



## FINANCIAL AFFAIRS POLICY

<b>SUBJECT:</b>	FINANCIAL AFFAIRS	<b>TITLE:</b>	PETTY CASH/EXCHANGE FUNDS		
<b>CATEGORY: Check One</b>	<b>Board of Trustees</b> <input type="checkbox"/>	<b>Presidential</b> <input type="checkbox"/>	<b>Functional</b> <input checked="" type="checkbox"/>	<b>School/Unit</b> <input type="checkbox"/>	
<b>Responsible Executive:</b>	President		<b>Responsible Office:</b>	Vice President for Finance & Treasurer	
<b>CODING:</b>	00-09-01-10:20	<b>ADOPTED:</b>	1/05/09	<b>AMENDED:</b>	09/30/09

### I. PURPOSE

To establish the criteria for requesting petty cash/exchange cash and a methodology for the disbursement and replenishment of Petty Cash/Exchange Funds. The University Petty Cash Funds are issued to provide for the reimbursement of nominal expenses to all students who incur expenses within the guidelines of this policy. The purpose of reimbursement through petty cash is to minimize the issuance of checks under \$100. In addition to Petty Cash Funds, Exchange Funds are issued to custodians within University departments that demonstrate a need for cash for the purpose of providing change to patients (i.e. insurance co-pay) or for on-site payments.

### II. ACCOUNTABILITY

Under the direction of the President, the Vice President for Finance and Treasurer shall ensure compliance with this policy. The Controller shall implement this policy.

### III. DEFINITIONS

- A. Petty Cash Expenditures - small payments, \$100.00 or less for items that are (1) not of a repetitive nature, (2) specialty supplies of a low dollar cost which must be purchased immediately, (3) infrequent transportation expenses. In addition, pre-approved research study subject fees may be paid through petty cash and are subject to tax reporting requirements.
- B. Petty Cash/Exchange Custodian/Cashier - a designated person who is responsible and accountable for maintaining the cash, reviewing the documentation submitted for reimbursement as outlined below and dispensing Petty Cash/Exchange Funds.

### IV. POLICY

#### A. Requirements:

- 1. Petty Cash/Exchange locations are established according to need and geographic locations. The Controller reviews such requests for appropriateness. A list of the Petty Cash/Exchange locations can be obtained from the Controller's Office.

Petty Cash reimbursement is limited to expenses of \$100.00 or less (except for research subject fees paid for by University research studies, which may exceed the \$100.00 limit). There are no other exceptions to the \$100.00 limit. The Department Head or

Administrator shall be ultimately responsible for reviewing the Petty Cash Voucher (PCV) (which can be obtained from General Stores) and supporting documentation. Petty Cash reimbursement for research subject fees will be made upon presentation of the appropriate Subject Fee Payment Voucher (SFPV) (which can be obtained from General Stores). It will be the responsibility of the authorized individual to fully complete the Petty Cash Voucher or the Subject Fee Payment Voucher. Acceptable expenses are determined by the Principal Investigator according to the terms of the Grant. Reimbursement will not be made unless a completed voucher is submitted. The authorized individual shall indicate approval of the expenditure by signing the PCV/SFPV in the designated area.

3. Petty Cash Funds may be used only for their authorized and intended purpose, such as:
  - a. Transportation to and from non-routine meetings and conferences;
  - b. Urgently needed or unique supplies, which do not cost more than \$100.00;
  - c. Emergency postage and mailing expenses.
  - d. Research subject fees: prior to the payment of subject fees through petty cash, the principal investigator or Department Head must advise the Treasury Department by memo, either by fax (732) 235-9231 or mail, of the proposed payments. The information will include the following and be signed by the principal investigator or Department Head.
    - i. Name of study, or description of reimbursement;
    - ii. Index and account number;
    - iii. Approximate amount of total disbursement;
    - iv. Approximate time of disbursement i.e., over 2-3 weeks;
    - v. Name of primary person to initially pick up subject fees, (recipient or staff), if staff member, name and signature is required;
    - vi. Grant Department approval;
    - vii. Controller to provide the Treasury authorization letter to the appropriate custodian(s).
4. Petty Cash Funds are prohibited for these uses, irrespective of approval of supervisor:
  - a. reimbursement for expenditures in excess of \$100.00 (exception: Research Subject fees).
  - b. travel expenses related to overnight travel, see University policy Travel Related Expense Reimbursements, 00-01-50-10:00.
  - c. items of a personal nature.
  - d. cashing of checks.
  - e. faculty or staff members with recurring travel expenses throughout the month , must submit a "Request for Check" for reimbursement at the end of the month.

5. Should a student submit a claim for reimbursement which includes State taxes paid, the Custodian/Cashier, when presented with a properly completed Petty Cash voucher, shall reimburse the student for the entire amount claimed, including State taxes paid even though the University is tax-exempt.

B. Responsibilities:

1. Responsibility for disbursement of Petty Cash/Exchange Funds, reimbursement of the fund, and accountability for the amount of the fund rest solely with the Petty Cash/Exchange Custodian as stated in the Petty Cash/Exchange Custodian Form (which can be obtained from the Controller's Office). The Petty Cash/Exchange Custodian shall safeguard the funds in a locked cash box, which will be maintained in a secure area on University property, and shall not commingle the funds with any other money.
2. If there are any changes to the fund such as custodianship, change in custodian's supervisor, location, a legal name-change and/or shortage/excess in the fund for any reason, the same must be immediately reported, in writing, by the Custodian through the Custodian's Supervisor to the Controller, with copies to the Director of Internal Audit and the Director of Accounting. The Controller should take appropriate action on any changes. This includes informing the Manager, Accounts Payable of the change in custodian, or custodian's supervisor. The appointment of any custodian will not be valid unless it is authorized in writing by the Controller.
3. In case of theft, an incident report must be filed with the Public Safety Department, with a copy forwarded to the Controller within thirty days from the date of theft, with a copy to be sent to the Internal Audit Department and the Vice President of Finance. The final disposition of the theft will be reported by the Controller to the Internal Audit Department and the Vice President of Finance within 30 days thereof. An Index/Account number shall be supplied for the purpose of charging the missing funds. The Petty Cash/Exchange Custodian must respond in a timely manner to the periodic verification of funds request.
4. Custodians are required to submit quarterly reconciliations of their funds, approved by their supervisors, to the Accounting Department.
5. The Petty Cash/Exchange Custodian/Cashier must exercise due diligence in accepting the PCV/SFPV for reimbursement (See Procedures, V.B. Reimbursement of Petty Cash/Funds Subject Fee steps 6-10). Failure to comply with these responsibilities may result in revocation of the Petty Cash/Exchange Fund.
6. No University employee should be designated as a custodian for more than one Petty Cash/Exchange Fund. Access to a Petty Cash/Exchange Fund will be limited to the authorized cashier/custodian. The Director of Accounting is responsible for the monthly reconciliation of petty cash funds to the general ledger. The Accounting Department is responsible for an annual physical verification of material (\$1,500.00 and above) petty cash funds for purposes of the fiscal year end audit. The petty cash count sheet is to be signed and dated by at least two separate individuals, (1) the custodian and (2) the custodian's supervisor or the accounting representative. The Director of Accounting shall provide a copy of the Petty Cash/Exchange Fund reconciliations including the custodians and amounts, to the Controller on a monthly and annual basis.
7. The monthly reports are to be submitted to the Controller within three (3) weeks of each month's end.

- 8. In situations where a person will cease to function as a custodian, or where a custodian will be absent for an extended period of time that will affect timely reimbursement of petty cash/exchange requests, the Department Head or Authorized Supervisor of the Petty Cash/Exchange Fund Custodian/Cashier is responsible for the timely transfer of the fund to another individual. That custodian will acknowledge receipt and acceptance of the funds and the attendant responsibility for the funds, by signing the Petty Cash/Exchange Custodian form and notifying, by delivery of such form to the Controller.
- 9. The Controller, or designee, is responsible for performing random reviews on all funds during the year.
- 10. The Internal Audit Department will periodically audit Petty Cash/Exchange Funds.
- 11. Within three (3) weeks of quarter's end, the Supervisors of the respective Petty Cash Funds at University Hospital are responsible for submitting quarterly reconciliations to the Director of Accounting for reconciliation to the General Ledger as well as for the annual verification of Petty Cash/Exchange Funds for the purpose of the fiscal year end audit, with a copy to the Controller.

V. PROCEDURES

A. Establish a Petty Cash/Exchange Fund

<u>Performed By:</u>	<u>Action Taken:</u>
Department	1. Contacts Controller with a justification to support usage and frequency.
Controller	2. Completes Request for Check and obtains appropriate approvals. Forwards request for check along with location information to respective Director of Accounting.
Director of Accounting	3. Verifies funding sources. Files copy of request for check and forwards to Accounts Payable for disbursement.
Accounts Payable Technician	4. Issues check and forwards to Controller.
Controller	5. Upon receipt of check, forwards check, copy of this policy and fund acknowledgement form to custodian.
Custodian	6. Cashes check and maintains funds in a locked cashbox in a secured area to be maintained on University property at all times, returns signed fund acknowledgement form to Controller.
Controller	7. Files form and forwards copy to Director of Accounting and Manager of Accounts Payable.

B. Reimbursement of Petty Cash, Subject Fee Vouchers

Student Faculty/Staff Member/Research Study Volunteer	1. Fully completes a Petty Cash Voucher/Subject Fee Payment Voucher and includes a valid index number and a comprehensive description of the reimbursement, including social security number for
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subject fee voucher, if applicable. For NJMS Petty Cash requests, (index 10XXXX) the requestor should contact the Business Manager to ensure the index is approved for Petty Cash expenditures.

2. Attaches original receipts or other documentation supporting the legitimacy of the University purpose of the expenditure.
3. Forwards the Petty Cash Voucher or Subject Fee Payment Voucher to the Department Head or Administrator for review and signature.
4. Reviews the Petty Cash documentation, indicates approval of reimbursement by legibly signing the Petty Cash Voucher or Subject Fee Payment Voucher in the designated area and returns it to the student/subject seeking reimbursement.
5. Presents the Petty Cash Voucher or Subject Fee Payment Voucher to a Custodian/Cashier for reimbursement.
6. Reviews the Petty Cash Voucher or Subject Fee Payment Voucher to ascertain the following are included:
  - a. index/account number, and a comprehensive description of the expense; if an NJMS index (10XXXX) is identified, it must be verified with the NJMS Business Office authorized indices list;
  - b. original receipts or other documentation;
  - c. approval by Department Head or Administrator;
  - d. if for travel, a breakdown of expenses incurred for mileage, tolls, parking, etc., and the purpose of the travel;
  - e. if request is for subject fee reimbursement, verify Treasury authorization letter form is on file;

Performed By:

Action Taken:

- f. employee identification number and/or social security number if for the subject fees, the appropriate box is noted as to subject being a UMDNJ employee or non-UMDNJ employee.
7. Returns any Petty Cash Voucher or Subject Fee Payment Voucher to the Department Head/Administrator if the voucher is improperly

prepared or incomplete.

8. Reports any suspect conditions to the Controller, which may include:
  - a. apparent alterations to the original supporting documentation;
  - b. inappropriate use of a reimbursement request;
  - c. excessive use of funds by one individual or department.
9. If voucher is properly completed, initials, dates and reimburses the individual.
10. For Subject Fee Payment voucher, removes yellow copy and distributes to the Accounts Payable Department for non-employees or to the Payroll Department for employees.
11. For any reimbursement request that is categorized within #8 above, takes appropriate action.

Controller

C. Replenishment of Petty Cash Funds

Performed By:

Action Taken:

Custodian/Cashier

1. Prepares a tape on all Vouchers paid for the period and for all monies remaining in the Petty Cash Fund (if the sum of both are not equal, refer to Paragraph IV, B.1.) and submits to Accounts Payable with a completed Petty Cash Replenishment Summary and a Request for Check.
2. The petty cash should be replenished when the amount disbursed reaches half the amount of the fund and/or during high usage periods.
3. Reimburses the Custodian/Cashier
4. Within five (5) days of receipt of reimbursement from Accounts Payable, the custodian/cashier must cash the check and deposit the amount in the respective Petty Cash/Exchange Fund. There should not be any delay in cashing and depositing, except due to intervening weekend/holiday(s).

Accounts Payable

Custodian/Cashier

D. Utilization of Exchange Funds

Custodian/Cashier

1. Exchange Funds may only be used for the purpose of making change for patients. The Exchange Funds must always be maintained at their original amounts.

E. Discrepancy in Petty Cash/Exchange Funds

1. All shortages and excesses are to be reported, along with an explanation, by the Custodians to their Supervisors within five (5) days of the respective shortages or excesses. Within five (5) days thereafter, the Supervisors are required to report to the Controller, with a copy of Internal Audit Department, the nature of the shortages or excesses, along with a notification of the action to be taken.

F. Employees who have been transferred due to negligence in handling of cash will not be permitted to perform any activities involving University cash. Appropriate disciplinary action, in collaboration with the Department of Human Resources, Office of Labor Relations, with notification to the Internal Audit Department, may be taken for violation of any of the clauses specified in this Petty Cash/Exchange policy.

By Direction of the President:

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Vice President for Finance and Treasurer