

Petty Cash Procedures

Background

Petty Cash Funds are provided for the convenience of the school or department. This use of Petty Cash Funds is provided for guidance regarding appropriate transactions as well as outlining internal controls in order to minimize the University's risk of financial loss. (Note: Petty Cash Funds are not the same as petty cash reimbursements/vouchers. Please see the Petty Cash Voucher Guide on the Cashiers Office website for the applicable statements and procedures).

Petty Cash Funds are typically set up for payment to individuals who are participants in clinical studies or are providing a specimen, or for reimbursing participants for expenses directly related to the study.

Under no circumstances should petty cash funds be commingled with any other fund(s). Further, no expenses that are reportable to the IRS (Participants of medical research that are paid \$600 or more in a calendar year must be issued 1099-Misc.) or subject to income tax withholding may be reimbursed through Petty Cash Funds.

Roles and Responsibilities

General Accounting - Responsible for the creation and ownership of the Petty Cash Funds policy and the establishment and overall oversight of custodial petty cash funds.

Management Center Finance Office - Responsible for approving original request (ensuring no duplicate requests), authorizing replenishments to fund, and monitoring all funds within management center (including funding any shortages or disallowed expenses out of the departments' operating funds).

Accounts Payable - Responsible for providing timely replenishment of Petty Cash Funds based on the approval of General Accounting.

Petty Cash Fund Custodians - Responsible for:

- 1) Completing monthly reconciliations,
- 2) Submitting appropriate documentation for replenishment of fund,
- 3) Closing the fund immediately if the purpose for which it was established ends or changes significantly, and
- 4) Providing adequate precautions for safekeeping of the funds under their control.

Note that it will be the custodians' responsibility to provide adequate precautions for the safekeeping of the funds under their control. All Petty Cash Funds must be stored in a secured device such as a safe or cash box in a locked cabinet. Only the Petty Cash Fund custodian should have keys to the box and cabinet. Funds should never be left unattended and unsecured. Funds within a box need to be locked and behind locked doors when not attended.

Petty Cash Funds Procedures for Establishment and Modification

Establishing Petty Cash Fund

Any school or department that wishes to establish a Petty Cash Fund must demonstrate a need. This is done by completing a Speedtype Request form which is located on the Controller's website. The form must be approved by the Management Center Finance Office and sent to General Accounting.

Each section of the form must be completed. If for study participants, indicate what speedtype(s) will be charged for the subject participation, the IRB's it will be associated with and how much each participant will be paid, as applicable. Also, list what types of expenses will be reimbursed using the petty cash.

Once the establishment of the fund is approved, a petty cash speedtype (PTYXXXXXX) will be assigned by General Accounting. The custodian will be notified through e-mail and receive the Petty Cash Fund Statement of Receipt and Responsibility along with a copy of the Petty Cash Funds policy. The custodian must review the policy, sign and return the Statement of Receipt and Responsibility to General Accounting. The review and signing must be witnessed by the custodian's supervisor. The witness must also sign the Statement of Responsibility prior to returning it to General Accounting. Once this is completed, General Accounting will submit a payment request and Accounts Payable will issue a check and send it to the Cashier's Office for pick up by the custodian. Petty Cash Fund checks can be cashed at the Cashier's Office by presenting a valid Case identification card. General Accounting will also provide the custodian with a list of the Custodian Responsibilities.

Increase Petty Cash Fund

A Petty Cash Fund may be increased only in those instances where the amount of the fund no longer meets the needs of the department. If this occurs, the custodian should forward a Speedtype Request form, selecting the "Change a Speedtype" option and indicating the requested amount and the reason for the increase. The Management Center Finance Office must also sign off on the request. Note that a petty cash fund amount should not exceed 25% of the annual reimbursements of the fund.

Decrease Petty Cash Fund

A Petty Cash Fund may be decreased if the amount of the fund exceeds the actual needs of the department. Additionally, on an annual basis, General Accounting will evaluate the size of Petty Cash Funds based on the prior year reimbursements of the fund. If the size of the fund exceeds $\frac{1}{4}$ of the prior year reimbursements, General Accounting will request adjustment to the fund. The amount which is no longer needed should be deposited at the Cashier's Office into the respective petty cash speedtype. The Cashier's Office will issue an approved deposit receipt via email, which the custodian will then forward to General Accounting along with a Speedtype Request form, (selecting the "Change a Speedtype" option).

Closing a Petty Cash Fund

Petty Cash Funds are not transferable from one employee to another. General Accounting will audit the fund before proceeding with the closing process. The custodian and their supervisor must be present during the duration of the audit. Upon completion of the audit, any cash remaining in the fund must be deposited at the Cashier's Office to the respective petty cash speedtype. The Cashier's Office will issue the custodian an approved deposit receipt via email, which should then be forwarded to General Accounting. General accounting will use the completed audit forms and deposit receipt to close the fund. The fund will not be closed until all necessary forms are completed, approved and signed by a supervisor, and returned to General Accounting.

The custodian must close the fund prior to transferring or terminating employment.

Change of Custodian

To change a custodian of an established fund, the existing fund must be closed (see "Closing a Petty Cash Fund" section) and a new Petty Cash Fund must be requested (see "Establishing Petty Cash Fund" section).

If a "Temporary Custodian" is needed for an extended period of absence, such as Parental or Medical Leave, a Speedtype Request form must be filled out, approved, and submitted to General Accounting. On the Speedtype Request form, select "Change a Speedtype" and indicate that the custodian will be absent for an extended period of time and a temporary custodian is needed. Include the name of the temporary custodian as well as the approximate dates that the individual will be responsible for the funds. General Accounting will perform an audit of the fund before changing the name of the custodian and another audit will be performed when the original custodian returns, before the custodian is changed back to the original owner. If for some reason, the original custodian does not return to their position the fund must be closed and a new fund must be opened.

Procedure for Replenishing Petty Cash Funds

Clinical Study Participants

For human subject reimbursement, the study coordinator should distribute the cash to the subject and prepare a receipt for the subject to sign. Each receipt is required to have a unique identifier that cannot be duplicated, such as a numbered receipt book. The original receipts should be maintained by the custodian for safekeeping. List the unique receipt ID in the 'Paid To' column of the Report of Petty Cash Expenditures Replenishment Form. Due to HIPAA regulations General Accounting cannot see the whole name of the study participants. Please either assign participants a unique number or use only initials.

Replenishing Petty Cash Funds

The University has developed this policy to provide a standard process to handle compensation of research subjects through Petty Cash Funds and to protect the confidentiality of subjects, to the extent allowable by law, during the reimbursement process.

Petty Cash Funds should be replenished at minimum on a monthly basis. All Petty Cash Funds must be replenished at the fiscal year end so there are no outstanding receipts as of June 30.

To replenish, the custodian should:

1. Enter the information electronically via PeopleSoft Financials by completing a payment request in the Employee Self-Service module
 - a. For Request Type: select Petty Cash
 - b. For Return Check to: select Pick up Cashiers
 - c. For Supplier ID: select the Custodian's ID that has "P/C" in front of their name
2. The following Backup Documentation must be attached:
 - a. The Petty Cash Report of Expenditures filled out completely with the following information:
 - i. The date of service
 - ii. List the unique receipt identifier in the "Paid To" column
 - iii. Description of study
 - iv. Amount paid
 - v. Speedtype/account to be charged
 - b. Receipts
 - i. Receipts are required for all cash paid out, including study participants
 - ii. No receipt over \$100.00 will be reimbursed through Petty Cash Replenishment Requests
 - iii. On receipts make sure the date, dollar amount, the unique identifier, and speedtype are legible
 - iv. The University will not reimburse sales tax. Please circle the pre-tax total on your receipts for reimbursement. You can contact Accounts Payable to obtain a tax exempt form

3. The petty cash replenishment request will go through a workflow to be approved by the department finance manager, then the petty cash manager, and finally Accounts Payable, who will issue a check to the custodian and send it to the Cashier's Office for pick up by the custodian. The check can be cashed at the Cashier's Office with a valid Case identification card.

IRS Compliance

According to IRS regulations, annual compensation (subject incentives) to study subjects of \$600 or greater is considered taxable compensation and reportable to the IRS.

If a series of subject payments result in total compensation greater than \$600 for a calendar year the custodian should:

1. Complete a W-9 form (obtained from the Accounts Payable website) providing the subject's name, address and social security number.
2. A memorandum must accompany the W-9 form providing the amount of compensation to the subject.
3. Submit the memo and W-9 form to Accounts Payable.
 - Accounts Payable will issue a 1099 form to the custodian for the participant.

Safeguarding Petty Cash Funds

The Petty Cash Fund is the property of the University and must be used in accordance with its applicable policies. Petty Cash Funds are to be maintained in cash and may not be comingled with other University or personal funds.

It is the custodians' responsibility to provide adequate precautions for the safekeeping of the funds under their control. All Petty Cash Funds must be kept in a secured, locked office safe, file safe or reinforced lockable file at all times.

Funds should never be left unattended and unsecured. In the event funds are lost or stolen, the custodian must contact the University's Security Office to file a security report. Additionally, the custodian should notify General Accounting and Internal Audit of the loss. Any funds missing from petty cash will be charged to the responsible department. A copy of the security report should be provided to General Accounting and Internal Audit within five business days of occurrence.

Verifications

Verifications of Petty Cash Funds will be requested and completed annually. The verification form will be sent out to all custodians via email from the General Accounting email address. Custodians will be asked to verify the total amount of cash and receipts that are in their respective Petty Cash Funds in the presence of the custodian's supervisor. Both the custodian and supervisor are required to sign and date the verification form and send it back to General Accounting via email (genacct@case.edu) by the required date on the form.

Petty Cash Audits

General Accounting will conduct physical Petty Cash Fund audits at least once every two years. A General Accounting staff member will schedule a time to visit each location to verify the applicable Petty Cash Fund. All cash/coins in the petty cash box will be counted, and the total amount of receipts will be verified. All discrepancies identified during the audit procedures will be noted within the Petty Cash Fund Audit Log. If a discrepancy is found, the fund will be subject to a second audit. The custodian's immediate supervisor, the Assistant Controller of General Accounting and Cashiering, and Internal Audit will be notified of the discrepancy, and an appropriate action will be determined. The General Accountant and custodian will sign off on the audit log at the end of the audit.

In addition to these routine announced audits, General Accounting will also conduct random unannounced physical audit on petty cash fund throughout the fiscal year. Audit procedures will remain consistent with the routine audits as described above.