



Petty Cash

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Category:	Finance and Supply Management
Department Responsible:	Financial Services
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Objectives

Departments operate petty cash funds to facilitate minor expenses of an incidental nature, not exceeding \$250 per item.

This procedure describes the responsibilities and processes for establishing and managing a departmental petty cash fund, and the process for employees to follow in making or paying out minor expense claims.

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Who does this procedure apply to?

This procedure applies to all BCIT Employees.

Related BCIT Policies and Guidelines

- 2002, General Expenditures
- 2003, Purchase of Operating Goods and Services
- 2004, Capital Asset
- 2005, Travel and Professional Development Expense Reimbursement
- Hospitality and Employee Appreciation Guidelines

Conditions

1. *Custodian required*

The department manager designates a custodian to safeguard and handle the department's petty cash fund.

2. *Audit*

All petty cash funds are subject to audit by the Vice President, Administration and CFO or designate and by the Institute's auditors.

3. *Demonstrated need for the fund*

BCIT offers a number of alternatives for the purchase of goods and services. These include the purchasing process (web requisition) as well as self-serve options such as purchasing card, online ordering (Staples and BCIT Central Stores), and petty cash. Given the relatively low dollar threshold, petty cash may not be the best option for departmental purchases. Use of the petty cash fund is monitored by Accounts Payable staff. Those funds that are used infrequently (i.e. replenished fewer than three times a year) may be reduced or removed by the Vice President, Administration and CFO or designate.

4. *Non-reimbursable items*

Financial Services denies replenishment of petty cash for ineligible purchases. The custodian is responsible for collecting back any such payment made in error, and guides the claimant to the correct expense claim procedure.

Questions relating to reliable payments may be directed to the Accounts Payable Supervisor prior to disbursement.

BCIT does not reimburse for personal items. Please refer to BCIT's Hospitality and Employee Appreciation Guidelines.

The following reimbursable expenses are not reimbursed through petty cash:

- Office supplies. Purchase of office supplies can be made through the online ordering process with either BCIT's contracted supplier or Central Stores.
- Photocopying.
- Overtime meal allowance. These payments are processed through the payroll system.
- Professional development and travel expenses. Reimbursements for these expenses are requested on an authorized Travel Expense form (Fin-21).
- Purchases of software and software licenses. Purchase of software and related licenses can be made using BCIT's purchasing process (web requisition).
- Professional Services. The RTUNES (Request to Use Non-Employee Services) process, via the Labour Relations Department, is used.
- Gift cards and gift certificates.
- Social events deemed to be personal in nature. This includes celebrations of birthdays, weddings, births, showers or other similar functions.
- Expressions of sympathy, including flowers, cards, and donations made for bereavements.
- Donations to charities for any reason.
- Purchase of flowers for any reason.

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A Department's Role in Establishing and Managing its Petty Cash Fund

1. *Appoint a custodian*

The department's budget unit manager designates an employee within the department to act as custodian, who safeguards and handles the department's petty cash fund. The custodian should not be the unit manager who requests the fund.

2. *Determine the needed size for the fund*

Depending on the volume of transactions handled by the department, the fund is supplied with an amount of money sufficient to cover the department needs for one to two months. Funds range between \$50.00 and \$1000.00. The size of the fund is reviewed periodically.

3. *Apply for a department petty cash fund*

- The custodian completes a Petty Cash Fund Request (FIN-88), indicating the needed fund amount. The department's operating unit manager or designate signs the form.
- The custodian submits the form to Financial Services.
- The Director, Financial Services approves the request.
- Financial Services completes the First Petty Cash Release (FIN-89) when it issues the first petty cash funds.
- Financial Services informs the applicant department when the funds are available, and supplies the custodian with all necessary forms and procedures.
- At any time the department needs to increase its petty cash fund, the custodian completes another Fin-88 and submits it to the Director of Finance for approval.

4. *Replenish the petty cash fund periodically*

At least once a month, the custodian submits the Petty Cash Replenishment Request (Fin-20), with the receipts attached, to Accounts Payable in Financial Services for replenishment. The department retains a duplicate copy of Fin-20 for reference purposes for a period of one year.

It is not necessary to expend the entire fund before requesting replenishment. The custodian ensures that the dollar value of the Replenishment Request together with the monies remaining in the cash box equal the value of the petty cash fund.

The budget unit manager who requested the fund authorizes the Petty Cash Replenishment Request (FIN-20).

Custodian Responsibilities

1. *Safeguarding of petty cash*

The custodian is responsible for safeguarding petty cash and ensures that the cash box is locked, and stored in a secure, locked area when not attended. The custodian reports thefts of petty cash funds immediately to the Director, Safety, Security, and Emergency Management, Financial Services Administrator and the Accounts Payable Supervisor.

Note: No petty cash funds may be kept in a bank account.

2. *Transfer of petty cash fund*

When funds are to be transferred from one custodian to another, the new

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custodian verifies the amount of petty cash in the department, and completes the Petty Cash Replenishment Request (FIN-20) and a Petty Cash Release (FIN- 90). These forms are presented to the budget unit manager for approval and forwarded to Financial Services.

The petty cash fund is transferred on a temporary basis when the custodian is on vacation or extended sick leave. Custodians are re-assigned when a petty cash custodian transfers from the department or at termination of his or her employment.

3. Return of petty cash fund

All monies are to be returned to the Accounts Payable Supervisor in Financial Services if:

- There's a slack period during the year when the petty cash fund is not being used (department draws again if required)
- A custodian of a petty cash fund terminates employment with the Institute and there is no one to accept responsibility for the petty cash.
- The petty cash fund remains dormant, with no monies being paid out, for a period of nine months (a memo of cancellation must accompany the last replenishment).

Financial Services Accounts Payable Department completes a receipt (FIN-91) summarizing the amount returned. The department retains this receipt for its records.

4. Year End Preparation

Prior to March 31 the custodian must complete their final reimbursement into Accounts Payable by posted deadline.

The custodian will be sent a Year End letter from the Director of Financial Services requesting confirmation. This letter must be signed and submitted to the Financial Services Administrator by posted deadline.

Reimbursement Process

1. Reimbursement to the employee

The employee attaches the receipt(s) to a BCIT Petty Cash Receipt form (FIN-87). The receipt shows the full details of the transaction, as indicated below.

- The receipt is original (not a copy), and must be in the form of a receipted invoice, sales slip or cash register slip, and the method of payment is made clear. If debit cards and credit cards are used, the receipt shows the last four digits of the card number.
- If payment is by a postal money order or bank draft, the receipt is stapled to the original copy of the invoice for the purchased item.
- BCIT does not accept statements from suppliers showing account balances, or packing slips as petty cash receipts.
- BCIT does not reimburse for lost receipts.

2. Recording reimbursements

The custodian records expenditure reimbursements on a Petty Cash Replenishment Request (FIN-20). Since this form is a historical record of expenditures, the custodian keeps it separate from the cash box for security reasons. The custodian submits the completed form to Financial Services regularly.

Procedure**The Accounts Payable Department's Role in Replenishing the Petty Cash Fund**

1. Accounts Payable reimburses in cash.
2. When Accounts Payable receives the Petty Cash Replenishment Request, an Accounts Payable clerk enters the expenses into the Banner system.
3. An Accounts Payable clerk sends the petty cash custodian an email message with a document indicating that their petty cash fund is ready to be picked up. Custodians may pick up petty cash funds only on Wednesdays.
4. When the petty cash custodian is at Accounts Payable, the money is counted out in front of them, and the custodian signs the document that was emailed to them for the funds they requested.
5. Accounts Payable retains this document for use when Accounts Payable's own fund needs to be replenished.

Forms Associated With This Procedure

Fin-20	Petty Cash Replenishment Request
Fin-21	Travel Expense
Fin-87	Petty Cash Receipt
Fin-88	Petty Cash Fund Request
Fin-89	First Petty Cash Release
Fin-90	Petty Cash Release
Fin-91	Receipt

Amendment History

This procedure replaces the previous Policy 2007, Petty Cash.

1. Created 2011 Apr 05
2. Revision 1 2016 Sep 30

Scheduled Review Date

2021 Sep 30