D040 – Petty Cash Policy

Revised 08/08/2013
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I. PURPOSE

To establish the operation and uses of Petty Cash Funds and Imprest Accounts, and the responsibilities of Petty Cash custodians and the Disbursement Office in operating Petty Cash Funds. This policy does not apply to UMMG departmental checking accounts which are covered in Policy D045.

II. DEFINITION

- **Petty Cash Fund**: Petty Cash Fund is a cash advance made to a full-time University employee for the purpose of conveniently making small purchases of goods and services in accordance with University policy and procedures.
- **Imprest Account**: A checking account in the name of the Petty Cash Fund holder, which is operated with University Petty Cash funds.

III. POLICY

The Petty Cash custodian is responsible for the prudent management and handling of funds in accordance with University policy. Each custodian must assure that cash is kept in a secure, locked location at all times. In the event of theft, the custodian should immediately report the incident to the Public Safety Department and forward a copy of the police report to the Disbursements Manager. There is no insurance coverage for the replacement of a Petty Cash fund if it is lost or stolen. The guarantee account will be charged for any losses sustained.

The Disbursements Office is responsible for processing requests to establish, replenish, and close Petty Cash funds for the University. If the Petty Cash custodian elects to establish an imprest checking account, they must do so using their tax identification number. Custodians are not permitted to use the University's tax ID number when opening departmental imprest checking accounts. The custodian, on request, must provide the Disbursements Manager with a written authorization to obtain copies of the checking account statements from the bank and will be required to submit a copy of the latest statement as part of the annual confirmation process.

IV. PROCEDURES

A. **ESTABLISHING A PETTY CASH FUND**

All eChecks to establish a petty cash fund must be accompanied by a Petty Cash Fund, Payroll Deduction Authorization, and Profile Forms, along with a memo justifying the need for the fund requested. In the case of research studies, complete the Research Participant Payment Questionnaire. In addition, the fund custodian must obtain the approval of the Controller if research study participant information will not be disclosed because the study is confidential. The Controller's approval must accompany the petty cash fund request.


The completed eCheck must be approved as follows:
• Funds of $5,000 or less: By one who reports to a Vice President
• Funds over $5,000: By the appropriate Vice President or designee (at the Asst. Vice President level or above)

If an account signer designates another person to be custodian, both employees must sign the payroll deduction form. Only general, designated, and restricted accounts can be used as guarantee accounts for the establishment of a Petty Cash fund. A grant account cannot be used as a guarantee for Petty Cash Fund. However, a grant account can be used to replenish a Petty Cash fund. The completed forms must be submitted to the Disbursements Office, Locator 2979 for processing.

B. INCREASING THE PETTY CASH FUND

If there is a legitimate need to increase the Petty cash fund, the custodian should submit an eCheck for the amount of the increase to the Disbursements Manager along with a written explanation detailing the need for the additional funds. This request must also be accompanied by updates of the Petty Cash Fund, Payroll Deduction Authorization, and Profile Forms.

C. CLOSING/DECREASING THE PETTY CASH FUND

A Petty Cash fund should be closed when there is no longer a legitimate need for the funds. Similarly, a fund should be decreased when there is no longer a legitimate need for all the funds on hand. A fund is closed or decreased by:

i. Depositing cash to account 011121-1131 at the Cashier's Office, Ashe Bldg. and submitting the Cashier's receipt to the Disbursements Manager.

ii. Submitting an IDR with the receipts indicating the account(s) to be charged and indicating the request is to "Close Petty Cash of 'Name of Custodian'"

When a Petty Cash custodian terminates employment at the University, it is his/her responsibility to close the petty cash fund by depositing all cash to the Cashier's Office. The cashier's receipt must be submitted to the Disbursements Office. If there are unreplenished expenses, they must be submitted on an IDR to the Disbursements Office as well. Alternatively, the fund may be transferred to another full-time university employee. A custodian's terminal payroll check will not be released until the Petty Cash fund is closed or transferred.

D. TRANSFERRING THE PETTY CASH FUND

To transfer a Petty Cash fund, the new custodian must complete and submit:

• Transfer of Petty Cash Memorandum.
• An Advance Request and Payroll Deduction Authorization from the new custodian
• Name and Address Profile Form of the new custodian.

Above forms can be found on the web at http://www.miami.edu/finance/index.php/accounts_payable/disbursements_office/petty_cash/
E. USES OF PETTY CASH

The Petty Cash fund is to be used for disbursements that cannot be processed using a more standardized method such as Purchasing. University petty cash should not be used for:

- Travel, meals and entertainment expenses if more than $25 per event.
- Repetitive mileage charges if more than $25 per occurrence.
- Payment for personal services.
- Other items or services readily available through other means of procurement or in place of Inter-departmental requisitions.

F. REPLENISHMENT

Replenishment of petty cash is done by submitting an eCheck to the Disbursements Office for the total amount expended. The eCheck must show the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replenishment Requested</td>
<td>$xx</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>$xx</td>
</tr>
<tr>
<td>Total Petty cash fund amount</td>
<td>$xxx</td>
</tr>
</tbody>
</table>

The replenishment request is comprised of disbursements made from the fund. Each disbursement must have an explanation of the business purpose. Expenses should be totaled for each account number/object code combination to be charged on the check cash requisition.

Checks will be issued in the name of the fund custodian only.

The frequency of replenishment for all petty cash funds should be as often as necessary. Petty cash funds without reimbursement activity for three or more consecutive months are subject to recall by the Disbursements Manager. All petty cash funds must be replenished immediately prior to the end of the fiscal year by May 31st.

G. REPLENISHMENT OF RESEARCH PARTICIPANT PAYMENTS

The University must report annually to the Internal Revenue Service (IRS) incentive payments made to each study participant when the total of all payments received by the participant from all University sources totals $600.00 or more in any calendar year. To facilitate this reporting, an IRS form W-9 must be requested from each study participant receiving payment. If the study participant is a non-resident of the U.S., a W-8BEN is required and taxes must be withheld at the statutory rate if the non-resident is not from a treaty country and does not have a taxpayer identification number. Please contact the Disbursements Manager for the prevailing tax rate and specific instructions for processing. Failure to withhold taxes from any payment will result in the department being charged any taxes due.

eChecks submitted to the Disbursements Office for replenishment of study participant payments must be supported by the W-9 or W-8BEN, and the Petty Cash MS Excel spreadsheet. This spreadsheet requires the taxpayer identification number, name, address, amount of payment, date of payment, eCheck ID number (Cxxxxxx), account and object code charged for each research participant. The spreadsheet must be sent via email attachment to the Disbursements mail box (Disbursements@miami.edu) and the file name should be a combination of the eCheck ID number.
and the custodian name (CxxxxxJohnDoe.xls). Replenishment requests cannot be processed until the Excel spreadsheet has been received by Disbursements. Disbursements will forward the spreadsheet to General Accounting after ensuring that it contains all required information and that it balances to the petty cash request. The Petty Cash MS Excel spreadsheet layout can be found at: https://umshare.miami.edu/web/wda/accountspayable/PettyCashForms/ResearchParticipantPayment.xls or on the web on the Accounts Payable page.

Confidential Research Studies

There may be extraordinary circumstances where the Principal Investigator of a study may determine that the name and social security number of the participant must remain confidential. In these extraordinary cases, a memorandum clearly stating the reasons why the participant's name and social security number needs to remain confidential must be submitted to the Controller who will review each request. If the request is approved, the Investigator and the Disbursements Office will be notified via email.

Please note that approval is granted for a specific study, therefore an approval for a specific study should not be construed as explicit approval for all studies conducted by the Investigator or by the Department.

If approval is received, the excel spreadsheet SSN field should contain the number assigned by the Investigator to the participant and the name should be left blank. The Controller's Office will aggregate payments made to each study participant based on the participant's number and if payments total $600.00 or more in a calendar year, the Principal Investigator will provide the Controller's Office the name and social security # of the participant in order to report the payment to the IRS as required by law.

Failure to submit the replenishment requisition in the proper format or without supporting documentation including the Excel spreadsheet when required will result in processing delays.

H. CONFIRMATION AND AUDITS

Petty cash funds are confirmed at least annually. It is the custodian's responsibility to reply promptly to any such request. Failure to respond to a confirmation request within 30 days after receipt may result in the recall of the fund.

Periodic audits will be conducted by the Disbursements Office. Funds that are not managed in compliance with University policy may be closed. Unexplained shortages will be deducted from the Custodians payroll check in accordance with the authorization on file in the Disbursements Office.

I. IMPREST ACCOUNTS

1. Custodians who elect to open an imprest account must follow comply with the following additional directives:
2. Account Type - Only non-interest bearing checking accounts should be established with Petty Cash funds.
3. Account Signatures - The custodian and the authorized signer on the University account guaranteeing the Petty Cash funds should be signers on the imprest account. The custodian's social security number should be used to establish the checking account. Under no circumstances should the University's name, departmental designation or tax identification number be used.
4. Deposits - to imprest accounts are limited to University of Miami checks, payable to the custodian of the fund as petty cash reimbursements. All deposit receipts along with a photocopy of the check(s) should be kept on file for audit purposes. No revenue or other funds may be deposited to imprest accounts.

5. Replenishment - Petty Cash replenishment must be accompanied by photocopies of all checks issued on the imprest account along with the original receipts substantiating payments. The appropriate forms, as outlined in Section F - Replenishment, should be used. All deposit receipts and canceled checks should be kept on file. The imprest account must be reconciled to the bank statement on a monthly basis. These reconciliations must be made available on request. Any bank service charges should be reimbursed through a replenishment request. Section G above applies to imprest accounts.

6. Confirmation and audits - The custodian of each petty cash fund held in an imprest account will advise the Disbursements Manager of the location of the checking account and its tax ID number. The custodian will authorize the University’s Controller or Disbursements Director/Manager to obtain copies of the monthly statements from the bank as required. Annual audits may be conducted to assure compliance with this policy.