:
Bursar

Approved by:
Bursar

PETTY CASH POLICY

Purpose

To communicate responsibility for the effective use and security of the University of King's College's (King's) petty cash funds. This policy informs departments and individuals on the use of petty cash, their responsibilities in preventing loss and/or discrepancies in the balance of petty cash fund, and satisfying financial audit requirements through compliance with established procedures.

Definitions

Custodian - The individual to whom the petty cash fund is issued.

Authorized Amount – The amount authorized to be held for petty cash. At any given point, the total of the cash on hand and any paid receipts should agree with the authorized amount.

Petty Cash Supervisor – The individual in the Bursar's Office authorized to review the petty cash count and paid vouchers and determine if there is a difference from the authorized amount before submitting to an Approver for their review.

Approver – The individual(s) authorized to review and approve disbursements from petty cash and to approve the replenishment of petty cash to the authorized amount. Generally this is a Department or Program Head (or their designees).

Policy

- A petty cash fund is intended for eligible cash expenditures of less than \$50 per transaction for which it would not be cost effective or expedient to issue a cheque. Any expenditure over this amount should be reimbursed by cheque through the usual channels.
- The amount of the petty cash fund shall not exceed \$200. Maintaining a minimal fund reduces security risk.
- Paid receipts and cash on hand must always total the amount of the initial petty cash advance.
- Revenues, expense recoveries and other cash receipts should NOT be combined with the petty cash fund. Such amounts must be promptly deposited through the King's Cashier crediting the appropriate accounts.
- The Petty Cash Supervisor may request written verification of petty cash balances at year-end and will periodically perform unannounced audits of the balances of selected funds.

Responsibilities

Custodian

The Custodian is responsible for control of a petty cash fund, together with the supporting documentation. Specifically the Custodian is responsible for the following:

- Safekeeping of petty cash funds. The fund must be kept secured in a locked box, cash drawer or safe located on the King's campus. Only the Custodian is to have access to and disburse petty cash. Handling of petty cash should only take place in secure locations.
- To minimize the risk of fraud and provide evidence of the missing amounts in the event of loss of funds, any paid receipts and vouchers should be stored separately from the petty cash funds and in a secure location (i.e. locked desk or filing cabinet).
- Collect the required information to support a claim. A [Petty Cash Voucher](#) is required in order to collect the following information:
 - o Department
 - o Date
 - o Purpose
 - o Account to be charged (if unsure, leave blank for accounting to populate)
 - o Amount
 - o Signature of person who disbursed the petty cash
 - o Signature of the person receiving the petty cash
- Disburse petty cash only upon submission of an original vendor receipt that has been approved by an Approver (credit card receipts and photocopies are not acceptable).
- Report cash shortages or excess cash (anything in excess of \$20) immediately to the Approver (generally the Department or Program Head).
- Immediately report any thefts or attempted thefts to Security and the Bursar's Office.
- Return the petty cash fund (cash and paid receipts / vouchers) to the Bursar's Office upon termination of employment or transfer to another position within King's.
- If there is a change in Custodian, the existing petty cash fund (cash and paid receipts / vouchers) will be returned be counted and reconciled to the authorized amount. Then a new fund will be established under the new Custodian.

Petty Cash Supervisor

- The Petty Cash Supervisor is responsible to count the petty cash funds periodically to ensure the Custodian has the correct total of petty cash and paid receipts and vouchers. A record of these counts must be kept on file. A sample [Petty Cash Count Sheet](#) is attached.
- Processing of payments and coordinating the disbursement of funds to establish or replenish petty cash.

Approver

- The Approver must review and sign off on any expenses reimbursed through Petty Cash and ensure that said expenses comply with King's policies.
- The Approver must also review and sign off on any replenishment requests that are submitted with paid receipts / vouchers presented as support.
- The authorization of the Approver is required to establish, close, change the amount of, or replenish a petty cash fund.

Petty Cash Transactions

- Petty cash expenditures must comply with King's purchasing policies and regulations.
- A petty cash fund is intended for minor cash expenditures and is not to be used for frequently purchased items.
- Ineligible disbursements of petty cash funds include but are not limited to the following:
 - o personal loans
 - o fines or fees
 - o parking tickets
 - o salaries and wages
 - o cashing cheques
 - o entertainment and meals (as outlined in the King's Entertainment Expense Policy)

Establishing a Petty Cash Fund

- Submit a completed [Petty Cash Application/Change Form](#) accompanied by a completed Cheque Requisition Form to the Petty Cash Supervisor.
- This form must include the amount of the fund, designate the name of the Custodian for the petty cash fund and be authorized by the Department or Program Head.
- Cheques to establish petty cash will be issued to "Petty Cash" and will be processed and cashed by the Bursar's Office and held in the safe until collection. Once the funds are available for pick-up, the Custodian will be notified. A [Petty Cash Disbursement Form](#) should be filled out and signed on disbursement of the funds.

Reimbursing Petty Cash Claims

- Each [Petty Cash Voucher](#) should be supported by original receipts (not credit card slips or photocopied receipts). Where this is not possible/practical, this should be indicated on the voucher.
- When a receipt is unavailable for a purchase (e.g. parking meter), a voucher should be completed by the claimant indicating the type and amount of the expenditure and the purpose. The voucher must be approved by an Approver before being presented to the Custodian for Reimbursement.
- Write the account number to be charged on the original receipt or Petty Cash Voucher.
- The Petty Cash Voucher should be signed in ink by both the person being reimbursed and the Custodian of the petty cash fund.
- Petty Cash will be disbursed only upon submission of an original vendor receipt (or voucher) that has been approved by an Approver (credit card receipts and photocopies are not acceptable).
- If the Department or Program Head is the payee, then authorization must be provided by the next highest level (i.e. - their supervisor, etc.).

Replenishing the Petty Cash Fund

- Submit a completed Cheque Requisition Form along with supporting receipts/vouchers and a [Petty Cash Count Sheet](#) to the Petty Cash Supervisor for reimbursement.
- The Cheque Requisition Form must be authorized by the Department or Program Head before it is submitted to the Petty Cash Supervisor for processing.
- Cheques to replenish the petty cash will be issued to “Petty Cash” and will be processed and cashed by the Bursar’s Office and held in the safe until collection. Once the funds are available for pick-up, the Custodian will be notified. A [Petty Cash Disbursement Form](#) should be filled out and signed on disbursement of the funds.

Alternate Custodian

- In instances of lengthy absences (i.e. – vacation, sick leave, etc), an Alternate Custodian can be appointed at the discretion of the Department or Program Head.
- The Alternate Custodian should also receive a copy of the Petty Cash Policies and be familiar with the processes.
- For planned absences, the primary Custodian should replenish the fund to ensure adequate funds are available.

Increase or Decrease the Amount of the Petty Cash Fund

- For increases, the Custodian should:
 - o Submit a completed [Petty Cash Application/Change Form](#) to the Petty Cash Supervisor stating the amount of increase and the reason for the request.
 - o The completed form for an increase must be approved by one of the Bursar, the Vice-President or the President.
 - o Submit a Cheque Requisition Form for the amount of the increase.
- For decreases, the Custodian should:
 - o Submit a completed Petty Cash Application/Change Form to the Petty Cash Supervisor stating the amount of decrease and the reason for the request.
 - o Return the value of the reduction in the petty cash fund to the Petty Cash Supervisor, who will then arrange for this to be deposited through the normal channels.
 - o Cash must not be sent through campus mail.

Changing the Petty Cash Custodian

- Petty cash funds must not be transferred or assigned directly from one Custodian’s care to another.
- If a petty cash Custodian terminates or transfers his/her employment, the petty cash fund must be closed out and a new fund opened in the new Custodian’s name.
- Submit a completed Petty Cash Application/Change Form to the Petty Cash Supervisor, and select the “Custodian Change” box on the authorized documentation.

Closing the Petty Cash Fund

- Submit receipts and/or cash totalling the petty cash Authorized Amount (including a completed Petty Cash Count Sheet) to the Petty Cash Supervisor.
- Submit a completed Petty Cash Application/Change Form to the Petty Cash Supervisor, and select the “Closure” box on the authorized documentation.

PETTY CASH PROCEDURES

1. A department decides they want petty cash and contact the Petty Cash Supervisor in the Bursar's Office.
2. Petty Cash Supervisor advises the Department or Program representative of the process, sends copy of policy document and a copy of the [Petty Cash Application/Change Form](#).
3. Petty Cash Application/Change Form is prepared and must be signed by the Department Head and the Custodian. "New Fund" should be selected on the form. This form, along with a completed Cheque Requisition Form for the amount of the fund should be submitted to the Petty Cash Supervisor.
4. Petty Cash Supervisor arranges for the cheque to be issued in the name of Petty Cash, cashes the cheque, notifies the Custodian and holds the cash in the Bursar's Office safe for collection.
5. Once a request is received for a new Petty Cash fund, the Petty Cash Supervisor should also order a new lock box (this will be provided by King's).
6. A [Petty Cash Disbursement Form](#) should be prepared and signed to confirm the amounts disbursed. At this point the cash and lock box will be handed over to the Custodian.
7. Receipts will be presented for reimbursement to the Custodian. The Custodian must:
 - a. Ensure the expenditure is a qualified disbursement by:
 - i. Ensure the receipts are original and not a credit card receipt or photocopy.
 - ii. Ensure the receipts have been signed by the Approver, which is generally the Department or Program Head.
 - iii. Ensure the receipt/voucher is not over \$50. If so, the person should submit a Cheque Requisition Form to have the amount reimbursed.
 - b. If verified as a qualified disbursement, then:
 - i. Prepare a [Petty Cash Voucher](#) and ensure it has been signed by both the Custodian and the person receiving the funds.
 - ii. Disburse the cash.
 - iii. Keep the approved receipts in secure location, separate from the cash box. This is a safeguard in the event the cash box is stolen.
8. Once the petty cash fund is depleted and requires replenishing, the Custodian should:
 - a. Gather all paid receipts and vouchers and determine the total amount paid from Petty Cash.
 - b. Complete a [Petty Cash Count Sheet](#) to determine the aggregate value of paid receipts and cash on hand. This amount should total to the authorized amount (i.e. – the amount that was issued to fund petty cash in the first place). This form is supplemental information at this step to ensure no shortages or overages exist. Cash will not necessarily be checked by a Supervisor during a replenishment request.
 - c. Complete a Cheque Requisition Form for the total amount of the receipts/vouchers and have this approved by the Department or Program Head.
 - d. Submit the Cheque Requisition Form together with the paid vouchers/receipts and the Petty Cash Count Sheet to the Petty Cash Supervisor.
 - e. The Supervisor will process the payment as outlined in Step 4 above.

9. If the Custodian will be on extended leave, the Department or Program Head can designate an Alternate Custodian to assume the responsibilities while the primary Custodian is on leave. The Alternate should be made familiar with the Petty Cash Policies and Processes.
10. If there is a change in the Custodian, the existing fund should be closed and a new fund will be issued to the new Custodian. The following summarizes the steps:
 - a. The Custodian (existing Custodian preferred, or if no longer available then the new Custodian designated by the Department / Program Head) should:
 - i. Prepare a [Petty Cash Count Sheet](#) to summarize cash and paid receipts/vouchers, noting on the form that this is to “close the petty cash fund”.
 - ii. Prepare a Cheque Requisition Form to for the amount required to bring cash to the authorized amount and have this approved by a Department or Program Head.
 - iii. Complete a [Petty Cash Application/Change Form](#), selecting the “Custodian Change” box and including the name of the new Custodian.
 - b. Submit the box, key, cash, receipts, Petty Cash Count Sheet, Petty Cash Application/Change Form and Cheque Requisition Form to the Petty Cash Supervisor.
 - c. Petty Cash Supervisor should:
 - i. Verify the cash count and sign off on the Petty Cash Count Sheet prepared by the Custodian.
 - ii. Reclaim the remaining cash, box and key and store the cash in the Bursar’s Office safe.
 - iii. Process the payment required to replenish the cash and have the cheque cashed. This amount should be added to the existing cash being held in the Bursar’s Office safe. At this point the fund should be equal to the authorized amount.
 - iv. Notify new Custodian that funds are available for pick up.
 - v. Prepare a [Petty Cash Disbursement Form](#) to be completed and signed by both the Petty Cash Supervisor and the new Custodian.
 - vi. Provide the lock box, key and cash to the new Custodian.
11. Any shortages or overages in excess of \$20 noted during a cash count should be reported to the Department or Program Head immediately.
12. Periodically, at the discretion of the Petty Cash Supervisor, counts will be performed to ensure there are no shortages or overages in petty cash. Once completed, the Petty Cash Count Sheet should be signed by both the Petty Cash Supervisor and the Custodian. These records should be kept on file in the Bursar’s Office.
13. If the amount of the petty cash fund needs to be increased:
 - a. The Custodian should complete a Petty Cash Application/Change Form, selecting “Increase”, the amount of increase and the reason for the request.
 - b. Custodian should also complete a Cheque Requisition Form for the amount of the increase.
 - c. Submit the completed and approved forms to the Petty cash supervisor who will process and cash the cheque. Once cashed they will notify the Custodian and hold the funds in the Bursar’s Office safe until collected by the Custodian.
14. If the amount of the petty cash fund needs to be decreased:

- a. The Custodian should complete a [Petty Cash Application/Change Form](#), selecting “Decrease”, the amount of decrease and the reason for the request.
 - b. Prepare a [Petty Cash Count Sheet](#) summarizing the cash and paid receipts on hand.
 - c. Return these forms and the value of the reduction in the petty cash fund to the Petty Cash Supervisor, who will then arrange for this to be deposited through the normal channels.
 - d. The Petty Cash Supervisor should verify the cash count and sign the Petty Cash Count Sheet, noting the funds that were returned to the Custodian after the count.
15. If the petty cash fund needs to be closed:
- a. The Custodian should complete a Petty Cash Application/Change Form, selecting “Closure” and the reason for the request.
 - b. Prepare a Petty Cash Count Sheet summarizing the cash and paid receipts on hand.
 - c. Return these forms, all paid receipts / vouchers and the remaining cash to the Petty Cash Supervisor, who will then arrange for the cash to be deposited through the normal channels.
 - d. The Petty Cash Supervisor should verify the cash count and sign the Petty Cash Count Sheet.
 - e. The Petty Cash Supervisor should ensure the appropriate entries will be posted to record the return of the fund and any receipts or vouchers paid.



Petty Cash Count Sheet

Department:	
Petty Cash Custodian:	
Reviewer:	

Total Authorized Amt:	
Date:	

Bills		
Value	Quantity	Amount
\$100		
\$50		
\$20		
\$10		
\$5		

Coins		
Value	Quantity	Amount
\$2.00		
\$1.00		
\$0.25		
\$0.10		
\$0.05		
\$0.01		

Total Bills	0
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Total Coins	
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1. Total Cash (bills and coins)	
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2. Total Paid Vouchers (list attached including date, payee, amount)	# Vouchers:	\$ Vouchers:

3. Total Cash and Vouchers	
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4. Less Total Authorized Amount	
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5. Variance	Over (Short)	
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Petty Cash in the amount of was returned to me intact after being counted by the Supervisor noted below:

Petty Cash Custodian Signature Date

Petty Cash Supervisor's Signature Date

Petty Cash Application/Change Form

Department:	
Date:	

New Fund:	<input type="text"/>	Amount Requested:	<input type="text"/>
Increase:	<input type="text"/>	Fund Increased by:	<input type="text"/>
Decrease:	<input type="text"/>	Fund Decreased by:	<input type="text"/>
Custodian Change:	<input type="text"/>		
Closure:	<input type="text"/>		

<p>Describe generally the type of expense for which the petty cash funds will be used OR the reason for the request for the change to petty cash:</p> <p> </p> <p> </p> <p> </p>

For new funds, is fund type: Permanent or Temporary (please circle one)

If temporary, specify the date by which the money will be returned:

<input type="text"/>

I hereby agree that I have read and understand the Petty Cash Policy and/or the above request to change Petty Cash.

Name of Custodian (please print)

Signature of Custodian

Name of Department Head (please print)

Signature of Department Head



Petty Cash Disbursement Form

Department:	
Petty Cash Custodian:	
Reviewer:	

Total Authorized Amt:	
Date:	

Bills		
Value	Quantity	Amount
\$100		
\$50		
\$20		
\$10		
\$5		

Coins		
Value	Quantity	Amount
\$2.00		
\$1.00		
\$0.25		
\$0.10		
\$0.05		
\$0.01		

Total Bills	0
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Total Coins	
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Total Cash (bills and coins)	
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Petty Cash in the amount of was disbursed to me intact after being counted by the Supervisor noted below:

Petty Cash Custodian Signature Date

Petty Cash Supervisor's Signature Date



Petty Cash Voucher

Department:		Date:	
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Purpose	Account	Amount

Disbursed by: _____ Received by: _____



Petty Cash Voucher

Department:		Date:	
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Purpose	Account	Amount

Disbursed by: _____ Received by: _____



Petty Cash Voucher

Department:		Date:	
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Purpose	Account	Amount

Disbursed by: _____ Received by: _____



Petty Cash Voucher

Department:		Date:	
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Purpose	Account	Amount

Disbursed by: _____ Received by: _____