
PROCUREMENT AND DISBURSEMENT SYSTEMS

BANK ACCOUNTS/PETTY CASH

SUMMARY

BANK ACCOUNTS

Departments or units within the University are not permitted to open bank accounts in the name of the University. In order to maintain control over University assets, bank accounts must be centrally created and monitored by the University's Treasurer's Office. Therefore, only individuals authorized by the University's Board of Trustees may establish bank accounts in the name of the University.

PETTY CASH

Petty cash funds make cash available to faculty and staff within departments and activities to facilitate reimbursement for minor expenses while maintaining proper internal control. When the fund is larger than \$200, it is recommended that a checking account be established for security reasons. The checking account must be in the name of the custodian of record.

The petty cash fund is requested by a departmental budget administrator, recommended for approval by the appropriate divisional business office, and then approved by the Controller's Office.

The fund is treated as a personal loan to the employee responsible for the fund and that employee is referred to as the custodian. The custodian is responsible for making disbursements from the fund, reconciling the fund balance, and replenishing the fund in accordance with policies and procedures. The budget administrator is responsible for approving replenishments of the fund and for requesting changes to the fund balance. The only allowable deposits to the petty cash checking account are University checks issued as replenishments of the fund. Allowable disbursements include miscellaneous office supplies, business meals, stamps, local business travel, and payments to research participants.

Reimbursements cannot be made for personal items, memberships, subscriptions, dues, furniture or equipment, payments for personal services, travel advances, or to prepay guaranteed return postage. The petty cash account may not be used to cash personal checks or to make loans. Reimbursements should not be made for Maryland sales tax since employees should present the Maryland tax-exempt certificate when making a purchase.

Individuals seeking reimbursement must explain the purpose of the expenditure and provide a receipt showing proof of payment and sign a petty cash voucher.

Expenditures are charged to accounts monthly when the Petty Cash Replenishment Report (B-31) is processed. Activity of allowable expenditures must be reported, substantiated, reviewed, and approved monthly in order to receive a replenishment of funds. Transactions appear on the monthly expenditure statements and in the online account inquiry system (AINQ).

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INTERNAL CONTROLS

OBJECTIVES

- Control over University assets
- Control over departmental petty cash
- Fund is used appropriately
- Fund (cash or checks) is secure

RISKS

- Non-compliance of University policies and agency regulations
- Theft of funds
- Misuse of funds/fraud
- Personal liability

AUDIT CHECKLIST

	If a checking account has been established, <ul style="list-style-type: none">• is the account not in the name of the University or one of its organizations or offices?• is the bank statement for the checking account reconciled monthly?• are bank statements kept on file for three or more years?
	Has the petty cash fund been properly authorized and approved (are copies of Petty Cash Forms B-29 and B-30 on file)?
	Are the petty cash fund and/or unissued checks kept in a secure place?
	Is the fund's custodian the only person with access to the fund?
	Has the fund's custodian received the required petty cash training offered by the Administrative Training Workshop?
	Is the fund used for the intended business purpose?
	Are all petty cash disbursements supported by a petty cash voucher (Form B-28a or B-28b) and a purchase receipt or other appropriate documentation?
	Does the budget administrator, as well as the custodian, review expenditures for appropriateness and compliance?
	Does the budget administrator confirm the cash on hand when the Replenishment Report (Form B-31) is submitted?
	Are Replenishment Reports prepared monthly so that expenditure statements will reflect activity in a timely manner?
	Is the authorized fund amount equal to the total amount of expenditures reimbursed over a typical two-month period?
	Is the size of the fund reviewed periodically to determine whether it should be increased or decreased?
	If the fund is over \$200, is it in the form of a non-interest-bearing checking account?
	Have inactive petty cash accounts been closed?

SOURCES FOR POLICY

Petty Cash Guide (<http://128.220.185.18/images/Pettycash/Titlepg.htm>)

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RESOURCES FOR ASSISTANCE

Administrative Policy Training Program Courses, 410-516-6800 Divisional Business Offices (see list of addresses and phone numbers in Offices to Contact section) Petty Cash Unit, Accounts Payable, Office of the Controller, 410-516-6688

TRAINING

Administrative Policy Training Program Courses - Course: Petty Cash

FORMS ON THE WEB

Petty Cash Action Form (http://www.controller.jhu.edu/uforms/B-29.pdf) Petty Cash Custodian Responsibility (http://www.controller.jhu.edu/uforms/B-30.pdf) Petty Cash Replenishment Form (http://www.controller.jhu.edu/uforms/B-31-fr.pdf) Petty Cash Voucher - General (http://www.controller.jhu.edu/uforms/B-28-a-b.pdf) Petty Cash Voucher - Research (http://www.controller.jhu.edu/uforms/B-28-a-b.pdf)
