

## **Policy 3.04001      Petty Cash**

### 1.     POLICY

This policy establishes the proper uses and administration of Petty Cash Funds and supersedes all other policies and procedures previously issued.

Petty Cash Funds are intended to provide cash to colleges, schools, departments and units to cover small dollar purchases, such as reimbursement to staff members for small expenses when another form of payment (procurement card, purchase order, expense reimbursement) is not appropriate or available.

The University requires each Petty Cash Fund to have an approved Fund Custodian, who documents and reviews expenditures to ensure appropriate business purpose, reviews receipts, safeguards the funds, and reconciles the account.

CUNY will prosecute fraudulent claims, theft of funds or other criminal activity to the full extent of the law.

### 2.     SCOPE

All constituent parts of the University, including CUNY colleges, schools, administrative and academic departments, centers, institutes, units, and the central office shall comply with this policy. Separately organized college associations, student service corporations, performing arts center and childcare centers shall also comply with this policy and shall be deemed as “CUNY departments” for purposes of this policy.

Auxiliary enterprise corporations, college foundations, the Research Foundation of The City University of New York (RFCUNY) and other separately incorporated entities are not required to follow this policy; however, they should establish their own policies on the use and administration of petty cash.

### 3.     DEFINITIONS

As used in this Policy:

“Accounts Payable” means the office responsible for final approval prior to disbursement of funds, ensures that all Petty Cash replenishment requests adhere to this policy and is responsible for maintaining all accounting records in accordance with the University Records Retention Policy

“Business Office” means the office responsible for handling the business and finance operations of a college. For a Related Entity, “Business Office” shall mean those individuals responsible for the day-to-day business and finance operations of the corporation, and may include individuals in the Business Office of the Related Entity’s supported college, as permitted by the MOU between the corporation and the college.

“Business Manager” means the individual responsible for administering the “Business Office” defined above.

“Cash” means coins and currency.

“CUNY Colleges” means all constituent parts of the University, including CUNY colleges, schools, academic and administrative departments, CUNY departments, centers, institutes, units, and the central office.

“Fund Custodian” means the individual responsible for ensuring that Petty Cash Funds are physically secured or attended by an authorized person at all times.

“Petty Cash Fund” means small cash account intended to provide cash to colleges, schools, departments, centers, institutes, units and central office to cover small dollar purchases, such as reimbursement to staff members for small expenses.

“University Treasurer” means the senior administrator in the Office of Budget and Finance in charge of cash and investments. The University Director of Treasury Services may perform the bank review and approval functions of the University Treasurer if the University Treasurer is unavailable to perform duties required by this Policy.

“Deputy Chief Financial Officer” refers to the individual with direct supervisory authority over the University Treasurer and University Controller.

#### 4. GUIDELINES

##### 4.1. Establishing a Petty Cash Fund

Requests for Petty Cash Funds must be approved by the Business Manager at the colleges or by the University Treasurer at the Central Office; these individuals have a responsibility to evaluate the department’s business need and limit the Petty Cash account to the lowest amount that will meet those needs.

To establish a Petty Cash Fund, a formal request must be sent to the Business Office at the College or Treasurer’s Office at the central office using the form in EXHIBIT A. The allocation for a Petty Cash Fund is generally \$250; however, exceptions may be granted when a written justification is

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provided and with the approval of the Business Manager at the Colleges or the University Treasurer at the Central Office.

The request for establishing a new Petty Cash Fund must be made on the form included in EXHIBIT A and include:

- The purpose of the Petty Cash Fund;
- The dollar amount of the Petty Cash Fund (usually not to exceed \$250, unless an approved written justification is attached);
- The name and title of the individual who will act as the Fund Custodian;
- A description of how and where the funds will be secured including physical location (see, 4.3, below); and
- Approval by the department head.

#### 4.2. Designating a Petty Cash Fund Custodian

Each department will designate a Fund Custodian in its initial request. The Fund Custodian must be an employee of the entity for which the petty cash is established, and must acknowledge his or her responsibilities by signing the Fund Custodian attestation portion of the Request form (EXHIBIT A).

In the event the Fund Custodian has a scheduled absence, the department head may assign a temporary Fund Custodian. The funds must be counted in the presence of the authorized Fund Custodian before the leave period begins and again once the Fund Custodian returns (EXHIBIT B).

In the event the Fund Custodian has an unscheduled absence of less than five business days, the department head may also assign a temporary Fund Custodian. The funds must be counted in the presence of the department head or his designee before the funds are used. A similar cash count must be performed upon the return of the regular Fund Custodian. The department shall maintain the cash count verifications until the next cash count is performed. To assign a temporary Fund Custodian, where the expected absence is more than five business days, the department head shall fill out the Petty Cash Fund Temporary Custodian Form (EXHIBIT B).

In the event of a permanent change in Fund Custodian, the Petty Cash Fund account shall be reconciled and closed. After appropriate review by Accounts Payable, all remaining funds and sub-vouchers totaling the original amount of the petty cash box shall be submitted to the appropriate Business Office and a new box may be opened in its place, if needed. The process described above in “Establishing a Petty Cash Fund” shall be followed if it is determined that a new Petty Cash Fund is necessary.

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#### 4.3. Safeguarding the Cash

The Fund Custodian is responsible for safeguarding Petty Cash Funds under his/her control. Petty Cash Funds must be secured at all times and kept in a locked box in a limited access locked drawer, safe or file cabinet. Funds must be secured each time the Fund Custodian leaves the office. The keys to the box, file cabinet, or drawer shall be kept in the possession of the Fund Custodian, and not left in desks or in the office overnight. The Petty Cash fund is subject to audit at any time without prior notice by the Office of Internal Audit.

The Petty Cash Fund and receipts must not be co-mingled with other cash. To discourage thefts, the Fund Custodian shall avoid dispensing money from the petty cash box in an area that is open to the public. The Fund Custodian and department head may be subject to discipline or held jointly liable for losses that occur as a result of negligence.

In the event Petty Cash Funds are missing and theft is suspected, the Petty Cash Fund Custodian shall notify his/her immediate superior as well as the campus Public Safety Office, the University's Public Safety Office, the University's Office of Internal Audit and the Office of General Counsel. The University Public Safety shall immediately report the suspected theft to the local precinct and the General Counsel shall communicate with and serve as liaison with the New York State Inspector General's office and other appropriate law enforcement agencies.

#### 4.4. Disbursement from Petty Cash

The Fund Custodian is responsible for ensuring that all disbursements from the Petty Cash Fund are in accordance with CUNY policy. Disbursements from the Petty Cash Fund must be properly documented and be for a valid University business purpose, as set forth below. The Fund Custodian must approve each disbursement.

A Petty Cash sub-voucher (EXHIBIT E) shall be used to document each cash disbursement. Every Petty Cash sub-voucher shall be signed by the recipient, his or her supervisor, be supported with original receipts and approved by the Fund Custodian. To track the disbursements, sub-vouchers shall be sequentially numbered, and the counter shall be reset at the beginning of each Fiscal Year; number nomenclature should be four-digit year and four digits (e.g., 2017-0001).

Under no circumstance may an individual, including the Fund Custodian, approve his or her own Petty Cash sub-voucher. Under no circumstance shall the Fund Custodian draw from petty cash as reimbursement for his or her own expense.

It is the responsibility of the Custodian to ensure that each sub-voucher is complete, accurate, legible and accompanied by original documentation. Altered receipts shall not be accepted under any circumstance. All receipts must be itemized; credit card use receipts shall not be accepted for reimbursement. Should a receipt be missing or illegible, the recipient shall submit the "Missing/Illegible Receipt Memo". (See EXHIBITS G and H).

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Prior to reimbursement, the Fund Custodian shall ensure that the following information and attachments are included with the reimbursement request:

1. Original of the vendor's customary receipt which includes:
  - o Vendor name
  - o Date of purchase
  - o Items purchased (to be completed by department if not on receipt)
  - o Price per item
  - o Total price for the quantity received
2. Custodian may require purchaser to sign or initial original receipts if receipts are not clear
3. Signature of the supervisor on the sub-voucher

Upon receipt of completed information, the Fund Custodian will reimburse the petty cash expenditure.

It is strongly recommended that the reimbursement requests be submitted within ten (10) business days following a purchase.

#### 4.4.1. Allowable Transactions

The transactions that are allowable using petty cash funds include purchases for small dollar needs and purchases for which the goods have been received. Examples include:

- MetroCards for local office travel (usage should be documented);
- Copy services;
- Taxis/local parking (must be justified, refer to CUNY Travel Guidelines);
- Stamps;
- Supplies if not on hand but immediately required (this should not be a frequent occurrence); and
- Small infrequent purchases (such as copy of office key, etc.).

#### 4.4.2. Unallowable Transactions

Items that are required to be purchased through the college or university Purchasing Office may not be purchased with petty cash funds. Additionally, out of town travel expenses and meals must be reported through the travel reimbursement process.

Further, the following transactions and purchases shall not be reimbursed from petty cash funds:

- Items covered by State, City or University contracts (except as noted above);
  - Payments to vendors for invoices submitted directly to the department where a purchase order was issued;
  - Out of town travel (meals, lodging, transportation) and conference fees;
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- Services, including payments to employees, consultants and independent contractors;
- Scholarships, stipends, and awards;
- Inventorial equipment or sensitive items (as per the property management manual);
- Payments to service centers (e.g., bookstore, etc.);
- Cashing personal checks or providing personal loans (IOUs);
- Tips /gratuities (excluding reasonable tips on taxi expense);
- Food, beverages, catering (for more information related to purchasing food, please refer to the University's policy on Lodging and Meal Allowances);
- Gas for Automobiles (personal vehicles, or office vehicles);
- Memberships and subscriptions; and
- New York City and New York State Sales Tax (see below).

Tax Levy Petty cash funds may not be used to purchase any items that are prohibited pursuant to University, State or City policies, such as parking violations, fines and penalties, etc. Refer to the 'All Fund Matrix' approved by the University's Board of Trustees in December 2017 for a list of allowable purchases from tax levy and other funds.

Generally, CUNY does not reimburse the payment of New York City and New York State sales tax. Since it may not always be practicable to provide the sales tax exemption certificate for minor purchases or when traveling locally, it is permissible to incur and reimburse sales taxes for expenditures under \$25.00 in these or other exigent situations. Nevertheless, CUNY employees should make every effort to avoid the payment of sales taxes on any in-State purchase for University business, regardless of size.

#### 4.5. Replenishing the Petty Cash fund

The Fund Custodian is responsible for replenishment of the Petty Cash Fund. Replenishment of the Petty Cash Fund shall be made on a regular basis or at least quarterly (by September 30, December 31, March 31, and June 30) and must include:

- An original Check Request and Payment Authorization form (college specific forms);
- A completed signed Petty Cash Recapitulation form (see EXHIBIT C);
- All numbered sub vouchers submitted for reimbursement with original, legible receipts and pertinent backup (see EXHIBIT E);
- A completed Petty Cash reconciliation form signed by the Custodian and Department Head; (see EXHIBIT D)

The total on the recapitulation form cannot exceed the total dollar value of the fund.

The Fund Custodian must reconcile the Petty Cash Fund every time a request for replenishment is submitted. The replenishment request must be completed and noted accordingly on the Petty Cash Reconciliation form (EXHIBIT D). If the reconciliation is not clearly noted on the worksheet, the request for replenishment will not be processed and will be returned to the department for completion. The total currency and coins in the cash box, all un-replenished sub-vouchers/receipts,

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and all uncashed replenishment checks must at all times equal the original Petty Cash Fund dollar amount (e.g., \$250).

Replenishment checks should be cashed within 30 days of issuance. Any replenishment checks that have not been cleared by the bank within 30 days should be added to the Reconciliation Worksheet balance. The subsequent reimbursement requests will be reduced by the amount of the uncashed checks.

CUNY Colleges and the Central Office must adhere to State and City guidelines governing the certification of petty cash balances see below, NYS Guide to Financial Operations/ Petty Cash.

If the Petty Cash Fund is not used for a period of six months and no replenishment is therefore required, the need for the fund shall be evaluated. Refer to the section on “Closing the Petty Cash” fund below.

#### 4.6. Recordkeeping

The Fund Custodian is responsible for submitting completed Petty Cash Replenishment forms to Accounts Payable for review.

Accounts Payable is responsible for ensuring that all Petty Cash Replenishment requests adhere to this policy prior to the disbursement of funds and is responsible for maintaining all accounting records. Accounts Payable, shall keep receipts for each Petty Cash transaction, in accordance with the University Records Retention Policy. Petty Cash logs and receipts are subject to unannounced review by the college Business Office, University Treasurer, Internal Audit, and the Office of the State/City Comptroller, as appropriate.

Petty Cash Funds shall be established by withdrawals from the Imprest Fund bank account and shall be kept under general ledger control. Once established, each fund shall be maintained on an imprest basis, which means the amount of the funds remains constant, and the Fund Custodian is reimbursed by check on the Imprest Fund bank account for amounts paid out of the fund upon presentation and surrender of satisfactory evidence of such disbursements. The amount of the reimbursing check shall be for the exact amount of the disbursements made from the fund.

#### 4.7. Closing the Petty Cash Fund

##### 4.7.1. *Closing the Fund - Voluntarily*

In the event that a fund is to be closed voluntarily, the Fund Custodian shall take the following steps:

1. Notify the Business Office at the colleges or the University Treasurer at the central office of the intent to terminate the account.
  2. Prepare final replenishment request.
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3. Submit all cash on hand and final cash count to the Bursar's Office at the college or the Treasurer's Office at the central office.
4. In the event that a Fund Custodian leaves CUNY employment without reconciling the petty cash box, CUNY reserves the right to deduct from the employee's final paycheck any shortfall in the box that the employee failed to report.

The college Bursar's Office or the University Treasurer's Office will review the final cash count and provide information to the college Business Office or Controller's Office at the Central Office, who will close the box for that fund. Notice of Fund closure will be forwarded to the Fund Custodian.

#### 4.7.2. *Closing the Fund – Involuntary*

Repeated violations of petty cash procedures can result in termination of the fund. The fund will be closed by the college Business Office or the University's Controller's Office and replenishments will no longer be processed. The Fund Custodian is ultimately responsible for the disposition of funds.

#### 4.7.3. *Inactive Funds*

If a Petty Cash Fund has been inactive for a period of six months or more, the Business Office (for a college fund) or the University Treasurer's Office (for a central office fund) shall contact the department to determine whether the Petty Cash Fund is still required to meet the department's needs.

### 5. INTERNAL CONTROLS

Colleges must ensure that there are segregation of duties over the receipt, safeguarding and disbursement of petty cash funds.

### 6. RESPONSIBILITIES

- The CUNY Colleges are responsible for managing departmental Petty Cash Funds per the procedures in this policy;
  - The Accounts Payable Office, at the Colleges or Central Office, as applicable, is responsible for review of fund replenishment submissions, maintenance of all petty cash records, and vouchering for fund replenishment;
  - The college Business Office or the University Treasurer's Office, as applicable, is responsible for establishing the Petty Cash Fund;
  - The college Business Office or University Treasurer's Office, as applicable, is responsible for replenishing departmental Petty Cash Funds as requested.
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## 7. EXCEPTIONS AND AMENDMENTS

Any deviation or alternative procedures to this policy shall be documented in writing, approved by both the Vice President of Finance at the college and the University' Deputy Chief Financial Officer, maintained in the files and revisited on an annual basis.

The University Office of Budget and Finance is responsible for the periodic review of this policy as well as ensuring that all appropriate parties are informed of them.

## 8. EFFECTIVE DATE

This policy is effective January 1, 2018.

## 9. RELATED INFORMATION

The following links and/or references provide additional information related to this policy:

[Tax Exempt Forms](#)

[NYS Guide to Financial Operations/ Petty Cash](#)

[NYC Directive 6](#)

[CUNY Informal Purchasing Policy](#)

## 10. EXHIBITS

EXHIBIT A *REQUEST TO OPEN PETTY CASH FUND*

EXHIBIT B *PETTY CASH CHANGE of CUSTODIAN FORM*

EXHIBIT C *PETTY CASH RECAPITULATION FORM*

EXHIBIT D *PETTY CASH RECONCILIATION FORM*

EXHIBIT E *PETTY CASH SUB-VOUCHER*

EXHIBIT F *MISSING/ILLEGIBLE RECEIPT (TAXI) MEMO TEMPLATE*

EXHIBIT G *MISSING/ILLEGIBLE RECEIPT (GENERAL) MEMO TEMPLATE*

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