



## RUTGERS POLICY

**Section:** 40.2.7

**Section Title:** Fiscal Management

**Policy Name:** Petty Cash Funds

**Formerly Book:** 6.1.7

**Approval Authority:** Senior Vice President for Finance and Administration

**Responsible Executive:** Senior Vice President for Finance and Administration

**Responsible Office:** Office of Administration and Finance

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**Policy:**

### 40.2.7 PETTY CASH FUNDS

A. Policy: A petty cash fund may be authorized to expedite the primary work of a department. It is to be used to pay relatively small expenses, such as:

1. freight and delivery charges;
2. office supplies;
3. research and lab supplies; or,
4. similar miscellaneous items

B. The Petty Cash fund should not be used for:

1. the purchase of postage stamps for resale
2. personal loans or other personal purposes (i.e., no check cashing)
3. items of \$25 or more which can be anticipated and requisitioned in accordance
4. with the establishment of a checking account
5. any travel expenses (other than toll charges)

If a petty cash fund is essential for the smooth and efficient operation of a department, it should be large enough to cover normal petty expenditures during a period of about six to eight weeks. If a request for a reimbursement is not received in University Accounting at least every six to eight weeks, this would indicate that the petty cash fund is not essential and a request will be made to the department to return the funds.

Responsibility of the Petty Cash Custodian: Once the petty cash fund is established, it is regarded as a personal charge to the University employee designated as the custodian of the fund. Except in unusual cases, the custodian is responsible for losses and shortages in the fund. The custodian should personally count and reconcile the fund each time it is reimbursed for expenditures.

- C. Establishing a Petty Cash Fund: To establish a petty cash fund, follow the procedures described below:

Obtain a "Request for Petty Cash" Form (PC-1 Questionnaire) from the Division of University Accounting, Accounts Receivable Department, Room 300, Administrative Services Building, Busch Campus.

After completing the above, prepare a University Request for Payment Form containing the following information:

1. name and complete campus address of the petty cash custodian. The person chosen as the custodian must be a full-time employee and should be available at all times for the purpose of distributing the funds and cashing of the reimbursement checks;
  2. date of transaction;
  3. the words "To establish a petty cash fund" followed by a description of how the fund is to be used and the length of time the fund is expected to last;
  4. the related departmental account to which the reimbursements of the fund will be charged;
  5. the dollar amount of the petty cash fund requested;
  6. the approval of the fund must be by an individual who is listed as an authorized signatory on the University's Authorized Signature File; and,
  7. the petty cash receivable account number 0-12052-1400.
3. The "Request for Petty Cash" Form (PC-1 Questionnaire) and Request for Payment Form should be routed through the appropriate business manager and appropriate funds approval channels to the Division of University Accounting, Accounts Receivable Department, Room 300, Administrative Services Building, Busch Campus.

- D. Operation of the Fund: Keep the fund in a locked place (cash box, drawer, cabinet or safe) physically separated from other monies, such as miscellaneous receipts or stamps. Petty cash funds are operated on an imprest basis, by which receipts are secured for disbursements and kept in the petty cash box until reimbursement is requested. Thus the total of currency and the receipts should at all times equal the full amount of the fund. The funds are subject to unannounced audits by University Accounting or the Internal Audit Department.

For each disbursement, follow one of these procedures:

- a) Secure a receipt from the person receiving the payment (such as cash register receipt, invoice, freight bill, etc.). If possible, have the payee sign/initial the document (if other than a machine-issued receipt).

OR,

- b) If the payee is unable to furnish you with a separate document, fill out "RECEIVED OF PETTY CASH" Form, in ink, sign it and secure the signature of the payee.

- E. Reimbursement of the Fund: As the cash balance of the petty cash fund is reduced, follow the procedures for reimbursement as described below:

1. Prepare a University Request for Payment Form containing the following information:
  - (a) name and complete campus address of the petty cash fund custodian;
  - (b) date of reimbursement request;
  - (c) the words "To reimburse the Petty Cash Fund, as per the attached receipts". The total of all receipts and/or completed "RECEIVED OF PETTY CASH" Forms must equal the amount of the reimbursement and should be stapled to the Request for Payment Form;
  - (d) total dollar amount of the receipts attached;
  - (e) the approval of the funds must be by an individual who is listed as an authorized signatory on the University's Authorized Signature File;
  - (f) the department's operating account number (including subcode) to be charged. If more than one account or subcode is used, each should be listed on a separate line together with the corresponding dollar amount to be charged.
2. The Request for Payment Form should be routed through the appropriate business manager and appropriate funds approval channels, to the Division of University Accounting, Accounts Receivable Department, Room 300, Administrative Services Building, Busch Campus.

- F. Transfer of Petty Cash Responsibility: All reimbursement vouchers must contain the name of the person responsible for the petty cash fund.

If a transfer of responsibility is warranted, a memo from the business manager with the signatures of the former custodian and the new custodian, and the breakdown of how the petty cash fund was turned over (amount of cash/amount of receipts) should be prepared. This memo should be forwarded to the Division of University Accounting, Accounts Receivable Department, Room 300, Administrative Services Building, Busch Campus.

If a reimbursement check is required in the absence of the petty cash custodian, the request should be made payable to another responsible person in the department with the following information typed in the lower portion of the description section of the Request for Payment Form: "For the petty cash account of (custodian's name.)"

- G. Closing out the Fund: When a petty cash fund is no longer needed, follow the procedures as described below:

1. Prepare a University Request for Payment Form containing the following information:
  - (a) name and complete campus address of the petty cash fund custodian;
  - (b) date of close-out request;

- (c) the word "To close-out the petty cash fund, as per the attached receipts". The total of all receipts and/or completed "RECEIVED OF PETTY CASH" Form must be attached to the Request for Payment Form. (See 40.2.7 G.2 below for procedures in handling unexpended cash.);
  - (d) total dollar amount of the receipts attached;
  - (e) the approval of the funds must be by an individual who is listed as an authorized signatory on the University's Authorized Signature Files; and,
  - (f) the department's operating account number (including subcode) to be charged. If more than one account or subcode is used, each should be listed on a separate line together with the corresponding dollar amount to be charged.
2. All unexpended cash and the Request for Payment Form should be hand delivered to the Accounting Department (Room 300, ASB, Busch Campus), for the purpose of depositing the unused cash and the processing of a journal entry for the receipts. Under no circumstances should cash be returned through the mail.