



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. 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 (Exhibit A). 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 Office.

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. 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 Office.

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 and reported to the UMS Department of Internal Audit using the Petty Cash Audit Program and Cash Count Sheet provided in Exhibit H.

The Treasurer, or his designated agent, may make surprise counts of the petty cash funds to assure that they are intact, that there is satisfactory evidence of disbursement and that justification for the level of funds still exists. These funds are also subject to audit and periodic cash counts by internal and external auditors.

NEED FOR PETTY CASH

The Treasurer, or his designated agent, 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



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excessive expense of maintaining records. Petty cash funds (cash or check) should not be used for any expenses that require IRS reporting.

Business managers must constantly review their petty cash needs to ensure that funds are adequate, but no larger than required for efficient operation.

DISBURSEMENTS

Requests for disbursements out of petty cash are made by completing either a Petty Cash Request/Receipt form (Exhibit B) or a Travel Advance Request/Receipt form (Exhibit D). Exhibits C and E explain how to complete these forms. 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. 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 26.

REIMBURSEMENT

Each petty cash fund is replenished by submission of a check request and a supporting Petty Cash Summary (Exhibit F) 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 the Funds Management Office. An ACH transfer will be done the day following receipt of the request. A copy of the Petty Cash Summary and the original Petty Cash Request/Receipts and Travel Advance Request/Receipts are retained at the campus Business Office for reference, review and audit. The Petty Cash Summary forms should be numbered sequentially by year.

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 32 (Exhibit G). If cash is being replenished, the check request should indicate that the replenishment check be made payable to an individual authorized under APL 32.

Related Documents:

- APL No. 11 Cash Collection Procedures
- APL No. 25 Cash Management Training
- APL No. 26 Travel and Expense Reporting Policy
- APL No. 32 Signature Authority
- APL No. 45 Purchasing Cards

APPROVED:

Joanne L. Yestramski

Chief Financial Officer and Treasurer



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**University of Maine System
107 Maine Avenue
Bangor, Maine 04401**

Imprest Fund Receipt and Agreement

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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EXHIBIT B

PETTY CASH REQUEST/RECEIPT

AT: _____

PAYEE: _____

PAYEE SIGNATURE: _____

EXPLANATION OF NEED [Small Purchases are Limited to \$125]	AMOUNT AUTHORIZED

For Business Use Only

Approved by

Voucher No. _____

DEPARTMENTAL APPROVAL

RECEIVED BY

ACCOUNT NO.

DATE

\$ _____
AMOUNT

DATE



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INSTRUCTIONS FOR COMPLETING PETTY CASH REQUEST/ RECEIPT - FORM NO. GA 012

PURPOSE

Petty Cash Request/Receipt Form No. GA 012 is a four part form designed to provide one form to authorize disbursement of and acknowledge receipt of petty cash. 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. 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 approved and accompanied by an original paid invoice. 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

Departments must complete all the information requested on the Petty Cash Request/Receipt form.

One copy will be retained by the originating department and the original and two copies are given to the individual requesting petty cash.

INITIATION AND APPROVAL OF REQUEST

One purpose of this form is to reduce paper work to a minimum and allow people to shop for themselves for minor items. The individual may purchase the item after requesting and receiving departmental approval for small purchases. One copy of the form may be retained by the vendor as proof of tax exemption. Form GA 012 should be presented in duplicate to the Business Office for reimbursement with an original paid invoice attached. 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/Receipt form. The department approval shall be an authorized employee who is not the payee.

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/Receipt 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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TRAVEL REQUEST/ADVANCE FORM



UNIVERSITY OF MAINE SYSTEM

AT

Travelers may use this form to request approval to travel and/or to request an advance.

Traveler's Name _____ Dates trip to be taken _____

Nature of Official Business _____

Destination _____ Mode of Travel _____

I am requesting reimbursement using:

Exceptions - Meals at Actual:

Estimated Cost:

Meals

Actual Per Diem Daily Rate Approved Denied

\$ _____

Because I will be traveling to a high cost location, I am requesting that meal expenses be allowed up to a daily maximum of \$ _____.
Approved Denied

Lodging

\$ _____

Transportation

Other

If traveling by vehicle with other official travelers list names: _____

Total

\$ _____

Request Advance of

\$ _____

I am requesting approval to travel on University Business. I have estimated my expenses and have indicated whether I wish to be reimbursed at actual or per diem. If I am requesting an advance, I understand that by signing below, I am certifying that I will return any unspent travel advance funds, along with a completed Travel Expense Voucher, to the University within 5 business days of returning from a trip. The University may deduct, from my paycheck, any amounts not substantiated or deemed substantiated within sixty (60) calendar days after the end of the trip. I also certify that I have read and understand the current version of APL No. 26.

Check Cash

Received By _____

Date _____ Amount \$ _____

Date _____ Traveler Signature _____

Approved: Account to be charged _____

Date _____ Supervisor/Approver _____

Date _____ Dean or Director _____

Date _____ Business Officer _____

For Business Office Use Only

Approved By _____

Voucher No. _____



ADMINISTRATIVE PRACTICE LETTER

INSTRUCTIONS FOR COMPLETING TRAVEL ADVANCE REQUEST/RECEIPT - FORM NO. GA 013

PURPOSE

Travel Advance Request/Receipt - Form No. GA 013 is a three part form 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 should be limited to \$300. Travel advances in excess of \$300 should be issued via check.

INITIATION AND APPROVAL OF REQUEST

An individual requesting an advance initiates the form by completing all the information requested on the Travel Advance Request/Receipt. 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.

One copy will be retained by the approving department. The original and one copy must be forwarded 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 should be paid for with the University Purchasing Card or Corporate American Express card. Credit cards should be used to keep cash advances and cash on hand at a minimum. Travel expense reimbursement for American Express items should be requested on a Travel Expense Voucher. 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 APL 45 and 26). 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, he (or designee) will report to the Business Office to receive the cash or check advance and acknowledge receipt by signing the Travel Advance Request/Receipt, 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 accounts payable system, ignoring that portion of the form pertaining to cash advances.



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CHECK REQUEST



UNIVERSITY OF MAINE

(Date)

AT

Pay to _____

Dept. of _____

Order No. _____

Description of Expenditure

Date: _____ Vendor # _____

Approv. _____

Account _____ Amt. _____

Account _____ Amt. _____

Account _____ Amt. _____

Form No. GA010



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University of Maine System
Petty Cash Audit Program

University _____ Auditor _____
Department _____ Date _____
Location _____
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? Agree 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?



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- Who approves the checks?
- Who records the transaction detail and where?
- Who reconciles the funds?
- Who prepares and approves requests for reimbursements?

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?
6. Is a check register/control log used to account for the numerical sequence of checks issued? Does the log account for voided checks?
7. What are the procedures 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?

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 the petty cash reimbursement requests over a period of time to determine the frequency and amount of funds being reimbursed. Compare this amount to the authorized cash amount. 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.



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Conclusion

12. Discuss observations with the department manager and point out any controls that need to be improved. For material weaknesses ask management to follow up with a written response regarding corrective action taken.
13. Send completed audit program and cash count sheets (copies of supporting documents need not be included) to UMS Department of Internal Audit indicating any control weaknesses or other concerns and the corrective action taken or to be taken.

**University of Maine System
Cash Count Sheet**

EXHIBIT H

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