

GEORGETOWN UNIVERSITY



FINANCIAL AFFAIRS MANUAL

Issuing Department: General Accounting Office	Topic: Petty Cash Imprest Accounts and Checking Accounts	Policy # FA 141-10	
New	Revised: December 22, 2010	Supersedes Policy # FA 140-03 and FA 116-03	Effective Date: February 3, 2010

100.01 POLICY: Petty Cash Imprest Accounts

100.02 STATEMENT: This policy covers the creation, administration, reconciling, and closing of a petty cash account.

100.03 APPLICABILITY: This policy applies to all custodians of petty cash accounts, department heads, Accounts Payable, General Accounting Office (GAO), Bursar, and Distribution Services, as well as to all employees who are being reimbursed by their departments with petty cash funds.

100.04 PURPOSE: A department can be approved to establish a petty cash fund for miscellaneous funds for small dollar operational expenditures not applicable to procurement card, purchase order, employee reimbursement or other payment method. Departments must use their petty cash funds to reimburse these miscellaneous expenses only up to the approved per item limit of \$75 per transaction.

Currently the University makes available funding for three 3 types of imprest funds: (1) Traditional Petty Cash for small dollar operational expenses, (2) Imprest checking accounts with established banking institutions, and (3) Change Only Petty Cash funds for vending machine reimbursements or other coin operated machines.

Examples of expenses for which departments may use their funds are as follows: postage, taxi fares, and refreshments for meetings, mileage reimbursement, tolls, parking, and supplies. Alcoholic beverages are allowable for reimbursement through petty cash for amounts up to \$75.00. **PLEASE NOTE: Reimbursement or purchase of items such as clothing, shoes, personal loans are not allowed (these types of expenses are reimbursable through payroll).** Departments should use purchase orders or Expense Vouchers to purchase equipment or personal

services. Each department is responsible for the imprest accounts that have been requested and assigned. Custodians and persons who have authorized signature authority for the department must sign an agreement of responsibility (see attached forms). The original form should be sent to GAO, and a copy should be kept within the department. If the department closes the fund, the full amount of the fund must be returned to the General Accounting Office (GAO). Each department is responsible for maintaining the official records of the imprest fund. These records include the original bank statements (for the imprest bank accounts), copies of reimbursement vouchers with the corresponding backup, copies of reconciliation papers and internal records showing the transaction flow (i.e. money in, money out). Original records must be kept on file.

Imprest Petty Cash Verification forms are used to make custodian or location of fund changes. When there is a change, the petty cash is required to be audited and reconciled by the custodians and is verified and signed by their supervisor. Completed reconciliation and verification forms are submitted to GAO to update information as appropriate.

Each department head who accepts cash or checks for imprest account purposes must ensure that proper cash handling and accounting procedures are followed. Each department using an imprest fund shall maintain documentation on file. This documentation needs to include: cash handling procedures for the department, authorization for each petty cash fund used by the department and records to indicate who has been assigned custody of the department's petty cash fund.

Each imprest checking account requires that a checkbook be used for the purpose of maintaining a permanent record of incoming reimbursement checks. The person reconciling the account needs to sign the reconciliation sheet. Reconciliations must be reviewed and signed by the custodian's supervisor.

Campus CFOs must review petty cash on an annual basis to ensure adequate controls are in place.

100.05 ADMINISTRATION:

Traditional Petty Cash Fund and Cash Only Funds

A. Custodians of petty cash funds - A department head should appoint a custodian to be responsible for the petty cash fund and assign the building and room where the custodian will maintain the fund. The department head and the custodian must be two different employees. The custodian must be a full time employee of Georgetown University. Therefore a temporary employee or student cannot be assigned as a custodian.

B. A department wishing to establish a petty cash fund can get a Voucher Request to Establish a Petty Cash Fund Form from GAO. Completing this form is the only way that the department can establish a petty cash fund. The department requests the amount of petty cash needed. GAO authorizes the amount of petty cash to be issued based on the request made by the department and the amount of petty cash that the department currently has outstanding. The amounts for the petty cash fund are usually between \$300 and \$600. Any request in excess of \$600 requires a written explanation and CFO approval. A safe is required for any petty cash held over \$600.

Only the custodian and the department head are responsible for the physical security of the funds. Normally the aforementioned should have access to the safe or the location where the funds are stored. GAO establishes petty cash funds only for departments with University operating budgets. GAO does not establish petty cash funds for RX cost centers. If a department needs to open a petty cash fund for a grant, contact SAO.

C. Replenishing a petty cash fund - In order to replenish a petty cash fund, the custodian attaches receipts for cash expenditures to a Petty Cash Reimbursement Form. The reason for all expenditures must be specific. "Miscellaneous" is not a specific explanation. Also, the custodian must use the appropriate account codes for each of the expenditures. If the custodian does not have original receipts from employees, the custodian may attach petty cash vouchers signed by the person receiving the funds, on an exception basis only. These petty cash vouchers must contain the date, amount, and reason for the expenditure for each voucher. Custodians of petty cash funds may pick up fund replenishment checks from Distribution Services and cash the checks at the Bursar's Office. Both of these offices are located on the third floor of the Car Barn, 3520 Prospect Street, N.W. All petty cash funds should be counted daily. The department is responsible for any cash missing from this fund. All missing cash is required to be reported to DPS as missing or stolen petty cash. A copy of DPS' report will need to be attached to the request sent to GAO. GAO will charge the department's cost center for any shortages.

D. Reporting the theft of a petty cash fund - If a petty cash fund is stolen (in whole or in part), the department should call the University's Department of Public Safety immediately. Then the department should send a memo to GAO and Internal Audit, together with Public Safety's theft report, stating what happened, indicating the cost center to be charged by GAO (or SAO for RX funds), and the amount stolen. In order to replace stolen funds, GAO must complete an Expense Authorization form with the date, amount stolen, and the specific reason for the request. GAO then sends the form to Accounts Payable for replenishment. If more than one theft occurs, GAO may close the fund.

E. Changing custodian of petty cash - Before a petty cash custodian leaves the University or transfers to another department, a petty cash reconciliation (see appendix on format used to reconcile along with a glossary of terms), along with a Change of Petty Cash Funds Form must be submitted to GAO. Departments must submit a Petty Cash Custodial change form and reconciliations two weeks prior to custodial changes. Both documents must be signed by the former custodian, new custodian and department head. If these processes are not followed, GAO reserves the right to close the account; non-compliance will be reported to Internal Audit for further review of department controls.

F. Increasing petty cash funds - Departments wanting to increase the petty cash amount must submit a Voucher Request to Establish/Increase Petty Cash Fund to GAO. The department must include a detailed explanation for the recommended increase in the amount of the petty cash fund. The department must also include the frequency, length of time (for the department's replenishing the fund) and the number of petty cash accounts currently open. The department must justify the request for the increase with the intended use.

G. Decreasing/Closing petty cash funds - Departments wanting to decrease or close the petty cash fund, must deposit the amount with the Bursar's Office using the account code 01403, the department's cost center and reference number. If you do not know your reference number, contact GAO. Send copy of deposit ticket to GAO for file. If part of the fund balance is receipts, the custodian must send the original receipts to GAO to record expenditures to close the petty cash.

H. Monitoring/Maintaining Petty Cash Funds - GAO sends a notice annually to the department for any changes or corrections (i.e. name of the custodian, custodian's phone number, location, amount, and petty cash account number) to the Petty Cash custodian. However, departments are encourage to provide timely notification of changes in petty cash funds prior to GAO's annual assessment (See also, section E - Changing custodian of petty cash). When GAO receives the notice from the department, they will update the records and file the documents. GAO reserves the right to perform quarterly random audits. Petty cash funds may be closed by GAO if there are unexplained losses/shortages, lack appropriate physical safeguards (e.g., use of a safe for funds greater than \$600), or when departments are not reasonably compliant with this policy.

Imprest Checking Accounts

Imprest funds allow for the immediate purchase of items necessary to a department's operations. A check written to the vendor should be requested from the custodian of the account prior to the purchase. The requesting departments and the Treasurer's Office are responsible for maintaining current signature cards. All signature changes must be sent to the Treasurer's Office for approval. Copies of all correspondence from the bank should be sent to the General Accounting Office.

Steps to open an imprest account:

A. Contact Treasury Operations if a department expresses a need to open a checking account. If Treasury Operations approves the account, they will complete all processes and paperwork necessary in order to establish the bank account.

B. The Treasurer's Office will direct the requesting department to contact GAO for policies and procedures regarding the accounting of the imprest account.

General Information Guidelines

A. Purchases - A purchase log should be kept for all receipts of items purchased. Custodians should update the log every time a purchase receipt is submitted. The receipt log should be compared to the check register. After the purchase has been made, the original purchase receipt should be returned to the custodian. Custodians should update the register at the time of purchase. Receipts have to be for what is purchased and should reflect the cost of the product or

service. At that time, the custodian should verify the receipt amount equals the amount of the check by looking at the check register. Any discrepancies should be resolved immediately. Occasionally, the actual purchase may be less than the check amount. When this happens, the remaining change needs to be returned with the purchase receipt. The custodian should verify that the receipt and change equal the amount of the check. Cash should be deposited as soon as possible, but at least weekly, either directly to the bank or by departmental deposit in the Bursar's Office. Employees should refrain from paying for purchases with a personal check and then submitting receipts for reimbursement from any of the imprest accounts (the petty cash fund, change only petty cash fund or the petty cash checking account).

Note: Purchases made for official University business are tax exempt. A tax exempt certificate should be submitted to the vendor at the time of purchase.

B. Reimbursements - A reimbursement voucher must be prepared to replenish the fund. A voucher must be prepared at least once a month. Each reimbursement voucher must have the original supporting receipts and must be signed by persons with signature authority. Each reimbursement voucher must show the imprest fund ID for the account being reimbursed. Vouchers are made out to the bank and a wire transfer is done to deposit the replenishment directly into the bank account.

C. Reconciling the Account - Departments are responsible for reconciling their bank statement activity on a monthly basis. Any check not cleared within a month following the date the check was written should be investigated. Checks with no receipts should be investigated immediately. Reconciliation documentation must be prepared by the department monthly and be made available for periodic review by GAO. Documentation includes: copy of the department's reconciliation, copy of the bank statement, listing of outstanding checks with the check date, check number vendor name and the amount of the check. Any bank errors or adjustments should be explained on the reconciliation or on the bank statement. (See reconciliation format at the end of this policy).

100.06 DEFINITIONS

PETTY CASH ACCOUNTS RECONCILIATION GLOSSARY OF TERMS

Although no specific form is required, all reconciliations should follow the steps and information as indicated below (some of these items are used in the imprest petty cash funds—these funds do not operate a checking account). Note: Don't forget to place the proper headings on the top of all reconciliations (heading should include department name, imprest fund id, and period of reconciliation). All reconciliations should be signed by the custodian and their supervisor.

Balance per Bank Statement – This is the month end balance as shown on the bank statement.

(+) Outstanding Deposits – These are reimbursement checks not yet shown on your bank statement but has been deposited at the bank. Add these back to the bank balance.

(-) Outstanding Checks – These are checks that have been issued but have not yet cleared the bank. Subtract these from the bank balance.

(+/-)Bank Errors or Adjustments – Any bank errors or adjustments needs to be explained either on the bank statement or on the reconciliation sheet. These are either added to or subtracted from the bank balance.

(+) Outstanding Reimbursements:

(+) Unvouchered Expenses – These are receipts for which a voucher has not been prepared yet. Add these to the Adjusted Balance.

(+) Vouchers in Transit – These are reimbursement vouchers which have been submitted but not yet processed. Add these to the Adjusted Balance.

Overage/Shortage – Any overage or shortage must be explained either on the bank statement or on the reconciliation sheet. These are either added to or subtracted from the Adjusted Balance.

Total Fund Balance – This is the Adjusted Balance +/- the Outstanding Reimbursements and Overage/Shortage amounts.

(-) Authorized Fund Balance – This is the total of the imprest fund as established. Subtract this from the Total Fund Balance.

Fund Over/Short – This is the difference between the Total Fund Balance and the Authorized Fund Balance. When the account is balanced, the amount on this line will be zero.

100.07 ENFORCEMENT: It is important for GAO to account accurately for the petty cash fund to protect the assets of the University. If the department head and custodian fail to keep the funds secure, then the petty cash funds are at risk for theft. If a fund has been compromised more than once, GAO may close the account or Internal Audit may request GAO close the account. Failure to report a theft or loss of funds will automatically trigger the fund to be closed.

100.08 RESOURCES: Reimbursement policy –
<http://financialaffairs.georgetown.edu/general/rimb112b.pdf>
Employee Reimbursement form and instructions -
<http://financialaffairs.georgetown.edu/forms/reimbfrm.pdf>
<http://financialaffairs.georgetown.edu/forms/reimbins.pdf>

100.09 APPROVAL: Director of General Accounting, Internal Audit, AVP of Administrative Services

100.10 REVIEW CYCLE: At least annually.

100.11 SAMPLE FORMS:

Georgetown University Petty Cash Custodian Agreement	
Department _____	Custodian _____
Cost Center(s) _____	Fund Amount(s) _____

As Custodian, I understand that I am responsible for the security and maintenance of this petty cash fund in accordance with the University's petty cash policy, specifically the following procedures:

1. The petty cash fund will be locked in a secure place at all times.
2. All disbursements from the fund must have proper back-up and supporting documentation (i.e. invoices and receipts) and must be made in accordance with current University purchasing policies, Consolidated Billing or ProCard. Note: that under these policies, most purchases of goods or services over \$75 must be done through the purchasing department.
3. At all times the total of the receipts plus the cash must equal the fund balance.
4. In order to replenish the fund, a "Petty Cash Custodian Replenishment Request Form" will be submitted to Financial Services, complete with supporting receipts, account coding, and proper signatures.
5. The Custodian may not delegate responsibility for the fund.
6. I understand that improper use of petty cash fund could result in disciplinary action, up to and including TERMINATION OF EMPLOYMENT, in accordance with HR Policy 302. Should I fail to adequately manage the petty cash fund, I may be held responsible for the amount of petty cash used improperly or unaccounted for (i.e. receipts plus cash does not equal the fund balance).

I agree to accept responsibility for the petty cash fund according to the above conditions.

Custodian's Signature: _____ Date: _____

Print Name: _____ GoCard#: _____

Department: _____ Campus Phone: _____

Campus Address: _____ Email Address: _____

Revised April 30, 2009

Georgetown University
Petty Cash Change-Only Custodian Agreement

Department _____ Custodian _____

Cost Center(s) _____ Fund Amount(s) _____

As Custodian, I understand that I am responsible for the security and maintenance of this petty cash fund in accordance with the University's petty cash policy, specifically the following procedures:

1. The petty cash change-only fund will be locked in a secure place at all times.
2. The custodian will perform a daily count of the change only fund, always maintaining the appropriate denominations of cash in the fund to facilitate making change for patients, staff, etc.
3. This fund shall never be used for petty cash reimbursement purposes.
4. The Custodian may not delegate responsibility for the fund.
6. I understand that improper use of petty cash fund could result in disciplinary action, up to and including TERMINATION OF EMPLOYMENT, in accordance with HR Policy 302. Should I fail to adequately manage the petty cash fund, I may be held responsible for the amount of petty cash change only fund used improperly or unaccounted for.

I agree to accept responsibility for the petty cash fund according to the above conditions.

Custodian's Signature: _____ Date: _____

Print Name: _____ GoCard#: _____

Department: _____ Campus Phone: _____

Campus Address: _____ Email Address: _____

Revised September 10, 2009

GEORGETOWN UNIVERSITY
IMPREST FUND BANK ACCOUNT RECONCILIATION

Department Name: _____

Imprest Fund Cost Center: _____

For the Period Ending: _____

Ending Balance Per Bank Statement	_____
+ Outstanding Deposits	_____
- Outstanding Checks (detail attached)	_____
+/- Bank Errors or Adjustments:	_____
_____	_____
_____	_____
_____	_____
_____	_____

Adjusted Ending Balance (should equal month-end checkbook balance _____)	_____
Outstanding Reimbursements	
+Unvouchered Expenses	_____
+Vouchers in Transit	_____
Overage/Shortage	_____
_____	_____
_____	_____
_____	_____

Total Fund Balance	_____
-Authorized Fund Balance	_____
Fund Over/(Short)	_____

Reconciled By: _____ Date: _____

Reviewed By: _____ Date: _____

**GEORGETOWN UNIVERSITY
IMPREST PETTY CASH FUND RECONCILIATION**

Department Name: _____

Imprest Fund Cost Center: _____

For the Period Ending: _____

1. Total Cash on hand (coins & currency) _____

2. + Expenditure receipts on hand _____

3. + Vouchers in transit _____

4. + Cash outstanding _____

5. +/- Overage (shortage) _____

6. Total amounts in lines 1-5 _____

7. – Authorized fund amount _____

8. Fund over/(short) _____

Reconciled By: _____ Date: _____

Reviewed By: _____ Date: _____