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1.0 Purpose

- 1.1 The establishment and use of petty cash funds for minor local purchases is encouraged to provide a less costly and timelier means of personal reimbursement, including Personal Reimbursement Claim forms for values less than \$100.00 that are normally processed through Accounts Payable. This policy governs the establishment and control over petty cash funds.
- 1.2 This policy governs the payment of expenditures utilizing a petty cash fund incurred from all sources of funds provided or administered by the University. Funds expended from any University account must be for a purpose that is related to the mission of the University.

2.0 Applicability

- 2.1 This policy applies to all employees of the University, as well as registered students and non-employees. As an employee of a public institution which aims to use its resources as effectively as possible, employees are expected to be reasonable and exercise care in incurring and approving expenses.
- 2.2 In the case of expenditures to be charged to research accounts, the terms and conditions of the funding agency may also apply. Please see the [NSERC web site for Professors](#) for potentially more restrictions on NSERC, SSHRC or CIHR research accounts that must not be charged to accounts funded by them.
- 2.3 Exceptions to this policy are only permitted if external grants/contracts specifically allow for such expenditures and a copy of the applicable clause from the grant/contract is included with the appropriate documentation.
- 2.4 Any other exceptions to this policy must have prior approval by the Comptroller or the Director of Financial Services & Assistant Comptroller.

3.0 Definitions

- 3.1 “Employee” means an individual who is engaged to work for the University under a contract of service, that is, there is an employer-employee relationship between the individual and the University. For clarity, this term includes support staff, management and professional staff, senior management, researchers, and faculty members, including anyone employed through a personal services contract.
- 3.2 “Custodian” is defined as the individual who will be personally responsible for administering the petty cash fund.

- 3.3 “Spending Officer” is defined as a person who has authority to spend in accordance and compliance with the University Spending/Signing Authority policy.

4.0 Establishing a Petty Cash Fund

- 4.1 A fund may be established at the request of a Portfolio or Envelope Manager, Department Chair, Director, or Manager, with Trust & Treasury Services approval. Requests should be made by completing a [Request or Amend a Petty Cash Fund form](#) and submitting it to the Treasury Assistant, Trust and Treasury Services, and will include the following information:

4.1.1 The dollar amount of the fund requested;

4.1.2 The default Datatel account number to which expenditures through the fund will be charged; and

4.1.3 The name of the custodian.

- 4.2 The custodian cannot be the same as the signing officer responsible to approve petty cash disbursements.

- 4.3 Upon approval of the request, a cheque will be issued payable to the custodian “in trust”.

5.0 Safeguarding Petty Cash

- 5.1 The custodian is responsible for safeguarding petty cash and must ensure that the petty cash box is locked in a filing cabinet or safe when not in use. Keys allowing access to the petty cash fund are the sole responsibility of the custodian.

- 5.2 An additional key may be placed in a signed over (by the custodian) sealed envelope to be used in emergency situations when the custodian is unexpectedly absent and the use of the petty cash is absolutely required. This additional key must also be locked in a secure place and be available to the person who originally approved the request to establish the fund.

- 5.3 Thefts of petty cash funds are to be reported to Security and Traffic services and the Director of Financial Services & Assistant Comptroller immediately. The custodian is personally responsible for all losses attributed to negligence on his/her part.

- 5.4 As expenditures are made, the custodian must place the receipts and [Petty Cash Release forms](#) in a locked cash box or locked drawer to replace the money expended.

- 5.5 The petty cash fund must always contain the correct combination of cash, receipts, reimbursement requests in process, and/or “in trust” cheques not yet cashed by the custodian, totalling the exact amount of the fund.
- 5.6 In exceptional circumstances, the custodian may distribute petty cash funds, before a purchase is made, by having a signed IOU for an advance from the fund. This advance must be reconciled within 2 working days with the return of the receipt and change totalling the advance.

6.0 Transfer of Petty Cash Fund

- 6.1 For existing petty cash funds, when a permanent change in the custodian is needed, the [Petty Cash Change of Custodian form](#) must be completed and sent to the Treasury Assistant.
- 6.2 The current custodian and the new custodian must prepare a reconciliation of the petty cash by compiling a list of cash, receipts, reimbursement requests in process, and cheques not yet cashed. The reconciliation must be equal to the value of the petty cash fund.
- 6.3 Both current and new custodian must sign the Petty Cash Change of Custodian form. The new custodian retains a copy of the form since that individual is retaining personal responsibility for the value of the fund.
- 6.4 The original signed [Petty Cash Change of Custodian form](#) shall be forwarded to the Treasury Assistant.
- 6.5 If the fund is kept in an approved chequing account, the same procedures must be followed, and an up-to-date bank reconciliation must also be forwarded to the Treasury Assistant.

7.0 Temporary Transfer of Petty Cash Fund

- 7.1 For existing petty cash funds, the custodian may be changed from time to time to cover temporary absences due to vacations or extended absences as agreed to by the department head.
- 7.2 The current custodian and the temporary custodian must prepare a reconciliation of the petty cash by compiling a list of cash, receipts, reimbursement requests in process, and cheques not yet cashed. The reconciliation must be equal to the value of the petty cash fund.

- 7.3 The temporary custodian must sign and date the reconciliation as a receipt. The regular custodian retains this receipt since that individual is transferring personal responsibility for the value of the fund.
- 7.4 When the regular custodian returns, the same procedures must be followed with the receipt retained by the temporary custodian.
- 7.5 If it is necessary to replenish the fund when the temporary custodian is in charge, a memo from the department head identifying the temporary custodian must be forwarded to Accounts Payable & Disbursement Services, Financial Services. Without this notification, the cheque to replenish the fund will be automatically generated in the name of the regular custodian and cannot be cashed by the temporary custodian.

8.0 Petty Cash Annual Verification

- 8.1 Annually, Trust & Treasury Services will verify information for each fund by sending the custodian a Petty Cash Confirmation form. This form is sent to all custodians with funds as of April 30th of the current year and must be returned promptly for external audit review.
- 8.2 The custodian and the department head must arrange a time to confirm the petty cash balance, complete the form and return it to the Treasury Assistant as soon as possible.
- 8.3 If the form is not returned by the second week of May of the current year, a reminder email will be sent to the custodian and the department head. If the form is still not returned promptly or no explanation offered, the department head will be contacted for potential close out of the petty cash.
- 8.4 Trust & Treasury Services will review annually the frequency of use and need for a departmental petty cash fund and may choose to amend the balance or close petty cash funds as necessary.

9.0 Closing a Petty Cash Fund

- 9.1 The following procedures should be followed when a petty cash fund is no longer required:
 - 9.1.1 If the custodian is available to cash any “in trust” cheques, please cash them before performing the final reconciliation. If the custodian is not available, proceed to section 9.1.2 and return the “in trust” cheques to the Treasury Assistant, Trust & Treasury Services in section 9.1.4.

- 9.1.2 Balance the petty cash to ensure the total of the fund is accounted for. The petty cash fund must equal the combination of cash, receipts, reimbursement requests in process, and/or “in trust” cheques not yet cashed by the custodian.
- 9.1.3 Submit a final [Petty Cash Disbursement Report](#) clearly indicating on the report that the petty cash is being closed and send to Accounts Payable & Disbursement Services, Financial Services.
- 9.1.4 Complete the [Request or Amend a Petty Cash Fund form](#) and submit it to the Treasury Assistant, Trust & Treasury Services.
- 9.1.5 Deposit the remaining funds on hand to Student Accounts & Receivables Services, Financial Services with a copy of the completed [Request or Amend a Petty Cash Fund form](#).

10.0 Audit

- 10.1 The petty cash will be subject to spot checks by the department head who requested establishment of the petty cash fund, as it is important to keep the fund balanced at all times. The fund must equal the combination of cash, receipts, reimbursement requests in process, and/or “in trust” cheques not yet cashed by the custodian.
- 10.2 Trust & Treasury personnel, Financial Services staff or any auditor contracted by the University may also perform an audit at any time of the fund.

11.0 Petty Cash Disbursements

- 11.1 As cash payments are made out of the fund, the custodian is required to fill out a [Petty Cash Release form](#) for each payment. The receipt(s) should show the date, the amount paid and the purpose of the expenditure. Where applicable, the receipt(s) should have the vendor's Business number and the HST/GST amount clearly indicated.
- 11.2 The receipt(s) must be approved by an authorized Spending Officer for the account, and the approver cannot be the person being reimbursed. Meal tickets issued by Facilities Management do not require additional approval, as the meal ticket on its own constitutes approval.
- 11.3 A Spending Officer cannot approve payments to his/her self. In the case where the Spending Officer is the individual being reimbursed, another departmental Spending Officer must co-sign the receipt. If no other departmental Spending Officer is available, the Spending Officer requires approval of the person to whom they report.

- 11.4 If the expense is for hospitality, a Hospitality Details Form must also be attached to the receipt and properly approved.
- 11.5 For all petty cash funds, except for those with an approved chequing account, the maximum value of a receipt that will be accepted should not normally exceed the lesser of one quarter of the value of the petty cash fund or \$100.
- 11.6 Receipts must be for the current fiscal year. Receipts for a closed fiscal year will not be reimbursed.
- 11.7 Once all receipts have been reviewed for completeness, a [Petty Cash Release form](#) should be completed for the total amount of the receipts. The receiver of the cash from the custodian must sign the [Petty Cash Release form](#).

12.0 Replenishing the Petty Cash Fund

- 12.1 To replenish a petty cash fund means to replace the amount of money that has been spent, thus restoring the fund's cash to its original amount. A [Petty Cash Disbursement Report](#) should be used for this purpose.
- 12.2 The [Petty Cash Disbursement Report](#) must be supported by the original receipts and [Petty Cash Release forms](#) and should indicate the account(s) to which the various expenditures are to be charged. The completed report should be submitted to the Accounts Payable Administrator, Financial Services responsible for processing petty cash claims.
- 12.3 In order to avoid depletion of the fund, it is suggested that as a minimum, [Petty Cash Disbursement Reports](#) should be submitted whenever the fund is more than half expended and at least quarterly.
- 12.4 If the fund is kept in an approved chequing account, a bank reconciliation must also be forwarded to the Treasury Assistant, at least quarterly but preferably monthly.
- 12.5 The petty cash fund **must** always be replenished at the end of the fiscal year so that expenses will be reflected in the proper accounting period.
- 12.6 It is strictly forbidden to replenish petty cash with funds from any other source.
- 12.7 Although all efforts are made to process claims quickly, custodians should normally allow a ten (10) working day turn-around time for reimbursement after the [Petty Cash Disbursement Report](#) has been received in Financial Services and audited for adherence to policies, especially for expenses related to research projects as the claim must also be sent to the Office of Research Services for approval.

13.0 Restrictions and Ineligible Expenditures

13.1 Petty cash funds must not be used for any expense that is ineligible as per other University policies such as the:

- [Travel Policy](#),
- [Personal Reimbursement Policy](#),
- Expenditure Guidelines Policy,
- Hospitality Policy, or
- normally for a Personal Reimbursement Claim over \$100.

13.2 Petty cash funds cannot be used for the following purposes:

- 13.2.1 To cash employee personal cheques,
- 13.2.2 To grant “loans” to oneself or other employees,
- 13.2.3 To pay for any expense that does not have an original receipt,
- 13.2.4 To pay any conference registration fees or memberships,
- 13.2.5 To purchase liquor,
- 13.2.6 For personal reimbursements that are required to be reimbursed in the employee’s name for proper expense reporting (RTIPPA annual reporting of senior management expenses), or
- 13.2.7 For services that require an employee T4 Taxable Benefit or that is for a non-employee T4A Other Income, as per Canada Revenue Agency (CRA) regulations.

14.0 Interpretation

14.1 Questions about the interpretation of this policy and/or procedures, or its application to specific cases, should be directed to the Comptroller or the Director of Financial Services & Assistant Comptroller. It is always best to seek clarification prior to incurring expenses as some expenses may not be approved for payment by the University.