

Policy 2815
Petty Cash Funds

Responsible Office	Treasury Services	Effective Date	9/1/99
Responsible Official	Controller	Last Revision	4/8/10

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Scope

This policy provides guidance for the authorization, establishment and maintenance of petty cash funds, including appropriate uses and security standards.

Policy Statement

The University maintains a series of petty cash funds to allow for the reimbursement of appropriate business expenses in an efficient and cost effective manner. The overall oversight of these funds is the responsibility of Treasury Services, which authorizes their establishment or modification. Each approved petty cash fund will have a custodian, who is responsible for reconciling the fund on a regular basis, maintaining required records regarding disbursements that have been made from the fund, and replenishing the fund within the approved level for the fund.

Business expenses authorized in accordance with relevant University policies may be reimbursed from petty cash funds. Expense reimbursements may be made to Yale affiliates with valid Yale University identification cards as set forth in this policy. Expenses that are reportable to the IRS or subject to income tax withholding may not be reimbursed through petty cash.

Vouchers and receipts that are older than 90 days will not be reimbursed. All exceptions must be approved by the Controller or by a designee. To ensure proper balancing of the petty cash fund, these funds cannot be combined with any other funds.

Reason for the Policy

The policy promotes the appropriate use of petty cash and observance of internal controls over petty cash funds in order to minimize the University's risk of financial loss.

Definitions

Cash drawer

A petty cash fund maintained by a department for the purpose of making change at a retail sales unit or medical clinic.

Cashier fund

A petty cash fund maintained by a University cashier for the purpose of disbursing approved reimbursements to Yale affiliates.

Custodian

An employee designated as responsible for the management and safekeeping of a petty cash fund.

Reimbursable expense

A University business expense substantiated in accordance with University Policy.

Specialized petty cash fund

An authorized petty cash fund administered by a named custodian for use by one department or organization for a specified purpose.

Yale affiliates

Individuals who have an association with the University (e.g., employees, students, postdoctoral fellows) and who also have been issued a current Yale University identification card.

Policy Sections

2815.1 General Principles

Cashier Funds

Cashier funds are funds maintained by University cashiers for the purpose of disbursing approved reimbursements to Yale affiliates. Cashier funds are available for expense reimbursements that total \$300 or less, including travel expenses, mileage, business meals or the purchase of low-cost goods that cannot efficiently be accomplished by other methods (see section 2815.2).

Yale affiliates presenting an approved petty cash voucher accompanied by appropriate documentation and a valid Yale University identification card may receive reimbursements at University cashier stations. Individuals who are not Yale affiliates and do not have a valid Yale University identification card will not be issued payment at cashier stations. Qualifying payments from cashier funds for such persons (as specified in section 2815.2) must be picked up by an individual who is a Yale affiliate with a valid Yale identification card.

Departments may accumulate multiple vouchers before submitting them at one time to the Cashier. Individual voucher cannot exceed \$300 and the total dollar amount of the accumulated vouchers cannot exceed \$600 per day, without the approval of the Treasury Manager at Treasury Services. Individual petty cash vouchers for payment of study subjects cannot exceed \$500 in cash. All cashier funds must be reconciled daily to ensure the integrity of the fund balance.

Specialized Petty Cash Funds

A specialized petty cash fund is a fund administered by a named custodian for use by one department, business support center or other Yale organization for a specified purpose. The custodian is responsible for safeguarding petty cash funds under his or her control. Each specialized petty cash fund must be reconciled no less than once a month.

Specialized petty cash funds may only be established for the following authorized purposes:

- For qualifying payments to human participants engaged in research activities, subject to specific procedures;
- For use in the residential colleges;
- For use by Yale organizations that are located off campus;
- For use by after-hour facilities;
- For providing cash drawers;
- For establishing funds deposited at external financial institutions;
- For use by departments not located near a cashier fund;
- For use by students on Yale projects.

The department custodian is responsible for ensuring that all disbursements from the petty cash fund are in accordance with University policy. A department administrator other than the fund custodian should periodically review disbursements made from the fund for appropriateness and proper documentation.

2815.2 Guidelines for Reimbursements from Petty Cash Funds

Petty cash is an important payment vehicle for small dollar items, but is frequently not the most cost effective way to purchase these goods and services. Business managers are encouraged to consider the total cost of transactions when using petty cash. A purchasing card or University-wide vendor contract may be more effective.

Certain types of expenses require tax reporting, income withholding, or are not allowed by federal immigration laws. These expenses are included below in the list of transactions that may not be processed using petty cash:

- payment of salary or wages, honoraria and other payments for services that are subject to reporting and withholding as taxable income;
- personal check cashing or personal cash advances;
- expenditures of more than \$300 per petty cash voucher;
- expenditures of more than \$500 in cash per study participant petty cash voucher
- personal expenditures or borrowings in any amount by the fund custodian or staff are strictly prohibited.

When processing a reimbursement request for an individual who is neither a U.S. citizen nor U.S. permanent resident, please refer to the [International Tax Office](#) website for information about the additional required documentation. The documentation requirements for petty cash reimbursements are the same for reimbursements processed through Accounts Payable.

Expenditures that are eligible for reimbursement through petty cash but are not allowable by sponsored programs (such as the purchase of alcoholic beverages) must be segregated in unallowable expenditure types and not charged to a grant or contract.

Requests for payment from a petty cash fund must be approved by a department authorizer other than the payee and must be accompanied by receipts and other documentation as specified by University policy and guidelines for [Supporting Documentation for Business Expenses](#).

2815.3 Establishing Petty Cash Funds

Cashier Funds

All cashier funds are established as ancillary components of University cashiering stations. The establishment of both University cashiering stations and cashier funds must be authorized by Treasury Services, subject to approval by the Controller.

Specialized Petty Cash Fund

All specialized petty cash funds must be authorized by Treasury Services. Any department, business support center or other Yale organization that wishes to establish a specialized petty cash fund must demonstrate a need to do so for one of the reasons stated in section 2815.1. Requests for establishment or increase of a fund must be submitted on the appropriate form and must be approved by the department business manager or other department administrator with appropriate fiscal responsibility.

2815.4 Security

Fund custodians are responsible for the safekeeping of the funds under their control. All petty cash funds should be stored in a secured device that is:

- 1) locked,
- 2) fireproof, and
- 3) immovable (for funds of \$500 or more)

Funds should never be left unattended and unsecured. In the event funds are lost or stolen, the custodian must contact Yale University Police to file a police report and must immediately notify Treasury Services of the loss. Treasury Services should notify the auditing department immediately. Any funds missing from petty cash will be charged to the responsible department and the custodian may be subject to disciplinary action for any violations of this policy contributing to the loss of funds.

The physical security of all petty cash funds is subject to review by Treasury Services.

2815.5 Custodian Change

If a custodian change is required, a reconciliation of the fund must be performed and submitted to Treasury Services together with outstanding receipts and reimbursement vouchers, and the name of the new designated custodian. The cash remaining in the fund remains in the designated department. All custodians must complete the Petty Cash Training module in TMS.

2815.6 Replenishment of Petty Cash Funds (excludes Human Research Participant Specialized Petty Cash Funds, see section 2815.7 below)

Cashier and specialized petty cash funds will be replenished only in amounts up to the original amount advanced. However, a request for an increase in a specialized fund may be granted if appropriate. Funds may also be reduced if business needs diminish.

All requests for replenishment must be authorized by a department administrator who is not the fund custodian and submitted for approval to Accounts Payable using the appropriate form.

- Personal Funds should never be used as Petty Cash funds.
- All Petty Cash Funds must be processed by Accounts Payable.
- Funds must be replenished at least quarterly, except for cash drawers.

2815.7 Replenishment of Human Research Participant Specialized Petty Cash Funds:

In order to replenish The Human Research Participant specialized petty cash fund, complete form [3417 FR.02 Human Research Study Participant Replenishment/Clearing](#), indicating the amount of the reimbursement and include the required information (Procedure [3417 PR.01 \(3\)](#)).

- Submit the form to either Treasury Services with a valid University ID for cash or to accounts payable for a check
- Replenishment will be disbursed in the form of cash for \$500 or less and travelers checks for amounts greater than \$500 at Treasury Services or replenishment in the form of a check payable to the PI or designee through Accounts payable.
- The specialized petty cash fund must be reconciled, replenished or cleared monthly.

2815.8 Closing Petty Cash Funds

A cashier fund will only be closed if the University cashiering station to which it belongs is closed. Such closures must be authorized by Treasury Services.

A specialized petty cash fund must be closed immediately if the purpose for which the fund was established ceases to exist or changes significantly, or if the fund has been inactive for one year. If a fund custodian terminates employment at the University, the fund must be closed or a new custodian must be appointed as set forth in section 2815.6.

In order to close a fund, a final reconciliation, approved by both the custodian and a department administrator (or designee), must be submitted to Treasury Services accompanied by all remaining cash and required documents as specified in Procedure [2815 PR.4](#) Closing a Specialized Petty Cash Fund.

Treasury Services may, at its discretion, close a specialized petty cash fund in the event of mismanagement, misuse of funds or other violation of this policy.

2815.9 Record Retention

Treasury Services and Accounts Payable must retain petty cash replenishment requests, with original vouchers and receipts attached, for seven years. Refer to [Policy 1105](#) Retention of University Financial Records for more information.

2815.10 Quality Assurance and Audit

All petty cash funds are subject to periodic quality assurance reviews by Treasury Services. In addition, the University Auditing Department may conduct audits of petty cash funds.

Procedures

Procedure [2815 PR.1](#) Requesting a Specialized Petty Cash Fund

Procedure [2815 PR.2](#) Administering a Specialized Petty Cash

Procedure [2815 PR.3](#) Changing the Custodian of a Specialized Petty Cash Fund

Procedure [2815 PR.4](#) Closing a Specialized Petty Cash Fund

Procedure [3417 PR.01](#) Human Research Participant Remuneration

Related Information

Policy [1105](#) Retention of University Financial Records

Policy [3201](#) General Purchasing Policy

[Policy 3301](#) Traveling on University Business

[Policy 3302](#) Business Meals, Entertainment and other Social Events

Policy [3401](#) General Payment Policy

Policy [3415](#) Payments to Individuals Who Are Neither Citizens nor Permanent Residents of the U.S.

[Supporting Documentation for Business Expenses](#)

Contacts

Subject	Contact	Phone
Establishing/closing specialized petty cash funds, interpretation of policy	University Treasury Manager	432-4474
Petty cash fund replenishment	Manager of Accounts Payable	432-2053

Roles and Responsibilities

Accounts Payable

Provides appropriate replenishment of all University petty cash funds based on reconciliation of Petty Cash balance and activity.

Controller's Office

Responsible for overall reconciliation of petty cash funds in the General Ledger; approves establishment of University cashing stations and cashier funds.

Department Administrator

Authorizes petty cash replenishment requests and performs periodic checks of disbursements from the fund to ensure adherence to University policy and other applicable regulations.

Petty Cash Fund Custodian

- Performs monthly reconciliation of the fund and maintains adequate control over it;
- Closes the fund immediately if the purpose for which it was established ends or changes significantly;
- Maintains the fund securely as specified in this policy;
- Requests appropriate replenishment of the fund.

Treasury Services

Responsible for the establishment, oversight and administration of petty cash funds.

University Cashier

Performs daily reconciliation of cashier fund and maintains control over it; maintains cashier fund securely as specified in this policy; and requests appropriate replenishment of the fund.

Revision History

Policy first issued 9/1/99; supercedes TOM 306 dated 10/10/81, revised 4/8/10.

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