



Petty Cash Procedures

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1. Introduction

- 1.1. A departmental petty cash fund is defined as money advanced to a unit of the University for use in defraying miscellaneous, small, approved University expenditures. The establishment of petty cash funds is suggested only where it will result in saving time or paperwork. Many Units have petty cash floats and there are currently 76 petty cash custodians.
- 1.2. This document introduces the new procedures for petty cash administration at the University. It supersedes all previous requirements in regard to petty cash administration.
- 1.3. The size of a petty cash fund is based on the volume of business it is expected to cover. It should require reimbursement at least once a month and no more frequently than an average of once every week.
- 1.4. Petty cash custodians and other managers using petty cash are bound by the provisions of the Public Finance and Audit Act and any improper conduct in relation to petty cash may be punished by disciplinary action and criminal prosecution.
- 1.5. Petty cash custodians and other managers using petty cash are responsible for ensuring that their purchases meet the University's Occupational Health and Safety purchasing criteria outlined in the University's [Purchasing and Procurement Policy](#).

2. Aims

- 2.1. The primary objective of a petty cash fund is for reimbursement of individual purchases for business purposes that are of a dollar value not warranting an alternative purchase method.
- 2.2. Petty cash is only one of a range of options which provide units with effective methods for purchasing goods and services.
- 2.3. Petty cash aims to supplement those other systems which aim to minimise the need for cash transactions and improve security.
- 2.4. This procedure is designed to ensure appropriate goods and service tax is paid on items or services or reimbursements to employees.
- 2.5. The procedure aims to apply sound and proper administrative and financial standards and practices.



3. Overview

- 3.1. The petty cash system operates via the issue of an EFTPOS debit card with a predetermined limit equivalent to the approved petty cash float value. The card has an accompanying PIN number which is issued to the custodian. This allows the custodian access to cash on a 24 hour 7 day basis from many locations through Automatic Teller machines (ATM's). The card may also be used for EFT point of sale transactions. The card may not be loaned to another person nor may the PIN number be disclosed to another person.
- 3.2. When cash is required the custodian withdraws an appropriate amount from an ATM. This cash is stored in the department in a cash box. When it is expended a recoupment is submitted to Personnel & Financial Services who will then electronically recredit the debit card to the value of the recoupment.
- 3.3. All petty cash custodians or nominated persons will also be issued with a University approved credit card to encourage the use of non cash methods of payment.
- 3.4. The petty cash system will supplement other options including the use of credit cards, E-procurement Purchase Orders and all of which are available as appropriate.
- 3.5. The following types of payments can, subject to the provisions in this procedure, be paid through the petty cash system:
 - small purchases;
 - train and bus fares;
 - parking costs off campus;
 - other small value payments.
- 3.6. The following types of payments must not be paid through the petty cash system:
 - employee meal allowances;
 - salary payments to any employee;
 - travel allowance reimbursements to employees;
 - mileage allowance payments to employees;
 - personal items;
 - payment for personal services or honorariums;
 - advances;
 - cashing of personal cheques.

Note:

All staff allowances, eg travel and meal allowances must be paid through the payroll as per directions by the Australian Taxation Office This is not an exhaustive list but is indicative of the type of payments which may not be made through petty cash.

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- 3.7. Petty cash systems will be the subject of regular audit (in the format determined by internal audit) and maybe without notice. Custodians will be required to submit a monthly reconciliation regardless of the number of transactions during the month.
- 3.8. Evidence of attempted theft of petty cash funds must be reported immediately to the Security Office, Internal Audit and Financial Services Division.
- 3.9. Shortages in petty cash funds for reasons other than theft must be reported to Personnel & Finance. Refer 6.11 "Overages and Shortages" for reimbursement and action.

4. Approval and revocation of petty cash custodians

- 4.1. A Head of Unit may request the establishment of a petty cash arrangement for their unit. Normally, approval of up to two petty cash custodians per unit will be permitted.
- 4.2. To request a petty cash fund, the Head will send a memo to the Director, Financial Services Division. The memo must include the following information:
 - Purpose of the fund;
 - Amount of petty cash needed with an explanation as to why the amount is necessary (such as frequency of use);
 - Name of the person/persons who will be responsible for the fund;
 - Name and account code of the unit which will assume responsibility for the expenditures;
 - Security procedures and facilities;
 - Specific location of the funds including building and room number.
- 4.3. Units receiving petty cash funds designate one employee as the main custodian of the fund. The custodian is responsible for safekeeping and proper use of the fund. A unit may also designate a second relief custodian to cover periods of absence of the custodian.
- 4.4. On approval the designated custodian or custodians will be required to sign a conditions of operation declaration as set out in Attachment 1. This declaration will be countersigned by the Head of Unit. The completed declaration is sent to Financial Services Division.
- 4.5. A precondition of approval of any custodian will be that they have attended a training program for petty cash custodians. Such programs will be held as required.
- 4.6. If there is a change in the custodian, the Head of Unit will send a memo to Financial Services Division and the new custodian must sign a new Petty Cash declaration form. EFTPOS cards are specific to the individual and the old card must be returned and a new card will be issued. Similarly, if a credit card was issued, this card must be returned and Financial Services Division notified. The new custodian should insure that the fund is replenished to the original amount before accepting it.



- 4.7. The PIN issued with the debit card is confidential to each custodian and may not be given to any other person. In addition, the custodian must comply with all condition of use determined by the bank as part of the card issue.
- 4.8. In approving the issue of a petty cash float, the Director, Financial Services Division will make a determination of amount of the float. The amount will not normally exceed \$1,000.
- 4.9. When a petty cash fund is no longer needed, all outstanding receipts should be processed and the total fund returned to Financial Services Division. Financial Services Division will need the account number from which the fund was originally issued. If a credit card was issued, this card must be returned and Personnel & Financial Services notified.
- 4.10. The Financial Services Division may recall a petty cash fund when no activity has occurred for a period of three months.
- 4.11. The Director, Financial Services Division may revoke and recall a petty cash float if there is any breach of these procedures.

5. Making a Petty Cash Claim

- 5.1. Any person may make a petty cash claim provided that the purchase is for University purposes and is provided for by this procedure.
- 5.2. The limit for each petty cash transaction will be as advised from time to time and is currently \$100 per transaction.
- 5.3. A claim must be made on a standard petty cash claim form. The following information must be provided:
 - Date of purchase/transaction;
 - Description and business purpose of each transaction;
 - Amount;
 - Original documentation showing evidence of charge, indicating vendor name, items purchased, cost and date;
 - University account and object code to be charged;
 - Unit name;
 - Signature of individual who made the purchase;
 - Approving signature of supervisor, unit head, petty cash delegate or other delegated person.
- 5.4. The following additional requirements should also be met:
 - All signatures must be original. Stamps are not allowed.
 - Valid University identification cards may be required.
 - All documentation must be original.

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- 5.5. Employees are not authorised to approve their own petty cash reimbursements nor should petty cash transactions be authorised by a subordinate staff member (with the exception of a designated petty cash custodian). Wherever possible, approval should be by the relevant authorised supervisor, not by a colleague.
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- 5.7. Some types of transactions may incur a tax liability such as fringe benefits tax (FBT). In such cases, there may be additional information required. An FBT form is required in the case of: Any personal type payments, e.g. telephone payments

6. Procedure for petty cash custodians

- 6.1. Cash must be kept in a lockable cash box and when not in use, locked and kept under lock and key, preferably in a steel cabinet. Only the amount of cash genuinely needed should be kept, with the majority remaining in the bank.
- 6.2. Petty cash funds must be kept separately and not co-mingled with any other funds.
- 6.3. All Petty Cash Dockets must be signed as per the delegations of authority (eg. Heads of Unit etc) before payment is made.
- 6.4. Recoups, when necessary, can be made by entering the dockets in the appropriate columns and adding up on a Petty Cash Recoupment request. It should then be signed by the custodian and sent to Financial Services Division for re-imbusement.
- 6.5. The custodian will authorise all recoups of petty cash, and ensure sufficient funds are maintained in the float to enable the unit to use the float effectively.
- 6.6. The petty cash float must be reconciled each time there is a claim for reimbursement. The recoup forms are available in books from the Financial Services Division. Petty Cash dockets are also available from Personal & Financial Services.
- 6.7. Petty cash funds should be replenished at least monthly, and at the end of the financial year ie. 31 December.
- 6.8. Loss of funds - Money lost because the custodian has failed to safeguard the fund or allowed it to be improperly used is the custodian's liability and must be repaid by the custodian. Money lost due to circumstances beyond the control of the custodian is repaid from the unit's budget or other available operating funds.
- 6.9. Overages and shortages - Overages in the fund must be deposited with Financial Services Division and will be credited to the unit's accounts. Shortages are personally paid by the custodian subject to the same conditions



as indicated under "Loss of Funds" in this section. This is to be done on a quarterly basis.

- 6.10. Where a loss of funds occurs from the cash float, either due to theft, or any other cause a written notification must be supplied immediately to Financial Services Division and the Internal Auditor.
- 6.11. Any custodian, who has two losses of funds in any two year period, should have their control of the float terminated and be prevented from controlling that float in the future.

7. Financial Services procedures

- 7.1. The Financial Services Division will receive any request for recoupments and process them, checking that receipts provided align with the amount sought, that no banned transactions have occurred and that all transactions have been properly approved.
- 7.2. The card balance will then be updated overnight by electronic transfer. (With new banking software, the University has the ability to directly transfer funds to debit card accounts from the University's own accounts).
- 7.3. Requests for recoupment should arrive by 10.30 am on the day before the funds are required.
- 7.4. Financial Services Division will identify any FBT or other tax and ensure that such tax is levied and the amount debited to the unit's accounts.
- 7.5. Petty cash funds are subject to an audit anytime by the Internal Auditor.

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