

# Oregon Health & Science University

## Petty Cash Policy & Procedures

### Policy:

- 1) The custodian for each account must submit a reconciliation to Accounts Payable by the 22nd of each month on the form provided by AP. The reconciliation must be signed by the fiscal authority, who must also review it for accuracy and for the appropriateness of the expenditures. Reconciliation is required even if there has been no activity. Failure to send monthly reconciliation by the required deadline may result in automatic closure of the account. Accounts closed due to unreconciled status will not be reinstated.
- 2) Petty cash accounts showing no activity for two consecutive months may be required to reduce funds or close.
- 3) All cash allocated to the petty cash fund must be used only as documented in the original request. If expenses are charged to a grant, petty cash payments must conform to the rules of the grant.
- 4) It is preferred that the set-up amount for a petty cash fund be \$500.00 or less.
- 5) Copies of receipts or of the signed receipts log must be provided as documentation of all expenses on the reconciliation. In the case of receipts for expenses charged to a sponsored project, originals must be submitted.
- 6) The custodian is the only person to have physical access to the cash and is the only person to disburse cash, balance the account, and fill out the monthly reconciliation. The custodian is responsible for any shortage. If the custodian changes, the old and new custodian must count the cash together and the department must inform AP of the new custodian by e-mail immediately (this e-mail should come from, or CC, the fiscal authority). This applies to appointing temporary custodians. Any change in the physical location of the fund must also be reported to AP.
- 7) Compensation to research subjects is taxable income to them, regardless of the dollar amount received. Petty cash funds should never be used to pay a research subject if there is any possibility that he or she will be compensated \$600 or more by OHSU during a calendar year. Any research subject who may receive \$600 or more during a calendar year must be compensated through AP rather than petty cash in order for OHSU to track payments and to comply with IRS regulations on income reporting. Social Security numbers are always required in order to pay people for their services through AP.
- 8) It is acceptable for names of research subjects to be omitted from the documentation submitted with reconciliations to AP when confidentiality requires this, but the principal investigator should obtain legal names and social security numbers of research subjects for the study's confidential records. OHSU internal audits or IRS audits may require this

information. The PI needs to be able to document that all monies really went to research subjects, and that no individual subject received \$600 or more during the calendar year.

### **Procedures:**

**Opening a petty cash account:** A request to open a petty cash fund must include (1) a petty cash fund request form (found at the end of this document) and (2) a disbursement form (<http://www.ohsu.edu/xd/about/services/financial-services/forms/upload/DisbursementRequestForm.pdf>). The two completed forms should be submitted together to AP by campus mail to L332AP, or by fax to 503-346-6837, or by scanning and e-mailing to [debooj@ohsu.edu](mailto:debooj@ohsu.edu). If your account will be charging expenses to a grant, the forms will need to be approved by SPA before going to AP. Information required on the request form includes the following:

- A) Dollar amount of cash being requested
- B) Name, phone number, and mail code of the custodian
- C) Brief description of intended use of the petty cash
- D) Anticipated date for closing the account, if known
- E) Location where cash will be kept and locked
- F) Project number, if request is grant-related
- G) Fiscal authority name, signature, and phone.

The custodian and the fiscal authority cannot be the same person; both must be regular OHSU employees. On the disbursement form, use the FOMOPPL string 0111-00001-01-1111 (for hospital accounts) or 0151-00001-01-1111 (for all other accounts).

After approval, an AP check for the amount requested will be sent to the Baird Hall Cashier's Office. The Cashier's Office can also convert the check into cash for the custodian.

**Replenishment:** To replenish the account, the custodian must fill out a disbursement form for the amount needed and submit it to AP. Include the vendor number for the account. Use the account string 0111-00001-01-1111 (for hospital accounts) or 0151-00001-01-1111 (for other accounts); do not put the account string for actual expenses on replenishment requests. Do not attach receipts or other documentation to replenishment requests; those go with reconciliations only. If reconciliations are not up to date, the replenishment request will not be paid.

**Changing the fund balance:** To increase the amount in the fund, submit a disbursement form as above, but stating that the request is to increase the fund rather than replenish it. To decrease

the amount, take the excess cash to the Cashier's Office to deposit to 0111-00001-01-1111 (for hospital accounts) or 0151-00001-01-1111 (for all other accounts); also give the Cashier's Office the name of your account. Report this on the "Cash deposited" line on the next reconciliation.

Employees must not "loan" money to a petty cash account, nor can one petty cash account "loan" money to another. It is the custodian's responsibility to submit replenishment requests in time to keep the fund balance up to what is required for its anticipated use.

**Closing the account:** When the purpose for which the account was established is no longer valid, or the project has ended, the account must be closed. Take all cash on hand to the Cashier's Office to deposit to 0111-00001-01-1111 (for hospital accounts) or 0151-00001-01-1111 (for all other accounts); also give the Cashier's Office the name of your account. Report this on the "Cash deposited" line on the final reconciliation and attach your receipt from the Cashier's Office as documentation. Report any expenses since the previous reconciliation on the "Cash spent" line as usual. The ending balance on the final reconciliation must net out to zero. Note on the reconciliation that the account is closed.

# PETTY CASH FUND REQUEST FORM

Information required for establishing new petty cash accounts:

Dollar amount requested: \_\_\_\_\_

Name and phone number of custodian who will control, disburse, and reconcile the cash:

Printed name: \_\_\_\_\_

Phone: \_\_\_\_\_

Description of intended use of the petty cash account (for example, to pay research subject recruited for a research project for their participation over a certain period of time):

Anticipated date for closing the fund, if known: \_\_\_\_\_

Place where the cash will be kept and locked: \_\_\_\_\_

If request is grant-related, state project number: \_\_\_\_\_

**Important:** No one recipient may be paid more than \$600.00 per calendar year out of petty cash. In any case where you anticipate paying one individual more than \$600.00 in a calendar year, the payments must be handled through Accounts Payable rather than through petty cash.

Fiscal authority over fund:

Printed name: \_\_\_\_\_

Signature: \_\_\_\_\_

Phone: \_\_\_\_\_

By signing this form, I agree to take full responsibility for appropriation and disbursement of funds in this account, and for compliance with OHSU policy, until the fund is closed.