

Petty Cash

Category: Finance	Policy Number: 2007	Effective Date: 88-06-28	Related Policies:
Approved By: Administration	Maintained By: Chief Financial Officer	Amended: 98-03-16 03-06-19	Review Due: 04-06-19

In order to decrease the administrative costs and to expedite the process of handling minor purchases, a department may be authorized to operate a Petty Cash Fund.

These funds should be used for non-capital expenditures where it is expedient and efficient to pay cash and where the cost is less than \$250.00. An employee should pay with his/her own funds, and upon presentation of an authorized receipt shall be reimbursed from the petty cash fund.

Due care should be exercised by user departments to avoid frequent small purchases through the use of petty cash, where the use of a purchasing card or the raising of a purchase order to the Purchasing Department would result in more effective purchasing.

Petty Cash Procedures

The following are features of the Petty Cash Fund system as they apply at the Institute.

1. Application for a Petty Cash Fund

A request for a Petty Cash Fund is to be submitted on a Petty Cash Fund Request form, (FIN-88) and is to be signed by the operating unit manager or their designate.

The form shown as (FIN-89) will be completed on issuance of the **FIRST** cheque. The department will be informed when this cheque is available and the custodian will be supplied with all necessary forms, policies and procedures regarding petty cash.

- Depending on the volume of transactions handled by the department, the fund will be in a fixed amount sufficient to cover these transactions. ie. \$50.00 to \$400.00 maximum.

This amount is requested by the department and approved by the Chief Financial Officer on the form shown as (FIN-88).

3. An employee's receipt for reimbursement must show the full details on the transaction:
 - a. Generally, it will be in the form of a receipted invoice, sales slip or cash register slip. When the sales slip is a carbon copy, it must show an original rather than a copied signature or an original receipt stamp impression which is initiated.
 - b. Postal Money Order receipts or Bank Draft receipts are acceptable only if stapled to the original copy of the invoice for which payment was remitted.
 - c. **ALL** employees' receipts for reimbursement **MUST** be attached to a BCIT Petty Cash Receipt (FIN-87) and details of purchase must be shown thereon.
 - d. Statements from suppliers showing account balances and packing slips are **NOT** acceptable.

4. Employees are encouraged to seek advice from the Accounts Payable Supervisor prior to making questionable payments from Petty Cash.

The following types of payments are specifically **PROHIBITED**. (It is the responsibility of the custodian to collect **PROHIBITED** reimbursements.)

- a. Overtime meal allowance. These payments are processed through the payroll system.
- b. Personal items. ie. baby-sitting, business bags, briefcases, thesis costs, typewriter rentals, seminar or course fees.
- c. Meals, Entertainment, Honorarium Payments, Professional Development, and Travel Expenses, (other than local mileage and/or occasional parking costs) and personal office expenses e.g. cakes/flowers etc.

Reimbursements for these expenses must be requested on the properly authorized Travel Expense forms available from the Financial Services Department, in order to ensure sufficient data is collected to comply with requirements of the annual Province of B.C. Financial Information Act report.

The only exception to this policy is reimbursement for occasional local mileage and parking expenses. Reimbursement for these exceptions must also be requested on the properly authorized Travel Expense forms, even though payment will be processed through petty cash.

- d. Purchase of Software
- e. Purchase of Capital Equipment

Should it be necessary to **REFUSE REPLENISHMENT** of petty cash used for payments prohibited under this policy, the custodian will be responsible for collection of the payment in question.

- 5. Petty Cash funds are **NOT** to be used for cashing personal cheques or the making of loans or advances.
- 6. Expenditures are to be recorded immediately on a Petty Cash Replenishment form (FIN-20). Since this sheet is a historical record of expenditures, it is to be kept separate from the cash box for security reasons.
- 7. Payments may be made from the Fund on behalf of Current Restricted Fund accounts as well as on behalf of departmental accounts. In these instances, the receipts or Petty Cash Replenishment form must bear the approval signatures of the Administrator of the Current Restricted Fund Account.
- 8. All Petty Cash Funds are subject to audit by the Chief Financial Officer or designate and by the Institute's Auditors.
- 9. Periodically, and preferably at least once a month, the Petty Cash Replenishment Request form is to be submitted, with the receipts attached, to the Accounts Payable Department in the Financial Services Department for reimbursement.

A duplicate copy of the Replenishment form is to be retained by the department for reference purposes.

It is not necessary to expend the entire fund before reimbursement is requested. However, the custodian must ensure that the dollar value of the Replenishment form and the monies remaining in the cash box equals the value of his/her petty cash fund.

All receipts held at March 31 must be submitted for reimbursement on the first day of business following in April.

- 10. The space "Authorized Signature" at the lower right-hand corner of the Petty Cash Replenishment form is to be signed by the head of the department, or the budget unit manager who requested the fund, who shall not be the holder or custodian of the fund.

11. Safeguarding of Petty Cash

The custodian is responsible for safeguarding petty cash and should ensure that the cash box (obtainable from the Purchasing Department) is locked when not in use. It must be placed in a locked desk, filing cabinet or safe when not attended.

Thefts of petty cash funds are to be reported to Campus Security and the Chief Financial Officer immediately. The custodian is responsible for all losses attributed to negligence on his/her part.

Under **NO** circumstances shall petty cash funds be kept in a bank account.

12. Transfer of Petty Cash Fund

When funds are to be transferred from one custodian to another, the new custodian shall verify the amount of petty cash in the department, complete a Petty Cash Replenishment form (FIN-20) and a Petty Cash Release Form (FIN-90). These forms must be presented to the head of the department for approval and forwarded to the Financial Services Department.

The petty cash fund should be transferred when the custodian is on vacation, extended sick leave, transfers from the department or terminates employment at the Institute.

The form shown as (FIN-89) will be completed upon issuance of the **FIRST** cheque to the new custodian.

13. Return of Petty Cash Fund

If a custodian of a petty cash fund terminates employment with the Institute and there is no one to accept responsibility for the Petty Cash, (as provided under #13) the money must be returned to the Revenue Department in Financial Services. If there is a slack period during the year when the Petty Cash Fund is not being used, the money should be returned and drawn again when required.

Upon receipt of these monies, the Financial Services Revenue Department will complete a receipt (FIN-91) summarizing the amount returned. The department should retain this receipt for their records.