

# The George Washington University

## Petty Cash Procedures Manual

### Background

It is the policy of The George Washington University to establish small petty cash funds in the departments on an as needed basis. Criteria to be considered in granting these approvals are:

- What is the purpose of the fund, i.e., what type of reimbursements will be made from the fund?
- Can the need for the fund be met in another way, i.e., is there another petty cash fund established in the building where the requested fund is to be housed? Is there a P-card in your department?
- How often will the fund turn over, i.e., will the total amount of the fund be disbursed every 4 weeks?
- Can the fund be properly safeguarded, i.e., will the cash be stored in a secure facility?

It is the policy of the University for custodians to reimburse employees within the department for expenditures as long as those expenditures meet the requirements for reimbursements expressed in the procedures.

It is the policy of the University to close or reduce the authorized amount of a petty cash fund which is not operated in accordance with these procedures.

It is the policy of the University to hold custodians liable for misuse, misconduct or mismanagement of petty cash funds. Your department may be subject to an audit at anytime.

All documents reference and attached to this manual are also located at the Accounts Payable website: <http://accountspayable.gwu.edu/forms>

Effective March 1, 2011, the University utilizes a single form to establish a new petty cash fund, make changes to an existing petty cash fund and or replenish an existing petty cash fund.

### A. Establishing a Petty Cash Fund

- 1. Department:** When a department determines that there is a need to have cash available to reimburse its employees for the payment of small, approved out-of-pocket expenses, a memorandum will be prepared and sent to the Comptroller's Office requesting the establishment of a petty cash fund. The memorandum must come from the department head. The memorandum will cite the reason(s) for needing a petty cash fund, who the custodian of the fund will be, and the desired amount of the fund. Accompanying the memorandum should be a Petty Cash Fund Establish/Replenish Form (section 1). Instructions for completing the form are included at the end of this manual.
- 2. Comptroller:** The Comptroller's Office will review each request and recommend approving or denying the establishment of the fund. If the request is denied, a memorandum explaining the reason(s) for denial will be returned to the requesting department.

If the fund is recommended for approval, appropriate financial records will be created establishing the fund and a check will be prepared in the name of the custodian. When a check is prepared the custodian will receive the check from the Accounts Payable Department. The custodian will cash the check at the nearest PNC branch location and immediately place and maintain the cash in a secure location until utilized.

## **B. Managing a Petty Cash Fund**

### **1. Use of the Petty Cash Fund**

Petty cash funds are established to reimburse employees for expenses incurred in the course of conducting University business. Petty cash funds promote efficiency and economy to the University by eliminating some paper work. Petty cash funds also lessen the University's control over the disbursement process. Accordingly, petty cash reimbursements will be limited to \$50.00 for each individual transaction.

Generally, petty cash transactions will consist of taxi fare, subway fare, certain emergency supplies, business-related meal expenses, or parking expenses. Where possible, a document should be obtained to support the disbursement. The splitting of an expense to avoid exceeding the \$50.00 payment will not be allowed.

For each disbursement, the custodian must prepare a Receipt Slip. An example is attached and the Instructions for completing the slip are at the end of this manual. This Slip along with any cash register receipt, invoices or sales receipts will support a disbursement from the fund. Each receipt is recorded on the receipt log. This form is used in the replenishment process.

Each Slip must be approved by the department head or his designee prior to reimbursement. When Sponsored Projects funds are used to reimburse employees, the applicable Sponsored Project Administrator in the Office of the Vice President of Research must approve the reimbursement.

### **2. Replenishing the Petty Cash Fund**

- a. **Department:** When the custodian determines that cash on hand is low and the fund needs to be replenished the custodian will prepare a Petty Cash Fund Establish/Replenish Form (Section 2) (attached) and forward the completed and signed form to the Accounts Payable department. Instructions for completing the form are included at the end of this manual.

**Accounts Payable:** Accounts Payable Department will examine the statement and supporting documentation to determine the appropriateness and accuracy of the replenishment request. The information on the statement will be compared to the information in the Accounts Payable system to assure that the custodian and the amount of the fund on the statement is the same as what is recorded in the system.

Questioned items should be dealt with by a phone call to the custodian or returned to custodian for further explanation when a phone call cannot resolve the problem.

When it is determined that the replenishment request is correct, the Accounts Payable Department will process the form for payment. After the check is prepared, the custodian will receive the check from the Accounts Payable Department.

### 3. Changing a Custodian

- a. **Department:** When a custodian is no longer responsible for a petty cash fund, the department head or the individual delegated by the department head must safeguard the fund and account for the fund's cash. To accomplish this, the cash on hand must be counted and reconciled and the results of the reconciliation recorded on the Petty Cash Fund Establish/Replenish Form by the custodian before being relieved of custodian responsibility. Instructions for completing the form are included at the end of this manual.

If the custodian does not complete this step, the department head or the designee must reconcile the fund. When a new custodian is appointed, the new person should count the cash and reconcile the fund using the Petty Cash Fund Establish/Replenish Form

The department head must reconcile the 2 forms prepared above, complete the Petty Cash Fund Establish/Replenish Form (Section 1) designating the new custodian and submit it to the Comptroller's Office for the further processing.

- b. **Comptroller:** The Comptroller's Office will adjust their financial records to reflect the identity of the new custodian.

### 4. Increasing a Petty Cash Fund

- a. **Department:** The department may find that because of the size and frequency of disbursements from the fund, the fund is often depleted. Because of this, the department may wish to increase the fund.

To increase a fund, prepare a memorandum from the department head to the Comptroller explaining the need for the increase. Attach to the memorandum a completed Petty Cash Fund Establish/Replenish Form (Section 1) with the appropriate signatures. Instructions for completing the form are included at the end of this manual.

- b. **Comptroller:** The Comptroller's Office will review each request and recommend approving or denying the increase of the fund. If the recommendation is to deny the increase, a memorandum explaining the reason for the denial will be sent to the requesting department. If approved, the memorandum will be released after concurrence from the Treasurer's Office and the Accounts Payable Department will be instructed to prepare a check payable to the custodian.

### 5. Decreasing a Petty Cash Fund

- a. **Department:** When a department decides that the petty cash fund should be decreased, the first step in the process is to deposit the amount to be returned with the University Cashier. The deposit should be made to Account 11921, Departmental Petty Cash. Instructions for completing the Departmental Deposit Advice form are included with Exhibit 5. Prepare a Petty Cash Fund Establish/Replenish Form (Section 1), attach a copy of the Departmental Deposit Advice form and send to the Comptroller's Office. Instructions for completing the Petty Cash Fund

Establish/Replenish Form are included at the end of this manual.

- b. **Comptroller:** The Comptroller's Office will adjust the financial records to reflect the new fund balance.

## 6. Reconciling a Petty Cash Fund and Handling Losses

- a. **Custodian:** The need to reconcile the fund will depend on the volume of use.

If the fund is not frequently used, cash should be counted at regular intervals to determine that the cash is secure. To reconcile the fund, add the following:

1. The cash on hand
2. The total of all unpaid replenishment requests not yet paid by the Comptroller's Office - Accounts Payable Department
3. Un-reimbursed Petty Cash Receipt Slips
4. Uncashed replenishment check(s)

The total of 1, 2, 3, and 4 should equal the authorized amount of the fund.

The reason for any difference should be immediately determined. Differences are classified as losses because of error or losses because of theft. Errors which result in losses should be immediately reported to the department head. If the losses were caused by carelessness on the part of the custodian, the department head will make a determination as to whether to replace the custodian.

To return the fund to the original amount, complete a Petty Cash Fund Establish/Replenish Form, charging the loss to the department's fund/center code. Forward the statement to the Accounts Payable Department for further processing.

Losses which are the result of theft should be reported to the department head, the Security Office and the Comptroller's Office.

Losses because of theft will be investigated by the Security Office. Any recommendation made by the Security Office or the Comptroller's Office must be completed before the fund is replenished. Within 10 days of receipt of the adopted recommendations, the department head will request the Accounts Payable to replenish the fund. Complete the Petty Cash Fund Establish/Replenish Form showing the fund/center codes where the loss will be charged.

The Comptroller's Office will approve the replenishment request statement submitted to replenish a fund or will close the fund depending on the circumstances of the case. Losses will be charged to Account 52671, Theft/Loss Expense.

## 7. Safeguarding the Fund

- a. **Department:** The petty cash fund must be in the control of the custodian. Only the custodian should be allowed access to the fund. The custodian is responsible for the proper accounting of and safeguarding of the cash. The custodian should be updated when a person leaves the University and/or transfers to another department.

It is the department's responsibility to ensure that the Comptroller's Office is notified of any changes made to the Petty Cash fund. Once a year, the Comptroller's Office will do a random surprise count to verify the amount of the Petty Cash fund on hand and the proper safeguarding of the fund. The petty cash should be kept in a locked drawer, file cabinet, or safe.

## 8. Determining Excess Funds

- a. **Department:** It is the responsibility of the custodian to report to the department head that the petty cash fund is larger than needed. A rule of thumb to follow is that the fund should turn over every 4 weeks, i.e., every 4 weeks the total amount of the fund should be spent. A balance in excess of 4 weeks' needs, unless there are extraordinary circumstances, should be deposited with the Central Processing Unit and documentation processed to decrease the fund.

## C. Instructions

### 1. Petty Cash Fund Establish/Replenish Form

#### a. Establishing a New Petty Cash Fund

**Date:** Date the form is prepared

**Dept Title:** Name of the department requesting the action

**Dept Address:** Address of the department requesting the action (room, building, and phone should be included)

Section 1 – items to be completed

**New Custodian:** Full Name of Custodian (include nickname if applicable)

**New Custodian's GWID:** Custodian's GWID number

**New Custodian's Telephone Number:** Extension for custodian's office

**New Custodian's Email Address:** The custodian's GWU email address

**New Fund Location:** The physical address and room number where the fund will be safeguarded

**Current Fund Balance:** What dollar amount is proposed for the new fund

**Purpose of Fund:** Explain the purpose of the fund if the request is to establish a new fund or the reason why an increase/decrease in the existing fund is necessary

**Signatures, names and date:** All applicable signatures, names and dates are required

#### b. Changing Information for an Existing Petty Cash Fund

**Date:** Date the form is prepared

**Dept Title:** Name of the department requesting the action

**Dept Address:** Address of the department requesting the action (room, building, and phone should be included)

Section 1 – Items to be completed

**Current Custodian Name:** Full name of the current custodian  
**Current Custodian GWID:** Custodian's GWID number  
**Current Custodian Telephone Number:** Extension for custodian's office  
**Current Custodian's Email:** The custodian's GWU email address  
**Fund Location:** The physical address and room number where the fund is currently safeguarded.

If the change is to the Custodian -

**New Custodian:** Full Name of Custodian (include nickname if applicable)  
**New Custodian's GWID:** Custodian's GWID number  
**New Custodian's Telephone Number:** Extension for new custodian's office  
**New Custodian's Email Address:** The new custodian's GWU email address

If the change is to the physical location of the fund -

**New Fund Location:** The physical address and room number where the fund will be safeguarded in the future.

If the change is to increase or decrease the fund balance -

**Current Fund Balance:** What dollar amount was previously authorized for this fund  
**Increase proposed:** the amount of proposed increase  
**Decrease proposed:** the amount of proposed decrease.  
**Revised Fund Balance:** Should calculate to the new Fund Balance.  
**Signatures, names and date:** All applicable signatures, names and dates are required

c. **Petty Cash Replenishment**

**Date:** Date the replenishment request and related reconciliation is prepared  
**Dept:** Department name submitting the request  
**Dept Address:** Address of the department requesting the action (room, building, and phone should be included)

Section 1 - Items to be completed

**Current Custodian Name:** Full name of the current custodian  
**Current Custodian GWID:** Custodian's GWID number  
**Current Custodian Telephone Number:** Extension for custodian's office  
**Current Custodian's Email:** The custodian's GWU email address  
**Fund Location:** The physical address and room number where the fund is currently safeguarded  
**Current Fund Balance:** The authorized amount of the fund  
**Signature of Custodian:** The custodian signs and dates the form  
**Signature of Department Head:** The department head or designee approves the form

Section 2 - Items to be completed

**Cash on Hand:** The results of a physical count of cash. Enter the quantity of each currency denomination. The form will calculate the amount of cash on hand.  
**Receipts:** Using the Receipt Log, enter the total amount of the receipts to be replenished.

The Total Cash plus Receipts will automatically calculate and should equal the approved

fund balance (entered separately). The form will calculate any Over or Short.

**Explain Over or Short:** An explanation of any difference

**Accounts Payable Use Only:** Vendor number, voucher number, and voucher examiner to be entered by Accounts Payable.

## 2. Receipt Slip

**Slip No.:** Consecutive number assigned to uniquely identify the slip (optional)

**Date:** Date slip is prepared

**Amount:** Amount reimbursed to employee

**Paid To:** Name of company which furnished goods or services

**For:** Reason or nature of expenditure

**Received By:** Signature of individual in the department receiving the reimbursement

**Approved by:** the department head approving the expense or reimbursement

**Oracle Alias/Natural Account/Project/etc.:** Accounting string to be charged for the incurred expense

## 3. Petty Cash Log

**Receipt #:** Number assigned to the slip representing the transaction being recorded

**Description:** A brief explanation of the purpose of the reimbursement

**Amount Paid:** Amount of payment made or replenishment received

**Accounting information** from each Petty Cash Slip

**Date:** Date of the transaction