

New York University

University Policies

Title: Petty Cash Funds
Policy Number: 1.16
Effective Date: 01/01/2012
Responsible Officer: University Controller

Reasons for the Policy - The New York University Petty Cash Policy is set forth to provide a process and guidance to those academic and administrative units who wish to maintain a petty cash fund and have sought the appropriate approval for that fund as outlined below.

Who needs to know this Policy - Petty Cash Fund Custodians, Fiscal Officers and any one within the University who has a fiduciary responsibility for any part of the petty cash fund.

Policy Purpose - The purpose of petty cash funds is to provide cash sufficient to cover minor office expenditures, reimbursements to students, and payments to participants in research studies.

All employee reimbursements and advances must use the AP Work Flow process.

Definitions - These definitions apply to these terms as they are used in this policy:

Approver - The individual granted the authority to review and approve (or reject) transactions that require the use of University funds. The signature of the “Approver” on the reimbursement or payment request form signifies that the “Approver” has verified the request for compliance to applicable University policies.

Fund Custodian - The individual appointed to manage the petty cash fund, including “temporary” custodians designated in the absence of the individual named in the Request to Establish a Petty Cash Fund form.

Petty Cash Fund - A fund established for valid purchases of small value that are made outside of the regular purchasing cycle and system.

University - New York University

Policy - *Introduction to this Policy*

Petty cash funds are established and maintained by authorized academic or administrative units of the University for the purpose of providing cash sufficient to cover minor office expenditures, reimbursements to students, and payments to participants in research studies. All employee requests for reimbursement and advances must be submitted through AP Work Flow.

This policy provides the guidelines on establishing, managing, and terminating petty cash funds. It is intended to help faculty and staff to:

- understand the University's rules on the use of petty cash funds;
- properly record and report transactions processed through petty cash funds; and,
- know the responsibilities of employees involved in the use and management of petty cash funds.

The Business Expenses Policy of the University should be consulted for guidance on which expenses are legitimate or valid and thus may be incurred using University funds. The University's Purchasing Policies and Procedures Manual should also be consulted for guidance on how certain types of purchases may be made.

Individuals who request reimbursement from the petty cash fund are advised to check applicable policies issued by their school, department, or unit as they may be more restrictive than the University policy.

Use of the Petty Cash Fund - The petty cash fund must be disbursed only for minor student expenses, not to exceed \$150, that are valid and for which appropriate documentation is supplied. If a valid receipt is not available and the expense is less than \$25, an explanation of the expense must be included on EXP2000P when receipts are submitted for replenishment of a petty cash fund.

Expenses that may be reimbursed from the petty cash fund include, but are not limited to, the following:

- Payments to Human Subjects, when the fund is set up for this purpose. All expenses must be allocated to account 65295 - "Payments to Human Subjects"
- Student related expenses such as taxi fare, parking fees, tolls not connected with University Travel. Reimbursement may not exceed \$150.
- Meal allowance (normally provided when an "exempt" employee is required to work two or more hours over regular time; the rate at date of publication is \$10. See the HR policies online at www.nyu.edu/hr for more information)
- Incidental office expenses

Expenses that must NOT be reimbursed from the petty cash fund include, but are not limited to:

- All employee travel advances and reimbursements must be processed through AP Workflow. Per diem allowances are not reimbursed through the petty cash fund.
- Expenses that do not comply with the Business Expenses Policy and Expense Reimbursement Policy of the University (e.g., personal expenses, any fraudulent and illegal expense, expenses that will be reimbursed from another source).
- Student related purchases in excess of \$150 per order (reimbursements for such purchases must be processed through AP Workflow). A student has the alternative to complete the EXP2000S form for expenses up to \$300. This form will be taken to the Office of the Bursar. The student must present a valid student id with the request.

The Petty cash Fund may not be used to cash checks of any kind or to grant salary advances to University personnel.

Procedure

Custodian Responsibilities

1. The Custodian is responsible for the security of the fund. He/She must ensure that the fund is kept in either a locked box stored in a locked cabinet or safe to which only he/she has access.
2. The Custodian is responsible for the management and disbursement of the fund according to applicable policies of the University. He/She must apply the documentation and approval rules of the University that govern business expenses and expense reimbursement, and must keep adequate records substantiating disbursements he/she makes from the fund.
3. The Custodian must keep a log of all petty cash transactions and use this log when reconciling and replenishing the fund.
4. **The Custodian must complete a reconciliation report and confirm possession of the fund to their Fiscal Officer each month. The report must be signed by both and be kept on file with the log; both report and log must be readily available for General and Restricted Accounting or Internal Audit review. General and Restricted Accounting and Internal Audit will perform unannounced examinations of the report, log, and fund at random.**

5. In case of minor discrepancies (or when receipts and cash on hand do not reconcile), the Custodian must inform the Fiscal Officer and General and Restricted Accounting. **Inquiries from General and Restricted Accounting should be responded to in a timely fashion. Unresolved reconciling items will result in suspension of the fund.**

Note: In case of major discrepancies, refer to Lost or Stolen Petty Cash Fund within this document.

Fiscal Officers Responsibility

It is the responsibility of the Fiscal Officer to submit a PDF of the reconciliation reports to General and Restricted Accounting each December, April and August. Any funds for which reconciliation is not received after an initial follow up request will be suspended.

On an annual basis, General and Restricted Accounting will send confirmations to each Fiscal Officer requesting confirmation of the amount and custodian of each fund. Funds will not be available for replenishment for those funds whose confirmations were not returned to General and Restricted Accounting.

Establishing a Petty cash Fund - To establish a petty cash fund for an academic or administrative unit, do the following:

1. Complete the **Form for Petty Cash Funds -- EXP2000P**
<http://www.nyu.edu/financial.services/cdv/pdf/EXP2000P.pdf> and
2. **Form to Request to Establish a Petty Cash Fund – EXP2000Pa**
<http://www.nyu.edu/financial.services/cdv/pdf/EXP2000Pa.pdf>

Both forms must be completed before documents will be reviewed.

Submit both forms in PDF to General and Restricted Accounting at the Controller's Division.

The Custodian named on the form will be notified if the request has been approved. The Controller evaluates the purpose for which the fund is established, the appropriateness of the amount being requested, measures taken to safeguard the fund, etc.

Note: Only permanent employees of the University may be designated as Custodian or Alternate Custodian.

To obtain the cash for the fund, the Custodian must present both approved forms to the Office of the Bursar. The Office of the Bursar requires Fund Custodians to present a valid NYU identification card to process transactions.

Maintaining a Petty cash Fund - The petty cash fund is the property of the University and must be used in accordance with its applicable policies. It must be under the control solely of the Custodian named on the request form or, in his/her absence, the Alternate Custodian also identified on the form. In the absence of both, any individual who assumes management of the fund on a temporary basis becomes the Fund Custodian. General and Restricted Accounting must be notified immediately, using the appropriate form (See Changing Fund Custodian), when the Custodian and Alternate Custodian are unable to fulfill their duties.

Due to the nature of minor expenditures reimbursed through the petty cash fund, the University does not require an Expense Reimbursement Form (EXP2000P) to be completed for every request submitted to the Fund Custodian. Form EXP2000P is necessary only when reimbursement request is submitted to the Office of the Bursar. Minor expenditures are reported together by the Fund Custodian on Form EXP2000P when replenishment needs to be processed through the Bursar. This form is reviewed by the Approver to verify that expenses paid from the petty cash fund are valid and permissible.

Authorization - The approval and authorization requirements for petty cash transactions follow the policy of the University for Expense Reimbursement, which provides that the Approver and the Payee cannot be the same individual. Also, no individual may request a subordinate to approve a request for reimbursement.

Documentation Requirements - The documentation requirements for petty cash fund transactions reflect the University's policy on expense reimbursement. Any expense that is paid using University funds must be justified as well as properly documented. See the Expense Reimbursement Policy of the University for specific requirements and guidelines. All items that do not have a receipt, and are under \$25.00 must be documented on the EXP2000P form when replenishment is requested.

Reconciliation and Replenishment of the Fund - When the petty cash fund requires replenishment, the Custodian must:

1. Reconcile the receipts of transactions paid from the fund with the cash on hand;
2. Complete an Expense Reimbursement Form (EXP2000P) to report all expenses incurred and paid from the fund;
3. Attach to the completed Form EXP2000P, all receipts and other documentation that were submitted with the requests for reimbursement. For those reimbursements where a receipt does not exist and the amount is under \$25.00, include an explanation on the EXP2000P for that item.
4. Submit to the Fiscal Officer for review and approval; and,
5. Take the approved Form EXP2000P with the attachments, in person, to the Office of the Bursar.

Every month, the Custodian must perform a reconciliation of the petty cash fund and provide a report to the Fiscal Officer for review and approval.

Increasing a Fund - To increase the amount of a petty cash fund, the Approver should complete both the EXP2000P and EXP2000Pa forms, indicating the “Z” number for the existing fund and the amount the fund is to increase.

Decreasing a Fund - To decrease the amount of the petty cash fund, the Approver must:

- Complete an EXP2000P form and take the form and the excess funding to the Bursar for deposit, including an explanation of why the fund is being decreased or closed to the Banking Window in the Office of the Bursar.
- Send a copy of the EXP2000P, a fund reconciliation, and proof of deposit to General and Restricted Accounting.

Terminating a Fund - When terminating a fund, the Custodian must ensure that the following are satisfied:

- outstanding requests are paid;
- receipts and cash on hand are reconciled;
- all logs and reconciliation records are on file in case of audit review;
- An EXP2000P form is completed and the funds are deposited with the Bursar.
- General and Restricted Accounting is notified in writing and provided with a copy of the final EXP2000P form, the final reconciliation form, and the record of the deposit (stamped copy of the “Transmittal for Funds to be Deposited”) made at the Bursar’s Office.

When a petty cash fund is inactive for six months, the fund will be suspended.

Changing the Custodian/ Alternate Custodian - In case of the Custodian’s absence, the individual named as Alternate Custodian on the *Request to Establish a Petty Cash Fund* form should assume management of the fund. If either the Custodian or Alternate Custodian is no longer available to manage the petty cash fund a *Petty Cash Fund Transfer of Custodial Responsibilities* form must be completed and sent to General and Restricted Accounting.

Lost or Stolen Petty cash Fund - In the event of theft or loss of the petty cash fund, the University’s Public Safety and Internal Audit departments must be immediately notified (General and Restricted Accounting will be notified by Internal Audit). An investigation will be conducted.

Record Retention - Please refer to the Expense Reimbursement Policy

Non-Compliance with the above policies will result in suspension of the Petty Cash Fund.

Contacts - Direct any general questions about the University's Petty Cash Funds Policy to your academic or administrative Fiscal Officers. If you have additional questions, relating to Petty Cash Funds, please contact:

Policy Clarification, Custodian Responsibilities, Establishing, Increasing, Reducing or Terminating a Petty cash Fund

Academic or Administrative unit representative in General & Restricted Accounting,
Controller's Division

Loss or Theft of Petty cash Fund

Public Safety
Internal Audit

Reimbursement of Petty Cash Expenses Charged to Sponsored Programs

Academic or administrative unit representative in Office of Sponsored Programs Accounting

Replenishing a Petty cash Fund

Office of the Bursar, 25 West 4th Street

All questions relating to School of Medicine Petty Cash funds should be directed to the NYULMC Controller's Office.