



## Finance and Accounting Manual

### Petty Cash Procedures

Approved by the Chief Financial Officer on 31 May 2005

Date of effect: 1 June 2005

#### 1. Overview

##### 1.1 Purpose

To outline the procedures for the payment of petty cash to staff and students to a maximum limit of \$150 per claim for expenses relating to University business. Student emergency cash payments can be approved by the Director Student Services to a maximum limit of \$500 per claim.

##### 1.2 Coverage

These procedures apply to all University staff involved in submitting petty cash claims, approving petty cash claims, processing petty cash claims and managing petty cash floats.

#### 2. Procedures and Guidelines

##### 2.1 General Information

- (i) The [Purchasing Policy](#) must be read in conjunction with these procedures.
- (ii) The dollar limits/amounts shown in the University's policies and procedures are GST inclusive unless otherwise stated.

##### 2.2 Establishing a Petty Cash Float

(i) Petty Cash floats are established to facilitate the local payment of claims for staff or students to a maximum claim value of \$150. Petty cash claims can be made through a number of departments throughout the University as well as the University Cashier in the Margaret Telfer Building. University Corporate Card should be used for payment wherever possible.

(ii) An application to establish a Petty Cash Float must be made by the Head of School/Administrative Unit and supported by the appropriate College Finance Manager/Accountant before forwarding to the Senior Corporate Finance Accountant, FS for approval by the Chief Financial Officer. The application (memorandum) should include:

- (a) the level of the float sought;  
This should be an amount which would normally require recoup by the department weekly or if a small amount, once or twice each month. This ensures that cash levels are kept to a minimum for security reasons and details are more regularly updated to the finance system.
- (b) the expected types of claims to be reimbursed;

(c) the name, position, contact phone number, business address and specimen signature of the person who will manage the float (Petty Cash Officer). This person will receive a debit card from the bank that enables them to withdraw cash from the petty cash float bank account and therefore they will be required to undertake a 100-point ID check with the bank unless they have a personal account with the National Australia Bank (NAB).

(d) the Chart of Accounts code (classification 0026 Petty Cash Advance plus responsibility centre and project code). The College/Administration Finance Team can assist departments with the Chart of Accounts code to be charged for the petty cash float.

(iii) Once approved, the Senior Corporate Finance Accountant, FS will notify the bank to establish the new petty cash bank account and notify the Head of School/Administrative Unit and College Finance Manager/Accountant that it has been approved and forwarded to the bank.

(iv) The National Australia Bank (NAB)(Science Road) will contact the Petty Cash Officer for the 100-point ID check and provide the PIN number of the card in a sealed envelope. The bank will send the card to the business address nominated. The bank will notify the Petty Cash Officer of the bank account and BSB number when the bank account has been opened and the bank will also notify the Senior Corporate Finance Accountant, FS. Bank statements should be sent at the close of each month to the Petty Cash Officer at the departmental address.

Note: the card can only be used to draw money from the petty cash float bank account up to the balance in the account. The card CANNOT be used as a debit card to make purchases.

(v) Financial Accounting, FS will notify Accounts Payable, FS to establish a new vendor for the NAB petty cash float bank account showing the BSB and bank account number as the name of the vendor with payments to be by Electronic Funds Transfer (EFT). Accounts Payable, FS will notify the Petty Cash Officer of the vendor number created to be used in all petty cash recoups.

(vi) A [Payment Request](#) form is prepared by the department/unit for the amount of the approved float and with the new vendor number and sent to the relevant Accounts Payable Team for payment. The classification to be used is 0026 Petty Cash Advances and the respective responsibility centre and project codes. This payment will establish the petty cash float limit in the petty cash bank account for the department.

(vii) The Senior Corporate Finance Accountant, FS will update the schedule of University petty cash floats to reflect the issue of the funds detailing: the name of the department, the date of issue of the float, the account and class charged, the name of the petty cash officer in the department/unit.

(viii) The Senior Corporate Finance Accountant, FS should be notified of a permanent change in the Petty Cash Officer and the new officer will need to complete the 100 point check with the bank.

### **2.3 Paying Petty Cash Claims**

(i) A [Petty Cash Claim](#) form must be prepared for each claim and original receipts or supporting documentation must be attached. Before seeking approval for the payment, the claimant must complete the following information on the form:

- (a) Section 1 Details, and
- (b) Section 4 FBT Declaration (if applicable)

Refer to [Tax - FBT Guide](#) for additional information.

(ii) If a petty cash advance is required for a purchase then a Petty Cash Claim Form is to be completed and “ADVANCE” written clearly on the form. Immediately after the purchase has been made a new Petty Cash Claim Form is to be completed and the original receipt attached. The new form is to be given to the Petty Cash Officer together with any cash remaining from the original advance payment. The Petty Cash Officer in the presence of the claimant should destroy the original advance claim.

(iii) All Petty Cash Claim Forms are to be approved by a Supervisor with appropriate delegation under section 5.3 in [Delegations for Specific Activities and Financial Delegations](#).

(iv) The person seeking petty cash reimbursement takes the approved form to the Petty Cash Officer for payment of the claim.

(v) The Petty Cash Officer verifies that the claim form has been correctly completed and approved and that original receipts/supporting documentation is attached. The Petty Cash Officer also checks the claimant’s ID as petty cash reimbursement can only be paid to the person making the claim. (Note: If a claimant cannot collect the petty cash then payment should be made through Accounts Payable as a cheque or EFT and not petty cash.) Payment is then made to the claimant and the claimant must sign Section 3 of the form, acknowledging receipt of the money.

(vi) When payment has been made to the claimant the Petty Cash Officer must stamp or mark all the receipts/supporting documentation “PAID” to prevent re-use of the receipts.

## **2.4 Petty Cash Recoup**

(i) The Petty Cash Officer should review the amount of cash remaining in the petty cash tin and, when approximately half has been expended, prepare a recoup as outlined below. All Petty Cash Officers must submit a recoup at least monthly.

(ii) The Petty Cash Officer prepares a [Petty Cash Summary Request for Recoup](#) form and completes:

- Section 1 Petty Cash Account and Payment Details,
- Section 2 Summary of Petty Cash Claims,
- Section 3 Petty Cash Float Reconciliation, and
- Section 5 Authorisation of Recoup.

(iii) All petty cash claim forms and their receipts/supporting documentation must be attached to the recoup form.

(iv) The petty cash reconciliation in Section 3 must be independently checked by a person other than the Petty Cash Officer and the recoup form signed under Section 4. The independent check includes verification of the dockets held (not claimed), the cash remaining in the petty cash tin and the bank account balance (from a bank statement).

(v) The form must be signed by the Head of School/Administrative Unit or delegated officer. The Delegated Authority Officer must ensure that Sections 1, 2, 3 and 5 have been completed by the Petty Cash Officer, and Section 4 has been completed for the independent check, before approving the request for recoup.

Note: it is essential that the petty cash reconciliation under Section 3 is completed and that it balances to the approved petty cash float amount.

The Petty Cash Officer and Delegated Authority Officer cannot be the same person.

(vi) The approved Petty Cash Summary Request for Recoup form and attachments are then sent by the Petty Cash Officer to the relevant Accounts Payable Team for payment.

(vii) Accounts Payable Teams will check that all documents are attached and the form fully completed and then process the form as a voucher for payment in the finance system. EFT payments for petty cash recoups are processed daily and moneys should be deposited to the departmental petty cash bank account within two days.

(viii) The Petty Cash Officer can then withdraw cash from the bank account to add to the petty cash tin.

## **2.5 Closure of the Petty Cash Float**

(i) When a petty cash float is no longer required, the Head of School/Administrative Unit must advise the Senior Corporate Finance Accountant, FS and the College Finance Team.

(ii) A Petty Cash Recoup must be completed for any claims paid that have not been recouped. After the recoup is processed and the money deposited to the bank account, then the remaining balance in the bank together with the cash remaining in the petty cash tin should agree with the amount of the petty cash advance/float. The remaining balance in the bank account should be withdrawn and included with the cash in the petty cash tin. This money (which agrees with the petty cash float amount) is to be deposited through University Cashier to credit the petty cash float account for the department.

(iii) Financial Accounting, FS will check the finance system to ensure the return of the float has been reflected in the ledger account.

(iv) The Senior Corporate Finance Accountant, FS notifies the Chief Financial Officer who authorises the closure of the bank account. The Senior Corporate Finance Accountant, FS notifies the bank to close the account and updates the schedule of petty cash floats.

## **2.6 Varying the Amount of the Petty Cash Float**

(i) If the level of the petty cash float established exceeds current requirements, the level of the float should be reduced. As a guideline, if half of the petty cash float is not used monthly then the float exceeds current requirements, taking into account seasonal requirements. It is the responsibility of the Petty Cash Officer to review the level of the petty cash float and to formally advise Head of School/Administrative Unit of the need to reduce the float.

(ii) The Senior Corporate Finance Accountant, FS and College Finance Team should be notified of the reduction to the float amount by the department manager.

(iii) Once the department manager approves the reduction to the petty cash float, the Petty Cash Officer withdraws the amount from the bank account that the department is reducing the float by and deposits it through the University Cashier to the petty cash float account for the department.

(iv) For an increase to the level of a department's petty cash float the Head of School/Administrative Unit must send a request together with the reasons for the increase to the College Finance Team who send it to the Senior Corporate Finance Accountant, FS. The Chief Financial Officer must approve all increases in the level of a petty cash float.

## 2.7 Petty Cash Officer's Responsibilities

- (i) Petty Cash Officer's are responsible for the safe custody of the cash entrusted to them and must ensure that:
- (a) cash is kept in a lockable tin together with vouchers
  - (b) cash tins are kept out of sight
  - (c) outside normal business hours, cash tins are secured in a safe or security cabinet
  - (d) cash tins remain in the possession of the custodian.
  - (e) the petty cash debit card is secured and at no stage should the PIN be divulged or made available to anyone other than the Petty Cash Officer.
  - (f) if the PIN is divulged or known to anyone else then the Petty Cash Officer must arrange for a new PIN with the bank.
- (ii) When handing over the Petty Cash tin from one custodian to another, the float should be reconciled by adding together the following amounts:
- (a) Petty cash docketts paid but not recouped (in the tin)
  - (b) Outstanding recoups not deposited to the bank account (check copy of the recoup including date)
  - (c) Cash held in petty cash tin
  - (d) Bank account balance from current bank statement.
  - (e) A new PIN must be issued whenever there is a change of Petty Cash Officer.

The reconciliation should be signed and agreed to by the current custodian and either the new custodian or an independent officer.

Note: Before accepting responsibility for a petty cash float the new custodian should undertake a reconciliation in the presence of another person to verify the accuracy of the amounts.

(iii) In the event of theft of petty cash or other variances in the reconciliation, the Petty Cash Officer must immediately notify their Supervisor, Internal Audit and Review and Security.

(iv) The cards issued to the Petty Cash Officer are to be used to withdraw cash from the petty cash bank account only. The cards are not to be used as debit cards to make purchases.

## 2.8 Reporting Requirement

The Senior Corporate Finance Accountant, FS shall report quarterly to the Chief Financial Officer, through the Director Corporate Finance, including details of petty cash accounts, signatories, reconciliation status, account balance and any other matters.

## 3. Internal Controls

### 3.1 Responsibilities/Accountability

<i>Officers</i>	<i>Responsibilities</i>
Chief Financial Officer	<ul style="list-style-type: none"><li>• Approval of establishing or varying the amount of a petty cash float.</li></ul>
Senior Corporate Finance Accountant, FS	<ul style="list-style-type: none"><li>• Advice to the bank on the establishment or closure of petty cash bank accounts.</li><li>• Maintenance of a central schedule of University petty cash floats.</li><li>• Quarterly report to CFO through DCF</li></ul>

<i>Officers</i>	<i>Responsibilities</i>
Accounts Payable, FS	<ul style="list-style-type: none"> <li>• Creation of a vendor for the petty cash float bank account in Accounts Payable.</li> </ul>
Petty Cash Officer	<ul style="list-style-type: none"> <li>• Correct payment of petty cash claims.</li> <li>• Accurate preparation of the Petty Cash Recoup and reconciliation.</li> <li>• Safe custody of the cash.</li> <li>• Reporting events of theft or variances in the petty cash reconciliation.</li> </ul>
Supervisors with a Petty Cash Float	<ul style="list-style-type: none"> <li>• Advice to Senior Corporate Finance Accountant, FS to establish, close or vary the amount of the petty cash float for their department.</li> <li>• Check and approve the Petty Cash Recoup.</li> </ul>
Accounts Payable Teams	<ul style="list-style-type: none"> <li>• Oversight the accuracy of petty cash payments.</li> <li>• Process Petty Cash Recoups in the finance system.</li> </ul>

#### 4. Related Information

##### 4.1 Resources and weblinks.

###### (i) Training Materials

###### (ii) References

- [Delegations for Specific Activities and Financial Delegations](http://www.finance.usyd.edu.au/docs/financial_delegations.pdf)  
http://www.finance.usyd.edu.au/docs/financial\_delegations.pdf
- [Finance and Accounting Manual](http://www.finance.usyd.edu.au/about/tablecontent.shtml)  
http://www.finance.usyd.edu.au/about/tablecontent.shtml
- [Tax - FBT Guide](http://www.finance.usyd.edu.au/docs/fbt_guide.pdf)  
http://www.finance.usyd.edu.au/docs/fbt\_guide.pdf

###### (iii) Forms

- [Payment Request](http://www.finance.usyd.edu.au/docs/payment_request_cheque.xls)  
http://www.finance.usyd.edu.au/docs/payment\_request\_cheque.xls
- [Petty Cash Claim](http://www.finance.usyd.edu.au/docs/pettypcash_claim.xls)  
http://www.finance.usyd.edu.au/docs/pettypcash\_claim.xls
- [Petty Cash Summary Request for Recoup](http://www.finance.usyd.edu.au/docs/pettypcash_recoup.xls)  
http://www.finance.usyd.edu.au/docs/pettypcash\_recoup.xls

##### 4.2 University procedures superseded or replaced by this procedure:

- Finance and Accounting Manual
  - Petty Cash Procedures: 7 May 2002
- Finance and Accounting Manual (1995 – 2002)
  - APP702: Petty Cash Claims

#### 5. Contact and Review

##### 5.1 Contact

Unit: Nilesch Chand, Financial Accounting, FS  
Phone: 9351 – 4396  
Fax: 9351 – 5861  
Email: [nchand@finance.usyd.edu.au](mailto:nchand@finance.usyd.edu.au)

## 5.2 Review

The Finance and Accounting Manual will be reviewed annually and on an ad hoc basis if required.

The Chief Financial Officer will approve changes to policy following consultation with the Senior Executive Group and other procedural amendments as required.

Amendments to forms, schedules and weblinks will be processed by Financial Operations and Systems.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the FS website under:-

- [FAM Amendments](#)
- [Amendments to Forms](#)

Please forward suggestions and comments on the Finance and Accounting Manual via the [Feedback Form](#).