

Complete Policy Title: <b>Administration of Petty Cash Funds</b>	Policy Number (if applicable):
Approved by: <b>Controller, Financial Affairs</b>	Date of Most Recent Approval: <b>April 2024</b>
Date of Original Approval(s): <b>April 1997</b>	Supersedes/Amends Policy dated: <b>February 2000; March 2002; August 2008; November 2013; April 2014; March 2015</b>
Responsible Executive: <b>Controller, Financial Affairs</b>	Enquiries: <a href="#"><b>Financial Affairs</b></a>
<b>DISCLAIMER:</b> <i>If there is a Discrepancy between this electronic policy and the written copy held by the policyowner, the written copy prevails</i>	

## POLICY

Petty Cash floats are issued to departments to enable them to process University-related expenditures (including travel reimbursements and expense reimbursements to research subjects) up to \$100 as efficiently as possible. Due to the large volume of purchases involving petty cash, it is important that departments understand the procedures and their responsibilities.

1. Annually, Financial Affairs will confirm the amount of their float with various petty cash holders via a written and signed confirmation. A Petty Cash Balancing Sheet and Petty Cash Expense Report will be required to substantiate the composition of funds in the custody of the Imprest Holder as of the date of signing the confirmation.
2. When a new employee is hired into a position where there is a petty cash float, the float must be balanced and transferred to the new employee. A Change of Petty Cash Imprest Holder Application form and Petty Cash Balancing Sheet must be completed and submitted to Financial Affairs. These forms are available on the [Financial Affairs website](#).
3. When a petty cash fund is being closed, the petty cash float must be balanced, the department/project/program will be charged for any expenditure made from the float and the excess cash returned to Financial Affairs. This process ensures that all petty cash funds are accounted for.
4. Stolen or missing funds from petty cash floats must be reported to campus Security Services and Accounting & Financial Reporting and the loss will be charged to the department.
5. Petty cash reimbursements will be reviewed on a random basis by a Signing Officer of the University and/or an internal auditor. Any problems found will be discussed with the Imprest Fund Holder. Repeated offences may result in the petty cash fund being revoked.
6. No I.O.U.s of any kind may be paid from the petty cash funds.
7. No personal cheques may be cashed through petty cash funds.

8. Funds from other sources (e.g. funds received from the department's operations or activities) must not be added to the petty cash fund. They must be deposited with Financial Affairs in accordance with the [Cash Control Policy](#).
9. Payments for wages (part-time or overtime), consultants, honoraria, research participant fees, over-the-counter medicines (e.g., Tylenol) and non-business-related expenses cannot be paid from the petty cash fund.
10. A cash count and reconciliation of each individual petty cash fund should be conducted on a periodic basis. The reconciliation should be reviewed and approved by the Department Approver.
11. It is the responsibility of the Imprest Holder to determine the level of Petty Cash Fund that they require, with due consideration to the turnaround time required to replenish their float. Funds deemed higher than the needs of the department may be returned to the Cashiers. Likewise, an Application for Petty Cash form may be submitted if the level of existing float warrants an increase in fund.

## PROCEDURES

1. When establishing or increasing a petty cash float, an Application for Petty Cash Fund or Increase in [Petty Cash form](#) must be completed. The form must be signed by the holder of the float (i.e. the Imprest Fund Holder who must be a McMaster University employee) and the departmental approver (i.e. the individual responsible for the department where the transactions will be charged).
2. Upon approval of the Application for Petty Cash form, a Non-PO Voucher will be created in the name of the Imprest Fund Holder – Petty Cash. Accounts Payable will mail the Petty Cash cheque to the Imprest Fund Holder, who in turn will cash the cheque. Proceeds of the cheque should be securely kept in a locked cash box.
3. A record of expenditures must be maintained on a Petty Cash Expense Report Form. All expenditures must be supported by vouchers, receipts, paid invoices or by the signature of the payee on the Expense form. This form and guidelines for filling it out are available [here](#).
4. Persons requiring reimbursement from the petty cash fund must submit and sign a receipt or other appropriate documentation to confirm receipt of the cash to the petty cash fund holder before reimbursement is made. If the reimbursements are being made to a research subject, all confidential information must be maintained in a secure fashion in the department (for audit) and referenced on the reimbursement sheet.
5. No expenditures over \$100 will be reimbursed from the petty cash fund, unless authorized by the Controller.
6. Periodically, the petty cash fund must be replenished as follows:
  - a. The Total in the "expense" column on the Petty Cash Expense Report form should not exceed the total amount of the petty cash fund. Also, it is important that pennies are rounded to the nearest nickel.
  - b. Sign the Petty Cash Expense Report and obtain any necessary approvals.
  - c. Complete a Petty Cash Balancing Sheet.

d. Prepare a Non PO Voucher in the name of the Imprest Fund Holder (adding the phrase –'Petty Cash' to the payee name, i.e.. John Smith – petty cash).

i. For **ON CAMPUS**, please use the following format:

Name of Payee-Petty Cash<sup>1</sup>

Address 1 = Department

Address 2 = Building and Room number

City = CAMPUS

**Important Notes:**

- **Do not add Province or Postal Code**
- **E-mail ID must be completed**
- **You will receive a warning about the missing province and postal code→ acknowledge the warning and proceed**

ii. For **OFF CAMPUS**, Imprest Fund Holders will be reimbursed by cheque made payable in their name. The cheque must be taken to the bank to be cashed. Please use the following format:

Payee + Imprest Fund Holder – petty cash

Address 1 = Entity name and Department name

Address 2 = Building (ie. Hospital), street # and street name, Room #

City and postal code = City, province, postal code (only for cheques not being delivered through inter-office mail)

Important Note: In the PeopleSoft system, the city, province and postal code are on separate address lines; however, these items print on one line on the cheque.

e. Scan the original Petty Cash Expense Report along with the vouchers, receipts, paid invoices and Petty Cash Balancing Sheet and attach to the Non PO Voucher.

f. Once Accounts Payable has approved the Non PO voucher, an e-mail notification will be received by the Imprest Fund Holder or their delegate (person who prepared the voucher on behalf of the Imprest Fund Holder).

g. For Imprest Fund Holders on campus, Accounts Payable will send an additional e-mail (with a copy to the Accounts Receivable/Cashiers office) of the amount to be reimbursed/picked up from the Cashier's wicket. Please allow approximately 10 days for petty cash replenishments. If deemed necessary, campus Security Services can be arranged at the expense of the department.

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<sup>1</sup> For on campus petty cash reimbursements over \$500.00, it is recommended that the Non PO Voucher be made out to the authorized signing officer in the Accounts Receivable office (i.e., Officer's first and last Name-Petty Cash). Departments need to e-mail [acctrec@mcmaster.ca](mailto:acctrec@mcmaster.ca) to obtain the Officer's name and to provide the preferred cash denominations.

7. If the imprest holder deems that a petty cash account is no longer needed, the petty cash float should be returned to Financial Affairs as follows:

- a. Prepare a voucher for any remaining expenses paid from the float;
- b. *Once the voucher is approved, AP will advise AR and the imprest holder. The imprest holder will advise AR that they intend to close their fund, and AR will request Financial Affairs to create a JE to transfer the voucher amount to 100130. The imprest holder brings any remaining cash float to Accounts Receivable, which will be deposited to 100130. The fund/dept/program, etc for both entries will be the same chart field information used for that petty cash.*
- c. If no expenses were incurred from the float, the imprest holder should deposit the full float amount with the *Accounts Receivable*, using the same chartfield information as for that particular petty cash.