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ADMINISTRATIVE PRACTICE LETTER

SUBJECT: PETTY CASH

GENERAL

Each petty cash fund is in the sole custody of a business manager who is responsible to the Treasurer of the University for its safekeeping. Therefore, creation of all petty cash funds **must** go through the appropriate campus financial office. It is never permissible for a department to create a petty cash fund by withholding funds from a deposit.

Upon receipt of petty cash funds, the responsible person acknowledges receipt of the funds and assumes full responsibility for the funds by signing an Imprest Fund Receipt and Agreement form (**Attachment I**). The proper manner of maintaining such a fund is on the imprest basis, which means that the amount of the fund will remain constant and that the custodian will be reimbursed for amounts paid out of the fund upon presentation and surrender of satisfactory evidence of such disbursements to the SWS Accounting Department. The Imprest Fund Distribution form (**Attachment II**) is updated on a monthly basis by campus management to monitor and report changes in petty cash fund levels.

Reimbursement need be made only as frequently as a fund requires replenishing, except that it should be replenished at least monthly and at the close of each fiscal year, in order to record disbursements in the proper year. All receipts must be deposited immediately. Each fund should be balanced at least as often as it is reimbursed.

Petty cash funds may consist of either cash or a checking account. A general ledger account is created for cash and for each checking account. Cash and checking account balances must be kept separate.

When petty cash funds have been established within checking accounts, they should be reconciled monthly to their appropriate general ledger accounts. A copy of this reconciliation should be sent to the SWS Accounting Department.

AUDIT REQUIREMENTS

Each campus petty cash fund custodian (or designee) must make, at a minimum, an **annual** count of all petty cash funds acknowledged on the signed Imprest Fund Receipt and Agreement form and determine whether the petty cash accounts are operating in accordance with this practice letter. More frequent counts and audits are encouraged to assure that the funds are intact. These audits should be accomplished using the Petty Cash Audit Program (**Attachment III**). A Cash Count Sheet (**Attachment IV**) is provided to assist with this process.

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When performing cash counts, the auditor should consider whether the petty cash fund is necessary and if the amount is appropriate, ensuring that funds are adequate but no larger than required for efficient operation. They should discuss their observations with the campus Business Manager or other appropriate financial officer.

Annually, the campus Chief Financial Officer should send to the Internal Audit Department:

- A summary of the areas audited (e.g., location, responsible person, authorized petty cash amount, auditor).
- A note that there were either no concerns or a description of the issues found (e.g., shortages, segregation of duties issues, supporting documentation issues, reconciliation issues). In addition management should comment on any changes made to address these concerns or a conclusion that no change would be made and why.

If the audits reveal areas of high risk or concern, the campus should immediately contact the Internal Audit Department.

NEED FOR PETTY CASH

The Treasurer, or designee, establishes petty cash funds where there is a frequent need for payments of relatively small amounts (not to exceed \$125 in cash), or to provide for emergency situations such as travel (not to exceed \$300 in cash), where use of credit cards is not possible and payments through normal accounting channels would result in delay, annoyance or excessive expense of maintaining records. Petty cash funds (cash or check) are not to be used for any expenses that require IRS reporting.

Imprest funds can also consist of change funds where there is a regular need to make change. These funds are not to be used for any purpose other than to make change.

DISBURSEMENTS

Requests for disbursements out of petty cash are made by completing either a Petty Cash Request form (**Attachment V**) or a Travel Request/Cash Advance form in **APL IV-B**. Explanations on how to complete these forms can be found at **Attachment VI** and **Attachment VII** respectively. Requests for petty cash reimbursement **must** include original receipts and be submitted in a timely fashion, **not to exceed 90 days** from the receipt date. Employees should strive to make requests within the same fiscal year as the expense. Exceptions to the policy must be approved by the applicable Chief Financial Officer or Treasurer. Those receiving a travel advance must comply with the requirements of **APL IV-B Travel and Expense Reporting Policy**.

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REIMBURSEMENT

Each petty cash fund is replenished by submission of a Check Request (**Attachment VIII**) and a supporting Petty Cash Summary (**Attachment IX**) through Accounts Payable. The check will be received at the campus in accordance with the Accounts Payable Schedule of Check Runs. If time does not permit submission of a check request through Accounts Payable, the check request indicating an ACH transfer may be sent to Funds Management at the System Office. An ACH transfer will be done the day following receipt of the request. A copy of the Petty Cash Summary and all related petty cash forms, requests, and receipts are retained at the appropriate campus financial office for reference, review and audit.

If an imprest checking account is being replenished, the check request should indicate that the replenishment check be made payable to the University checking account number, c/o an individual so authorized under the requirements of **APL IV-C Signature Authority**. If cash is being replenished, the check request should indicate that the replenishment check be made payable to an individual authorized under **APL IV-C**.

Related Documents: APL No. I-F Cash Collection Procedures
 APL No. I-D Cash Management Training
 APL No. IV-B Travel and Expense Reporting Policy
 APL No. IV-C Signature Authority
 APL No. VII-C Purchasing Cards

APPROVED:

Chief Financial Officer and Treasurer

**Imprest Fund Receipt and Agreement
University of Maine System
16 Central Street
Bangor, Maine 04401**

I, _____, at _____, this date received the amount of \$_____ from the University of Maine System for imprest purposes.

These funds will be used for the sole purpose of expenditures for the University of Maine System and authorized change funds.

I hereby agree to assume full responsibility for the above funds, and will properly safeguard the funds from theft and misappropriation.

I acknowledge the right of the Treasurer or a duly authorized representative to audit this account at any time.

I agree to account for these funds and return any balances to the Treasurer, University of Maine System upon termination of my employment or upon demand by the Treasurer, University of Maine System.

_____ Date _____ Signature

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UNIVERSITY OF MAINE AT _____ IMPREST FUND DISTRIBUTION

Responsible Person	Campus Location	Purpose	Type Checking	Prior Amt 5/30/20XX	Incr Dcr	New Bal 6/30/20XX
A	Admissions		Cash	\$		\$
B	Athlet. Dept		Cash	\$		\$
C	Bookstore		Cash	\$		\$
D	Bursars Office		Cash	\$		\$
E	Bus Svcs-Travel		Cash	\$		\$
F	IT - Repair		Cash	\$		\$
G	Library		Cash	\$		\$
H	Psychology	Temp Fund	Cash	\$		\$
I	Recreational Sports		Cash	\$		\$
	X-X-XXXXX		Cash Tot.	\$	\$	\$
J	BANK OF AMERICA	Refund	XXX-XXX-X	\$		\$
	X-X-XXXXX	ARIS	Checking			
K	BANK OF AMERICA	Human Res	XXX-XXX-X	\$		\$
	X-X-XXXXX		Checking			
L	BANK OF AMERICA	Travel	XXX-XXX-X	\$		\$
	X-X-XXXXX		Checking			
M	BANK OF AMERICA	Bkstore	XXX-XXX-X	\$		\$
	X-X-XXXXX		Checking			
CFO's name	IMPREST TOTALS			\$	\$	\$

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University of Maine System Petty Cash Audit Program

University _____ Auditor _____
Department _____ Date _____
Location _____
Responsible Manager _____
Authorized Petty Cash Amount \$ _____
Person Responsible for Petty Cash _____

General Information

1. Review any prior audit findings and document actions taken to resolve those findings.
2. Determine cash handling and related procedures by asking the following questions:
 - Who handles the petty cash fund?
 - How often is the petty cash account reconciled and reimbursed?
 - What are the procedures for reporting shortages and overages?
 - Does the department make loans out of its petty cash fund? If so, to whom and why?
 - Who has access to the petty cash fund? Is physical access to petty cash limited only to the personnel responsible for the fund?
 - How is the petty cash fund kept secure?
 - How are duties segregated? (Note: Whenever possible, the person who handles the cash should not be the person who reconciles the fund.)
3. When did the individuals who handle cash last attend a Cash Management Training session? Trace department's response to Cash Management Training attendance sheet(s).

Note: Ensure that duties are properly segregated and that other procedures appear adequate for the circumstances. Document any concerns related to the above.

Checking Account Only

4. With respect to the checking account, determine:
 - Who has access to the blank check stock? Is the blank check stock kept in a secure location?
 - Who prepares the checks?
 - Who approves the checks?
 - Who records the transaction detail and where?
 - Who reconciles the funds?
 - Who prepares and approves requests for reimbursements?

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Note: Ensure duties are segregated among different employees to reduce the risk of errors or irregularities. For instance, responsibilities for authorizing transactions, recording them, and handling the related asset should be divided to the extent practical.

5. Inquire about the department's reconciliation procedures. Does the reconciled amount agree with the authorized amount? Do the canceled checks come back with the bank statements? If so, does the reviewer scan those checks for reasonableness? Is the checking account reconciled to the general ledger monthly? Review several reconciliations ensuring the bank statements agree with the records and that reconciling items are appropriate.
6. Review the check register / control log ensuring checks are numerically issued. Verify by inquiry and observation that the log includes voided checks.
7. Inquire about the procedure for maintaining voided checks? (Note: checks should be properly canceled and held for inspection.)
8. Is the bank notified whenever an authorized signer of checks changes duties or is no longer an employee? Review the signature authorizations to ensure they are current.

Petty Cash/Checking Account Testing Procedures

9. Review three recent petty cash reimbursements and determine whether the petty cash vouchers are complete and signed by appropriate personnel, whether original receipts are attached to the reimbursement requests, and whether the requests are properly approved.
10. Scan petty cash reimbursement requests to determine the frequency of reimbursements and amounts being reimbursed. Determine whether the authorized amount appears reasonable or whether it should be adjusted.
11. Review a few recent bank reconciliations to determine whether reconciliations are properly prepared, done timely, and agree to the total authorized amount. If the canceled checks come back with the statements, compare a sample of checks to the check register to determine whether disbursements are as stated.

Conclusion

12. Discuss observations with the department manager and point out any controls that need to be improved. For material weaknesses ask management to respond with a written corrective action plan.
13. Send a summary of the results, as described in APL I-F, to Internal Audit.
14. Follow up on any open items.

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University of Maine System Cash Count Sheet

Campus		Department Location		Date	
Department		Location \$ Amount		Time	
Cash Custodian		Total \$ Authorized		Auditor	

Coins

Unit	Value	Quantity	Extension
Pennies			
rolled	\$0.50		
unrolled	\$0.01		
Nickels			
rolled	\$2.00		
unrolled	\$0.05		
Dimes			
rolled	\$5.00		
unrolled	\$0.10		
Quarters			
rolled	\$10.00		
unrolled	\$0.25		
Halves			
rolled	\$10.00		
unrolled	\$0.50		
Dollar			
rolled			
unrolled	\$1.00		
Total Coins			

Bills

Unit	Value	Quantity	Extension
Ones			
pack	\$25.00		
single	\$1.00		
Fives			
pack	\$100.00		
single	\$5.00		
Tens			
pack	\$100.00		
single	\$10.00		
Twenty			
pack	\$100.00		
single	\$20.00		
Fifty			
pack	\$100.00		
single	\$50.00		
Hundred			
pack	\$500.00		
single	\$100.00		
Total Bills			

Total Cash (coins and Bills)

2. Total Check (attach **list** including date, maker, amount)

3. Total Paid Vouchers (attached **list** including date, payee, amount)

4. Stamps on Hand (**list** attached)

5. TOTAL of Cash, Checks, Paid Vouchers and Stamps (Items 1,2,3 &4)

6. Less Receipts (per Cash Register or Manual receipts)

7. BALANCE

8. Less Amount Authorized

9. BALANCE Over (Short)

My cash was counted and returned to me intact

Cash Custodian Signature

Date

University of Maine System		PETTY CASH REQUEST								
PAYEE INFORMATION	Name:							Employee ID		
	Campus Address:									
	Phone:									
	PAYEE's Signature:									
Reimbursement Guidelines		Amount of item	Description and purpose for items purchased:							
Receipts must be originals										
Receipts must be no more than 90 days old										
Receipts can total <u>no more than</u> \$125										
The University System is exempt from Maine sales tax. Employees will not be reimbursed for payment of sales tax.										
The Payee MUST sign this form.										
Account #	* = Required Fields	Amount to be charged	* Unit	* DeptID	* Account	Class	* Fund	Program	Project	
Total Amount of Request:			Money received by:							
			Date:							
DEPARTMENT APPROVAL	Name:									
	Campus Address:									
	Phone:									
	Auth. Signature:							Date:		

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Attachment VI

INSTRUCTIONS FOR COMPLETING PETTY CASH REQUEST FORM

PURPOSE

The Petty Cash Request Form is used to authorize disbursement of and acknowledge receipt of petty cash. It reduces paperwork and allows people to shop for themselves for minor items. It can be used as authorization to make small purchases up to \$125.00 from off-campus vendors or university bookstores, or to make emergency loans to students. Emergency student loans may be paid from petty cash only when payments through normal account channels would result in hardships to students.

PROCESSING AND REIMBURSEMENT

Individuals may purchase items after requesting and receiving departmental approval for small purchases. A copy of the form may be retained by the vendor as proof of tax exemption.

For small purchases, the purchaser will pay for the item and be reimbursed from petty cash by the Business Office, upon presentation of this form properly completed, approved, and accompanied by the original paid invoice. The person requesting reimbursement shall sign as the payee signifying that the invoice(s) submitted is for authorized university business and that the individual is entitled to reimbursement. The individual receiving the cash on behalf of the payee shall sign, date and indicate the amount received on the Petty Cash Request form. The department approval shall be an authorized employee who is not the payee. The originating department or purchaser should retain a copy of the form.

Emergency loans to a student are processed by the Business Office or Financial Aid Office. The student must report to the Business Office and acknowledge cash received by signing, dating, and indicating the amount received on the Petty Cash Request form. The Business Office sends one copy to the Financial Aid Office or Loans Receivable Office for follow-up. The proper loan fund will be charged when the petty cash fund is reimbursed by the SWS Accounting Office.

The Petty Cash fund custodian will approve all disbursements of petty cash and assign a voucher number.

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Attachment VII

INSTRUCTIONS FOR COMPLETING TRAVEL REQUEST/CASH ADVANCE FORM

PURPOSE

The Travel Request/Cash Advance Form is designed to provide for travel advances when necessary. Travel should be planned well in advance to allow time to process check advances, instead of cash advances, whenever possible. Cash advances are limited to the amounts specified in the Travel and Expense Reporting APL.

INITIATION AND APPROVAL OF REQUEST

An individual requesting an advance initiates the form by completing all the information requested on the Travel Request/Cash Advance Form. Approval must be granted by the Department Head, Dean, or Director, depending on campus preference. If the traveler is the Department Head, Dean, or Director, that employee's Supervisor must approve the form.

The department will retained a copy and forward the original to the Business Office for approval. Prior to approval, the Business Office should ascertain that the individual traveler doesn't have any other travel advances outstanding. Travel advances should be reviewed on a monthly basis to avoid outstanding advances in excess of 30 days past the travel date.

At the respective Chief Financial Officer's discretion, travel expenses can be paid for with the University Purchasing Card. Use of credit cards allow the University to keep cash advances and cash on hand to a minimum. The University pays the credit card vendor directly for expenses paid with the University Purchasing Card. Therefore, such expenses should be included on the Travel Expense Voucher as pre-paid items only and not reimbursed to the traveler (see the *Travel and Expense Reporting APL* and the *Purchasing Cards APL*). This allows the traveler to account for all costs related to a trip and facilitates gathering of information for state-mandated reports.

ADVANCES

When the traveler requests an advance, that person (or designee) will report to the Business Office to receive the cash or check advance and acknowledge receipt by signing the Travel Request/Cash Advance form, indicating the amount and date received. The petty cash custodian will approve all disbursements of petty cash and number the requests sequentially by fiscal year.

If time permits, the travel advance should be approved by the Business Office and processed through the Travel and Expense system, ignoring that portion of the form pertaining to cash advances.

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University of Maine System

ACCOUNTS PAYABLE CHECK REQUEST FORM

Including PeopleSoft Financial ChartFields

Date: _____

Dept.: _____
Address: _____

PAY TO: _____
Address: _____

Phone No.: _____

Business / Group
 Non-Employee
 Student

PeopleSoft ChartField(s) (* = REQUIRED field)								Description	Amount
* Unit	* DeptID	* Account	Class	* Fund	Program	Project	Oper Unit		

Total: _____ **\$0.00**

Approved by: _____ Phone #: _____
Signature

