

Petty Cash Policy and Procedures Workshop

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What are petty cash funds and why do we have them?

- Petty cash funds are used for expenditures in connection with approved University activities, the amount and significance of which are so small as to preclude requesting disbursement by check
- [Financial Policy #1506](#) is the basis for the petty cash policies outlined in this presentation
- Petty cash funds should be limited to the total of two weeks' expenditures
- Where possible the University of Pennsylvania Purchasing Card should be used for minor expenditures instead of petty cash



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Knowledge Building for Petty Cash Policies and Procedures

Prerequisite On-Line Training for Petty Cash Custodians

[Print the Petty Cash Policies and Procedures Slides](#)

(Requires Adobe Reader. Get the free download [here](#))

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What may petty cash funds be used for?

☞ Purchase of office or lab supplies totaling \$50 or less

☞ Example: ran out of copy paper, bought a ream of paper from Campus Copy for \$5

☞ Entertainment expenses which total \$50 or less

☞ Example: professor takes a student to lunch, total bill is \$25

☞ **Exception! Any reimbursement, regardless of dollar amount, which includes alcohol must be submitted to the Travel Office and may not be reimbursed through petty cash**

☞ Local travel expenses which total \$50 or less

☞ Example: taxi fare, SEPTA tokens

☞ Certain types of Human Subject fees ([Financial Policy #2319.1](#))








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What may petty cash funds not be used for?

-  Supplies or entertainment expenses which total greater than \$50
-  Travel expenditures (except for local travel)
-  Personnel services (except for certain [Human Subject Fees](#))
-  Equipment purchases
-  Check cashing fund
-  Personal loans or salary advances
-  Alcohol

Expenditures such as supplies greater than \$50, travel, equipment, and personnel services should be handled through another method of procurement (BEN Buys, University of Pennsylvania Procurement card (Procard), or C-368 Form reimbursement - when in doubt as to what method to use, refer to the [BEN Financials Commodity Matrix](#)). University policy prohibits check cashing funds and personal loans. Salary advances may be obtained for weekly employees who do not have direct deposit by obtaining a Vacation Advance Request form from the Payroll Department.










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Who is the custodian and what are his/her duties?

-  The custodian is the person responsible for controlling and safeguarding the petty cash fund
-  A custodian may only be responsible for one petty cash fund
-  The custodian disburses cash from the petty cash fund, provided that appropriate documentation and/or receipts are provided for the transaction and that the transaction does not violate University policy
-  The custodian may not approve a reimbursement to himself or herself from the petty cash fund. The custodian must obtain an approval signature from their supervisor or business administrator to be reimbursed from petty cash
-  The custodian is responsible for ensuring appropriate documentation is retained on each petty cash transaction and fund reimbursement
 -  Examples of appropriate documentation are copies of custodian forms, petty cash voucher slips, fund reimbursement forms, and receipts per [Financial Policy #1506](#)
 -  The custodian should retain petty cash records for 7 years
 -  Certain petty cash records may need to be retained longer than 7 years, if associated with a research grant that requires a longer retention/destruction period (e.g., a human subject fee paid from a grant fund)
 -  Refer to the [Records Retention Schedule](#) for specific retention/destruction time periods








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How does the reimbursement process work?

-  A receipt is presented to the Custodian for reimbursement
-  All petty cash expenditures must be supported by a form C-2A [Petty Cash Voucher Slip](#)
-  The Petty Cash Voucher Slip must be signed by the custodian and by the recipient of the cash (if the custodian is the recipient, their business administrator or supervisor should sign in the approval space)
-  The Petty Cash Voucher Slip should be attached to any receipts or other supporting documentation (e.g., cash register tape), and kept until the petty cash fund requires replenishment
-  Funds must be reimbursed in a timely manner--in the same month in which the expenditure occurred whenever possible



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Test Your Knowledge!

The results of this and other "Test Your Knowledge!" questions interspersed through the tutorial are **NOT** being recorded. Only the quiz at the end will be used to determine your score.

An individual requests a \$27.85 reimbursement for box lunches used at a graduate group meeting, but indicates that he/she lost the receipt. As petty cash custodian, you should:

- Deny the reimbursement based on University policy requiring receipts for all petty cash expenditures
- Reimburse the individual with no additional documentation
- Have the individual write a letter stating that the receipt was lost and use this as documentation
- Deny the reimbursement because the person should have used a Procard to purchase the boxed lunches
- Have the individual submit an unrelated receipt which totals \$27.85 or higher and use this as documentation








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How does the petty cash fund get replenished?

-  The online [Request for Reimbursement of Petty Cash Fund form](#) must be completed in order to replenish the cash in a petty cash fund.
-  Petty Cash Voucher Slips and receipts for petty cash transactions must be submitted along with the Request for Reimbursement of Petty Cash Fund form.
-  When completing the Request for Reimbursement of Petty Cash Fund form, most expenditures should be charged to an object code in the 5xxx (expense) series. If object codes in any other series are to be used, be sure to validate correctness based on the business nature of the transaction
 -  List each individual fund to be charged by completing the specific 26-digit account on the Request for Reimbursement form.
Note: You do not need to list one line for every individual reimbursement, unless each reimbursement is being charged to a different 26-digit BEN account number
 -  Requests to replenish the fund should **never** have expenditures charged to object code 1140 (Petty Cash). Refer to the [General Ledger Object Codes](#) to ensure proper object code usage.
-  **Make sure that expense line items are added correctly**, and total to the same amount being requested at the top of the reimbursement form.
-  Your request for reimbursement cannot exceed the total amount of the petty cash fund.


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How does the petty cash fund get replenished? (continued)





 The Request for Reimbursement of Petty Cash Fund form must be reviewed, signed and embossed by an appropriate Transaction Authorization Card (TAC) holder. If the custodian is a TAC holder, he/she **may not** authorize replenishment of his/her own petty cash fund - another TAC holder must emboss and approve the replenishment.




 The completed Request for Reimbursement of Petty Cash Fund form should be taken to the Cashier's Office, located at 110 Franklin Building, to receive the cash. The cashier's office will not release cash unless




 You have appropriate photo identification

 The Request for Reimbursement of Petty Cash Fund form and all accompanying Petty Cash Voucher Slips have been properly approved.



 Petty cash funds should be replenished on at least a monthly basis

 If petty cash funds are not replenished regularly, the Cashier's Office may require that the size of the petty cash fund be reduced, or that the fund be closed altogether.




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Petty Cash Reconciliation Process

 Add all Petty Cash expenditure receipts on hand (amount being requested for reimbursement)

 Add cash remaining in Petty Cash box

 The amount of the requested reimbursement plus the cash remaining must equal the total amount of the Petty Cash fund

 Any discrepancy should immediately be brought to the attention of the Business Administrator









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Audit Functions/Internal Controls

-  The Transaction Authorization Card (TAC) holder who embosses a Request for Reimbursement of Petty Cash Fund form is responsible for ensuring that all expenditures associated with that reimbursement are in compliance with University policy
-  Petty cash funds are subject to audit at any time by:
 -  School/Center Sr. Business Officer or their designee
 -  The Cashier's Office
 -  The Treasurer's Office
 -  Office of Audit and Compliance






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Audit Functions/Internal Controls (continued)

-  A minimum of once each year, every petty cash fund should be audited on an unannounced basis by the appropriate school/center Senior Business Officer (or their designee). In all cases, the individual conducting the audit must be someone other than the account's Custodian
-  In addition, petty cash audits should be conducted as part of the routine oversight of business procedures or when suspected infraction of University policy has occurred within a unit
-  Details for completing a petty cash audit can be found on the Office of Audit and Compliance website, under "[Petty Cash Audit: Self Assessment for Schools & Centers](#)"



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Establishing a Petty Cash Fund









- ☞ Three items are required to establish a petty cash fund:
 1. A letter of purpose to substantiate the petty cash request with a detailed description of the items for which you expect to be reimbursed (not a general statement such as "miscellaneous")
 2. A [Custodian Responsibility Form](#)
 3. A signed and embossed C-368 Form, using object code 1140 (Petty Cash)
- ☞ For the Custodian Responsibility Form and the C-368 Form:
 - ☞ These forms must be reviewed, signed, and embossed by the Senior Business Officer of the appropriate school/center
 - ☞ The person approving and embossing the forms may not be the custodian of the petty cash account
 - ☞ A custodian can only be responsible for one petty cash fund
 - ☞ The "**Petty Cash Fund Number**" may not be an endowment, sponsored research, or gift account (fund = 4xxxxx, 5xxxxx, or 6xxxxx respectively).
 - ☞ The "**Petty Cash Fund Number**" may not use an agency CNAC or ORG (9xx or 9xxx respectively)
- ☞ The letter of purpose, Custodian Responsibility Form, and C-368 Form should be forwarded to the Cashier's Office, 110 Franklin Building, 3451 Walnut Street/6205

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Closing Out a Petty Cash Fund

-  Reimburse all receipts to the petty cash fund, so that you have cash on hand equal to the full amount of the petty cash fund
-  Submit a deposit using [BEN Deposits](#):
 -  Credit object code 1140 on the deposit for the full amount of the petty cash fund
 -  Bring the cash and the printed Deposit Summary Sheet to the Cashier's Office
 -  Wait for the Cashier's Office to stamp the receipt
-  The validated Deposit Summary Sheet or the BEN Deposits e-mail receipt should be attached to a Custodian Responsibility Form and hand-delivered to the Cashiers's Office (110 Franklin Building)
-  Until the Cashier's Office approves the Custodian Responsibility Form closing the fund, the custodian maintains responsibility for the petty cash fund
-  The department should retain the original validated Deposit Summary Sheet and signed Custodian Responsibility Form as evidence that the petty cash account has been closed



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Making Changes to a Petty Cash Fund



Changing the Custodian

- To change the custodian on a petty cash account, simply submit a new Custodian Responsibility Form, signed and approved by the Senior Business Officer of the appropriate School/Center
- A complete reconciliation of the petty cash box should be completed prior to a new custodian assuming responsibility for an existing account
- The new custodian must have successfully completed the Petty Cash training before the transfer will be approved



Changing the Account Number

- The only way to change the account number for a petty cash fund is to follow the procedure to close an existing petty cash fund, and open a new petty cash fund using the new account number



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Making Changes to a Petty Cash Fund (continued)



Increasing the Amount of the Fund


 To increase the dollar amount of a petty cash fund, follow the same procedure for establish a new petty cash fund, with the following exception:




-  The C-368 Form should only reflect the amount by which the fund is being increased, not the total amount of the fund



Decreasing the Amount of the Fund

 To decrease the dollar amount of a petty cash fund, follow the same procedure as to close a petty cash fund, with the following exception:



-  The deposit amount in BEN Deposits should only reflect the amount by which the fund is being decreased, not the total amount of the fund.



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Test Your Knowledge!

The results of this and other "Test Your Knowledge!" questions interspersed through the tutorial are **NOT** being recorded. Only the quiz at the end will be used to determine your score.

You have a petty cash fund of \$200, but are not reimbursing it regularly. Which of the following needs to be done to reduce the fund to \$100?

Deposit \$100 to object code 1140, attach deposit receipt to a Custodian Responsibility Form and obtain the approval of the Cashier's Office.

Deposit \$200 to object code 1140, attach deposit receipt to a Custodian Responsibility Form and obtain the approval of the Treasurer's Office

Deposit \$100 to object code 5xxx, attach deposit receipt to a Custodian Responsibility Form and obtain the approval of the Treasurer's Office

Deposit \$100 to object code 1140, attach deposit receipt to a Custodian Responsibility Form and obtain the approval of the Treasurer's Office

Deposit \$100 to object code 5xxx, attach deposit receipt to a Custodian Responsibility Form and obtain the approval of the Cashier's Office.










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Human Subjects ([Financial Policy #2319.1](#))

-  Human Subject Fees of \$100 or less per subject may be paid from petty cash funds
-  Federal guidelines require any individual who receives a cash disbursement for participating in a human subjects research project to complete a [W-9 Form](#)
-  The Petty Cash Voucher Form must include the following information on each subject:
 -  Payee name
 -  Payee social security number
 -  Payee address
 -  Amount of Payment



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Conclusion

You have completed the slide presentation on Petty Cash Policies and Procedures.

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