

Complete Policy Title: Administration of Petty Cash Funds	Policy Number (if applicable):
Approved by: Director, Financial Services	Date of Most Recent Approval: August 2008
Date of Original Approval(s): April 1997	Supersedes/Amends Policy dated: February 2000; March 2002
Responsible Executive: Director, Financial Services	Enquiries: Financial Services
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POLICY

Petty Cash floats are issued to departments to enable them to process University-related expenditures under \$50 as efficiently as possible. Due to the large volume of purchases involving petty cash, it is important that departments understand the procedures and their responsibilities.

1. All petty cash floats will be committed to the accounts using subcode 6907 (Petty Cash commit).
2. Annually, Financial Services will confirm with each petty cash holder the amount of their float via a written and signed confirmation.
3. When a new employee is hired into a position where there is a petty cash float, the float must be balanced and transferred to the new employee. A Change of Petty Cash Imprest Holder Application form and Petty Cash Balancing Sheet must be completed and submitted to Financial Services. These forms are available on the Financial Services website at: <http://www.mcmaster.ca/bms/forms/changeimprest.pdf>.
4. When an account is being closed, the petty cash float must be balanced, the account charged for any expenditures made from the float and the excess cash returned to Financial Services. The commitment will then be removed from the account. This process ensures that all petty cash funds are accounted for before an account can close.
5. Petty cash reimbursements will be reviewed on a random basis by a Signing Officer of the University. Any problems found will be discussed with the Account Holder. Repeated offences may result in the petty cash fund being revoked.

PROCEDURES

1. When establishing a petty cash float, an Application for Petty Cash Fund form must be completed. This form is available at: <http://www.mcmaster.ca/bms/forms/appforpettycashfund.pdf>. This form must be signed by the holder of the float (i.e. the imprest holder who must be a McMaster University employee) and the departmental approver (i.e.. the individual responsible for the account where the petty cash funds will be committed and transactions charged against).
2. Upon approval of the Application for Petty Cash form, a commitment will be placed on the department's account in subcode 6907 (Petty Cash commit) and an Electronic Cheque Requisition created in the name of the imprest holder. Accounts Payable will mail the cheque to the imprest holder, who in turn will cash the cheque. Proceeds of the cheque should be securely kept in a cash box. Should funds be stolen or unaccounted for or should the department no longer require petty cash, funds not returned to Financial Services (Cashiers) will be charged to the account on the application or other account deemed appropriate.
3. A record of expenditures should be maintained on a Petty Cash Expense Report Form. This form and guidelines for filling it out are available at: **Petty Cash Expense Report**. All expenditures must be supported by vouchers, receipts, paid invoices or by the signature of the payee on this form.
4. Periodically, at least monthly, the petty cash fund must be replenished as follows:
 - a. Total the "expense" column on the Petty Cash Expense Report form. This total should not exceed the total amount of the petty cash fund.
 - b. Sign the Petty Cash Expense Report and obtain any necessary approvals (i.e., account holders).
 - c. Submit the original Petty Cash Expense Report, along with the vouchers, receipts and/or paid invoices to the Accounts Payable Department for review and approval. Accounts Payable will notify the imprest holder via e-mail (with a copy to the Cashiers Office) of the amount to be reimbursed/picked up from the Cashier's wicket.
5. If the above (#4) reimbursement procedure is not convenient, the fund holder may submit a completed electronic Cheque Requisition along with Petty Cash Expense Report and paid vouchers or receipts to Accounts Payable for reimbursement by cheque. The cheque will be made payable to the fund holder, and must be taken to a bank to be cashed.
6. Persons requiring reimbursement from the petty cash fund must submit and sign a receipt or other appropriate documentation to confirm receipt of the cash to the petty cash fund holder before reimbursement is made.
7. Travel expenses under \$50 will be reimbursed.
8. No expenditures over \$50 will be reimbursed from the petty cash fund.
9. Payments for wages (part-time or overtime), over-the-counter medicines (e.g., Tylenol) and non-business-related expenses cannot be paid from the petty cash fund.

10. The petty cash fund should be balanced at least monthly. A Petty Cash Balancing Sheet is available from Financial Services for this purpose. This sheet is available at: <http://www.mcmaster.ca/bms/forms/changeimpres.pdf>. When completing a Petty Cash Expense Report, complete a Petty Cash Balancing Sheet and attach a copy of the expense report to it. This will ensure that the petty cash fund will be in balance at all times.
11. Funds from other sources must not be added to the petty cash fund. They must be deposited with Financial Services in accordance with the Cash Control Policy.
12. No I.O.U.s of any kind may be paid from the petty cash funds.
13. No personal cheques may be cashed through petty cash funds.