



## 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 Treasurer

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

**Responsible Office:** Office of Finance and Treasurer

**Originally Issued:** 12/1967

**Revisions:** 9/29/2000; 6/2011; 10/5/2011; 7/1/2013, 10/10/2013 (Updated titles)

**Errors or changes?** Contact: Office of Finance and Treasurer at 848-932-4300

1. **Policy Statement**

Petty cash funds may be established for a department to pay for small incidental expenditures required in the routine conduct of the primary work of the department. All expenditures must be appropriate, necessary and reasonable university business expenses. These expenses must be supported by appropriate documentation which must be submitted to the Accounts Receivable Administrator in the Division of University Accounting. The department must identify a Petty Cash Custodian within their department to be responsible for the disbursement, recording and security of these funds. Once there is no longer a need for the fund, these funds must be returned promptly to the Division of University Accounting.

2. **Reason for Policy**

To ensure the proper use, reporting and security of university funds.

3. **Who Should Read This Policy**

All Deans, directors and administrative staff.

4. **Related Documents**

None

5. **Contacts**

Accounts Receivable, Room 300, ASB I, Busch Campus.  
848-445-2133

## 6. The 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 that are appropriate, necessary and reasonable to conduct University business, such as:

1. freight and delivery charges;
2. office supplies;
3. research and lab supplies;
4. transportation to and from unexpected meetings and conferences;
5. similar miscellaneous items; or
6. incidental meeting expenses; incidental meals.

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 \$100 or more which can be anticipated and requisitioned in accordance with the establishment of a checking account;
4. any travel expenses related to overnight travel (other than toll charges, mileage and parking); or
5. paying student or departmental workers.

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.

C. Responsibility of the Petty Cash Custodian: To establish a petty cash fund, submit the following:

1. A "Questionnaire to Establish University Petty Cash Fund" which can be obtained from the Office of University Accounting website at <http://ua.rutgers.edu/unrestricted/>.
2. Return the completed and approved form to: The Division of University Accounting, Accounts Receivable, Room 300, ASB I, Busch Campus.
3. Once approved and established by Accounting, notification will be sent to the individual identified as the custodian with procedures for reimbursement, documentation and accounting for expenditures.

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. If there is a shortage in the fund for any reason, the shortage must be immediately reported, in writing, by the Custodian or the Business Manager to University Accounting, the University Controller, or the Internal Audit Department. In addition, the funds are subject to unannounced audits by University Accounting, the Internal Audit Department, state and external auditors.

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, the fund can be reimbursed through the appropriate University system. All original receipts supporting the legitimacy and University purpose of the expenditure must be forwarded to: The Division of University Accounting, Accounts Receivable, Room 300, ASB I, Busch Campus.

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

If a transfer of responsibility is warranted, a memo from the business manager should include the signatures of the former custodian, the new custodian, and the Department Head or Authorized Supervisor of the custodian, and the total amounts of cash and receipts transferred to the new custodian. This memo should be forwarded to the Division of University Accounting, Accounts Receivable Department, Room 300, ASB I, Busch Campus.

If a reimbursement check is required in the absence of the petty cash custodian, a memo should be prepared by the Business Manager to make a "temporary" change in the custodianship of the Petty Cash Fund. The "temporary" custodian should confirm the breakdown of the Petty Cash Fund when they accept responsibility. Upon the return of the original custodian, a memo should be prepared to switch the responsibility back to that individual.

G. Confirmation of Fund Balance: On an annual basis, a confirmation of petty cash funds will take place. University Accounting will send a letter to each custodian asking to confirm the cash/cash receipts on hand. The custodian and Business Manager should sign and return the form to: The Division of University Accounting, Accounts Receivable Department, Room 300, ASB I, Busch Campus.

Closing out the Fund: When a petty cash fund is no longer needed, contact University Accounting, Accounts Receivable, Room 300, ASB I, Busch Campus for specific instructions on how to close out the fund based upon the accounting system the petty cash fund was issued from.