

Bowdoin Finance Manual

Petty Cash Policy

Effective: July 1, 2009

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1. Purpose

The purpose of this policy is to establish the responsibilities, controls and procedures for establishing, maintaining, and reconciling a petty cash account.

2. Scope

This policy applies to all the departments of the College with a petty cash account.

3. Responsibility

The Department Head (or equivalent) is responsible for the integrity and accuracy of the petty cash fund in their department and appointing a fund custodian. The fund custodian is responsible for safekeeping and reconciling the fund. The Controller is responsible for establishing petty cash funds and monitoring them for adherence to this policy.

4. Establishing a Petty Cash Fund

Requests to establish a petty cash fund should be submitted to the Controller. The request must include the designation of an individual within the department who will serve as custodian of the fund. The maximum petty cash fund balance is \$100. Exceptions to this limit will be considered when there is a legitimate need.

5. Safekeeping

Access to petty cash funds should be limited to one individual who is designated as the fund custodian. The fund custodian is responsible for making whatever provisions are necessary to properly safeguard the fund. The petty cash box (not envelope) should be locked and kept in a locked safe or other secure compartment.

6. Disbursements from Petty Cash

Generally, petty cash transactions should be for small dollar amounts not exceeding \$25.00. Amounts exceeding this threshold must be processed with an Accounts Payable check. When choosing to use petty cash, keep in mind that the College's tax exempt status does not apply to cash sales. This means the College will pay sales tax where it otherwise would not.

The Paid-Out Form should be filled out each time a petty cash disbursement is made (Part I) and completed when receipt(s) are turned in (Part II). Paid-Out Forms should be retained with the fund until it is time to reconcile and replenish.

The following types of disbursements are prohibited from petty cash:

- Employee reimbursements for business expenses
- Employee wages or commissions
- Payments to vendors
- Prizes (e.g., awards for games run by student organizations)
- Gifts of any kind
- Check cashing, IOUs

7. Reconcile and Replenish

Petty cash funds should be reconciled monthly, unless cumulative disbursements did not exceed \$25.00. The Replenishment Form should be completed by the custodian and turned in to the Controller's Office. The Controller's Office will replenish the fund to its original amount and post the disbursement(s) in the general ledger.

All petty cash funds must be reconciled and replenished on June 30, the end of the College's fiscal year.

8. Change in Custodian

Petty cash funds must be reconciled immediately upon any change in the designated custodian. The cash on hand should be independently verified by the Department Head.

9. Petty Cash Audits

Random petty cash audits will be performed by the Controller and/or his/her staff as a means to assess departments' adherence to this policy. The audits may be unannounced. Policy violations may result in suspension of a department's petty cash fund.

10. Exceptions

The Controller must approve any exceptions to this policy by written notice.