

AUS PETTY CASH POLICY

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➤ Introduction:

A Department or School can obtain a petty cash fund of a **maximum of Dhs 1,000** from the Finance Department on the request of the dean or director. The request of the dean or director needs to include the following:

- ✿ A realistic estimate of the cash requirements needed to cover any 2 week expenditures that fall within the allowed expenditures according to this policy.
- ✿ The name and signature sample of the employee who will be entrusted with the petty cash.
- ✿ The type of expenses that are of urgent nature that the petty cash is required to cover.

This should be forwarded to the Finance Dept. Once both the Finance Department and The Vice Chancellor For Finance & Administration approve the request, a cheque is prepared in the name of the custodian. The custodian of the fund is then given the guidelines on the use and maintenance of the petty cash fund. A petty cash voucher book is also given to the custodian.

The Internal Auditor reviews the Petty Cash funds maintained by the custodian on periodical basis. This includes surprise counts of the petty cash.

➤ Use of Petty Cash

The petty cash fund can only be used to meet small financial needs of the department/School.

It can only be used for purchases that are;

1. One off
2. Of individual value below Dhs. 200.
3. Not available in AUS stores.
4. Are few in quantity (not to exceed 2 per item).
5. Sufficient budget should be available to cover the expense.

It specifically cannot be used to pay for;

1. Gifts/ Flowers
2. Awards
3. Meals (Lunches & Dinners)
4. Employee Allowances
5. Employee Overtime
6. Any remuneration for work done by individuals
7. Items that are of an asset nature

✿ Regular purchases need to be made through AUS Operations Department by placing a requisition through the Banner System.

✿ Catering for AUS functions need to be requested through the catering division of Operations Department.

✳ Representation by deans and directors and others need to be presented for reimbursement through individual reimbursements requests appropriately approved and submitted to Finance.

✳ Remuneration for work done by individuals need to be processed through HR Department for part time or full time employees and through Operations Department for contractors.

Petty cash will not be reimbursed if the above criteria is not met.

➤ **Custodian - Rights & Duties**

The custodian of the Petty Cash has certain obligations towards the University and some inherent rights attached in carrying out the duties.

.1. Duties:

The custodian should:

- .1.1. Only honor bills that are duly approved/authorized by the departmental head whose cost center is being charged
- .1.2. Check the arithmetical accuracy of the bill
- .1.3. Enter the correct account code for the expense in accordance with the budget
- .1.4. Keep record of money disbursed & replenished
- .1.5. Request replenishment well in advance. *For example* when cash depletes to approximately 30% of the Petty Cash held.
- .1.6. Show the books of account maintained to the Internal Auditor, Controller or to any authorized person(s) as the Controller may deem fit.
- .1.7. To duly hand over the fund to the successor in case the present custodian will no longer handle this duty. [Handing over includes; tallying the physical cash balance with properly maintained book balance duly signed by the Internal Auditor approved by the departmental head countersigned by the successor].
- .1.8. Under no circumstances can an individual use their own funds to purchase petty cash items. Reconcile the Petty Cash in custody weekly, and report any shortages or overages to the Controller in the form of a shortage/overage statement at the end of the replenishment report. If overage/shortage is less than AED 5 this would be sufficient action. If the shortage/overage is greater than AED 5, a detailed report of the reason for the variance needs to be submitted by the custodian to the Controller after discussing the report with the department head and obtaining the department head's endorsement of the report. The report will be verified by the office of the Controller.

.2. Rights:**The custodian of the Imprest fund has the right to**

- .2.1. Reject payment of bills that are not duly approved for payment.
- .2.2. Reject claims for reimbursements for expenses that are not covered by the Petty Cash policy.
- .2.3. Check the accuracy and authenticity of the bill presented for payments and also of the document that is being handed over by the predecessor.
- .2.4. To ask for original bills for which money has already been advanced.
- .2.5. Reserve the right to decide on the priority of expenses - Pending authorization by the department head.

➤ Petty Cash Replenishment Report

The Petty Cash vouchers, the original Bills, the summary replenishment report are the documents that form the petty cash replenishment report.

I. Petty Cash Voucher (PCV):

The PCV is the official and main document in disbursing petty cash. This is serially numbered, it requires the recipient's signature, the amount disbursed, a brief description of disbursement, date and approval, cost center to be charged and account code. A petty cash voucher has to be filled in for every disbursement.

II. Original Bills (Invoices):

Bills are proof of expense. Each expenditure should be supported by an original bill from the payee. Petty cash expenditures will not be reimbursed if not supported by original bills.

III. Summary Replenishment Report:

It is a standard format that needs to be submitted by the petty cash holder to the Finance Department for replenishment. It contains the following details: Please see attached.

1. Imprest Fund
2. Summary of Petty Cash Disbursement
3. Top-up amount
4. Signature of person who prepared it and approval of authorized person i.e. Dean or the Director
5. Confirmation that the reported cash on hand is accurate and has been reconciled and no overage/shortage exists. If overage/shortage of cash on hand exists, the appropriate statement/report should be attached as detailed in section 1.8 of the Custodian – Rights & Duties section of this policy.

➤ Reporting

Petty cash can be replenished if the following is followed.

The custodian submits the Petty Cash Summary Report to Finance Department for replenishment. While reporting care should be taken regarding the following:

1. All bills that are to be reimbursed should have a PCV.
2. The department head should duly approve the summary report.
3. The PCV should bear the receiver's signature (proof of money being disbursed)
4. The date of payment should be noted on the PCV.

The summary report should include the cost center and account code per expense. Sufficient funds should exist to cover the expense incurred. If not, the custodian should inform the supervisor/department head of it and make sure that funds are made available. On receipt of the completed, approved and fully supported summary report, Finance Department will issue a check in the amount expensed by the custodian within 4 working days.

➤ Transfer of Responsibilities:

When the custodianship of a Petty Cash Fund is to be handed over from one person to another, whether for a short period or permanently, a petty cash handover form needs to be completed (FA-FD-107) in the presence of current and new custodian as appointed by the department head. This form needs to be sent to Finance Department complete with all the required approvals.

➤ Points to be noted

1. No replenishment will be processed on invoice copies.
2. If any PCV is cancelled, it has to be submitted and mentioned in the report.
3. A PCV should not be overwritten. If at all it's overwritten, it has to be approved by the department head by countersigning just besides the correction.
4. Only actual money paid out should be noted on a PCV. *For example, if there is a bill for Dhs. 10.80, the actual amount paid should be only Dhs. 10.75 as there isn't any 5 fils in UAE. So only Dhs. 10.75 (actual amount paid) should be reported.*
5. Account code, cost center, date, recipient's signature and department head's approval/authorization are necessary in a report.