**APPENDIX A**

**Detailed Operating Procedures for Petty Cash Funds**

* **OPENING A PETTY CASH FUND**
  + Complete a Petty Cash Action Form.
  + Complete the “Required Information for All Actions” section.
  + Check the box for “Open a New Petty Cash Fund” and complete that section.
  + The designated Custodian of the new fund must sign and date the “New Custodian Certification” at the bottom of the Petty Cash Action Form.
  + To fund the account, the requestor must prepare a Payment Request in HCOM to request a check, which the Custodian must cash to fund the account. The completed and signed Petty Cash Action Form will serve as the invoice when the check is requested via HCOM.
  + Before preparing the Payment Request to fund the account, the requestor must go into Oracle to determine if the Custodian exists as a vendor.
    - In Oracle, do a vendor lookup to see if the named Custodian of the fund already exists
      * Go to Vendor Inquiry
      * Name: PETTY CASH
      * Supplier Site: [CUSTODIAN’S NAME] ]If the Custodian already exists, check to make sure the Custodian’s address is the same as the office address on the Petty Cash Action Form
    - If the Custodian does not already exist, add the Custodian via Oracle Vendor Setup. The setup should include:
      * For Address line 1: OR [CUSTODIAN’S NAME]
      * For Address line 2: [CUSTODIAN’S OFFICE ADDRESS]
    - If the Custodian does exist but the address is not the same as that on the Petty Cash Action Form, add a new site via Oracle Vendor Setup.
      * For Address line 1: OR [CUSTODIAN’S NAME}
      * For Address line 2: [CUSTODIAN’S OFFICE ADDRESS]
  + The requestor must create an Oracle payment request in HCOM once the Custodian has been set up as a vendor.
  + Before completing the payment request, contact your Tub Finance Office to determine if your tub has a designated Petty Cash approver
  + Go to HRVD^IPROCUREMENT
    - Create Payment Request
      * Supplier: PETTY CASH
      * Site: [CUSTODIAN’S NAME]
      * Business Purpose: New Petty cash fund [CUSTODIAN’S NAME]
      * Payment Amount: Total of the full General Ledger balance of petty cash fund (i.e., the full amount of the petty cash fund, before any expenses are paid from it)
      * Item Description: This defaults to the same information as is in the Business Purpose field
      * Requisition Description: New Petty Cash Fund [CUSTODIAN’S NAME]
      * Charge Code: Tub-org-0013-xxxxxx-xxxxxx-xxxx-00000
      * Note to Approver: New Petty Cash Fund [CUSTODIAN’S NAME]
      * When completing a Payment Request using object code 0013, HCOM will automatically populate with the preparer’s default approver. If the preparer’s tub has a designated Petty Cash Approver, the preparer should manually change the default approver on this Payment Request to their Tub’s designated Petty Cash Approver. HCOM will then automatically build an approval path all the way up to Strategic Procurement for final approval.
  + Attach a copy of the completed and signed Petty Cash Action Form as invoice to the Payment Request
* **PAYING EXPENSES FROM A PETTY CASH FUND**
  + Use petty cash to pay or reimburse for small operating expenses, such as visitor parking or taxi expenses. Human subject payments of $100 or less are also acceptable uses of petty cash funds.
  + The Custodian pays cash to a person presenting an appropriate invoice or expense receipt.
  + The Custodian keeps the receipt, marks it “Paid,” and records the amount and description of expense and the person receiving the cash in the petty cash log.
  + At least quarterly, or sooner if enough expenses have been paid from the petty cash fund so that the amount of cash remaining runs low, the Custodian must replenish the funds and record the expenses in the General Ledger. See the next section, “REPLENISHING A PETTY CASH FUND” for detailed instructions on how to replenish a petty cash fund.
* **REPLENISHING A PETTY CASH FUND**
  + Reconcile the account: the total of all the receipts plus the remaining cash must equal the full General Ledger balance of the petty cash account.
  + Fill out the Replenishment Form [(see Appendix C)](Appdx%20C%20Petty%20Cash%20Replenishment%20Form%202.17.2016.xlsx) with the coding for the expenses paid from the petty cash fund that now needs to be replenished.
  + Sign and date the Replenishment Form
  + An Oracle payment request in HCOM needs to be generated.
    - Go to HRVD^IPROCUREMENT
    - Create Payment Request
      * Supplier: PETTY CASH
      * Site: [CUSTODIAN’S NAME]Business Purpose: To replenish Petty Cash Fund [CUSTODIAN’SNAME]
      * Business Purpose: Replenish Petty cash fund [CUSTODIAN’S NAME]
      * Payment amount: Total amount of the replenishment of the petty cash fund.
      * Item Description: This defaults to the same information as is in the Business Purpose field. What is entered here will show on the Detail Listing report it should include the information you need to describe the expense.
      * Requisition Description: Replenish Petty cash fund [CUSTODIAN’S NAME]
      * Charge Code: This should be the coding for the expenses from the Petty Cash log.
      * There are a number of fields that are optional in this process. They are:
        + Asset Tag Number
        + Line Level Notes
        + Note to Approver
        + Note to Supplier
        + Vendor Justification/Debarment Certificate
      * Note to Approver: New Petty Cash Fund [CUSTODIAN’S NAME]
* **INCREASING A PETTY CASH FUND AMOUNT**
  + The requestor must complete and get required signatures on a Petty Cash Action Form.
  + Check the box for “Change Amount of a Petty Cash Fund” and check the appropriate box to indicate that the change is an increase, and complete the rest of the section.
  + Before completing the payment request, contact your Tub Finance Office to determine if your tub has a designated Petty Cash Approver
  + The requestor must create an Oracle payment request in HCOM to fund the increase in the account.
    - Create Payment Request
      * Supplier: PETTY CASH
      * Site: [CUSTODIAN’S NAME]
      * Business Purpose: Increase to Petty Cash Fund [CUSTODIAN’S NAME] from $xxx.xx to $xxx.xx
      * Payment: Amount of the increase to the petty cash fund being requested
      * Item Description: This defaults to the same information as is in the Business Purpose field
      * Requisition Description: Increase to Petty Cash Fund [CUSTODIAN’S NAME] from $xxx.xx to $xxx.xx
      * Charge Code: Tub-org-0013-xxxxxx-xxxxxx-xxxx-00000
      * Note to Approver: Increase to Petty Cash Fund [CUSTODIAN’S NAME]
  + When completing a Payment Request using object code 0013, HCOM will automatically populate with the preparer’s default approver. If the preparer’s tub has a designated Petty Cash Approver, the preparer should manually change the default approver on this Payment Request to their Tub’s designated Petty Cash Approver. HCOM will then automatically build an approval path all the way up to Strategic Procurement for final approval.
  + Attach a copy of the completed and signed Petty Cash Action Form as invoice
* **DECREASING A PETTY CASH AMOUNT**
  + The requestor must complete and get required signatures on a Petty Cash Action Form. Check the box for “Change Amount of a Petty Cash Fund” and check the appropriate box to indicate that the change is a decrease.
    - Use a [Credit Voucher](http://able.harvard.edu/links/form-groups/cash-receipts) if you are returning cash to reduce the petty cash fund to the desired level.
      * Prepare a [Credit Voucher](http://able.harvard.edu/links/form-groups/cash-receipts) using the coding string that the fund was originally set up with – Tub-Org-0013-000000-XXXXXX-XXXX-0000.
        + **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
        + The object code should always be 0013-CO^Petty Cash.
        + In the Line Description field write “To decrease petty cash fund – Custodian [Name]”.
      * If the tub prefers to avoid depositing cash, the Custodian of the petty cash fund can write a personal check for the cash amount and deposit the check on a Credit Voucher the same way as a cash deposit is made. In this case, the Custodian would keep the cash.
    - If the fund is being reduced with the charges on a Replenishment Form:
      * Prepare a journal voucher to charge the expenses paid from the petty cash fund
      * Debit the appropriate coding string for the expenses. The line description should indicate what the expense was for and should not include any reference to the petty cash fund reduction. This is particularly important if the expense is being charged to a sponsored fund.
      * Credit the coding string used when the petty cash fund was originally set up: tub-org-0013-000000-XXXXXX-XXXX-00000. The object code should always be 0013-CO^Petty Cash. In the Line Description field on the journal put “Reduce Petty Cash fund – Custodian XXXXXX from $XXX to $XXX.
* **CHANGING THE CUSTODIAN ON A PETTY CASH FUND**
  + The requestor must complete and get required signatures on a Petty Cash Action Form. Complete a Petty Cash Action Form and check the appropriate box to indicate that the requested action is “Change Custodian.”
  + ***A petty cash account must be reconciled before changing Custodians.*** The instructions for reconciling the fund when changing custodians are the same as those for when you are closing a fund. (See below for instructions.)
  + The requestor must go into Oracle to determine if the new Custodian exists as a vendor.
    - In Oracle do a look up to see if the newly-named Custodian of the fund already exists
      * In Vendor Inquiry look up PETTY CASH in the Name field
      * In the Supplier Site field insert the Custodian’s name
      * If the Custodian exists, check to make sure the Custodian’s address is the same as the office address on the Petty Cash Action Form
    - If the newly-named Custodian does not already exist, request that Vendor Hotline adds the Custodian. The setup should include:
      * For Address line 1: OR [CUSTODIAN’S NAME]
      * For Address line 2: [CUSTODIAN’S OFFICE ADDRESS]
    - If the newly-named Custodian does exist but the address is not the same as that on the Petty Cash Action Form, add a new site via Vendor Setup
      * For Address line 1: OR [CUSTODIAN’S NAME}
      * For Address line 2: [CUSTODIAN’S OFFICE ADDRESS]
    - **The new Custodian must sign the New Custodian Certification at the bottom of the Petty Cash Action Form**
* **CLOSING A PETTY CASH FUND**
  + **If the cash remaining is equal to the full General Ledger balance of the Petty Cash Fund**
    - Prepare a [Credit Voucher](http://able.harvard.edu/links/form-groups/cash-receipts) using the coding string that the fund was originally set up with – Tub-Org-0013-XXXXXX-XXXXXX-XXXX-00000.
      * **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
      * The object code should always be 0013-CO^Petty Cash.
      * In the Line Description field write “To close petty cash fund – Custodian [Name]”.
    - Deliver the cash and the Credit Voucher form to the Cash Receipts Office.
    - If the tub doesn’t want to deal with depositing cash, the other option is for the Custodian of the petty cash fund to write a personal check and deposit the check on a Credit Voucher the same way as a cash deposit is made. In this case, the Custodian would keep the cash.
  + **If there are cash to be re-deposited and expenses to be recorded**
    - The cash to be deposited plus the expenses to be recorded must equal the full General Ledger balance of the petty cash account.
    - Prepare a Credit Voucher using the coding string that the fund was originally set up with – Tub-Org-0013-XXXXXX-XXXXXX-XXXX-0000.
      * **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
      * The object code should always be 0013-CO^Petty Cash.
      * In the line description field write “To close petty cash fund – Custodian [Name].”
    - If the tub prefers to avoid depositing cash, another option is for the Custodian of the petty cash fund to write a personal check for the cash amount and deposit the check on a Credit Voucher the same way as a cash deposit is made. In this case, the Custodian keeps the cash.
    - Prepare a Journal Voucher to charge the remaining expenses paid from the petty cash fund
      * Debit the appropriate coding string for the expenses: tub-org-object-fund-activity-sub-root. The line description should indicate what the expense was for and should not include any reference to the petty cash closure, for example, “Subject payments for 12/15/15.” This is particularly important if the expense is being charged to a sponsored fund.
      * Credit the coding string that the petty cash fund was originally set up with – tub-org-0013-XXXXXX-XXXXXX-XXXX-00000.
        + **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
        + The object code should always be 0013-CO^Petty Cash.
        + In the line description field write “To close petty cash fund – Custodian [Name].”
  + **If there are only expenses to be recorded**
    - Prepare a Journal Voucher to charge the expenses paid from the petty cash fund
      * Debit the appropriate coding string for the expenses: tub–org-object-fund-activity-sub-root. The line description should indicate what the expense was for and should not include any reference to the petty cash closure, for example, “Subject payments for 12/15/15.” This is particularly important if the expense is being charged to a sponsored fund.
      * Credit the coding string used when the petty cash fund was originally set up: tub-org-0013-000000-XXXXXX-XXXX-00000.
        + **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
        + The object code should always be 0013-CO^Petty Cash.
        + In the line description field write “To close petty cash fund – Custodian [Name].”
  + **When closing a petty cash fund, the Custodian must prepare a final reconciliation of the remaining items – cash and/or expenses to be charged.** Once the cash has been deposited and the final expense journal has been processed, if there is still a balance in the petty cash account (that is, the amount of cash and/or expenses did not equal the full General Ledger balance of the petty cash fund), the Custodian must process a journal entry to account for that difference.
    - Petty cash fund write offs should generally be charged/credited to unrestricted (UU or UD) funds.
    - If the amount of the petty cash fund is **more than** the total of the cash and/or expenses to be charged then a journal voucher entry needs to be made:
      * Debit an appropriate coding string using object code 7765 (Fund balance write off): tub-org-7765-fund-activity-sub-root. The line description on the journal should read “Write off of petty cash fund to tub-org-0013-000000-xxxxxx-xxxx-00000 – Custodian [Name]”.
      * Credit the petty cash fund coding: tub-org-0013-000000-XXXXXX-XXXX-00000.
        + **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
        + The object code should always be 0013-CO^Petty Cash.
        + This line description should read “Petty cash fund write off to *tub-org-7765-fund-activity-sub-root.”* This coding string is the coding from the debit entry.
    - If the amount of the petty cash fund is **less than** the total of the cash and/or expenses to be charged then a journal entry should be made to:
      * Debit the petty cash fund coding: Tub-Org-0013-000000-XXXXXX-XXXX-00000.
        + **This coding must be confirmed to ensure the actual coding string of the petty cash General Ledger account balance is credited.**
        + The object code should always be 0013-CO^Petty Cash.
        + This line description should read “Petty cash fund write off to *tub-org-7765-fund-activity-sub-root.”* This coding string is the coding from the credit entry.
      * Credit an appropriate coding string using object code 7765 (Fund balance write off): Tub-Org-7765-Fund-Activity-Sub-Root. The line description on the journal should read “Write off of petty cash fund to tub-org-0013-000000-xxxxxx-xxxx-00000 – Custodian [Name]”.
* **RECONCILING THE PETTY CASH FUND BALANCES BY TUB/ORG COMBINATION TO THE GENERAL LEDGER**
  + When reconciling a petty cash fund, the tub should validate that the total of all the unprocessed petty cash log receipts plus the remaining cash in the fund equals the General Ledger balance of the petty cash fund (Tub-org-0013-xxxxxx-xxxxxx-xxxx-00000). Any discrepancy is a fund balance write off and should be coded in the following way:
    - **When there is a shortage of cash in the fund:**
      * DR Tub-org-7765-XXXXXX-XXXXXX-XXXX-XXXXX
      * CR Tub-org-0013-XXXXXX-XXXXXX-XXXX-00000
    - **When there is an overage of cash in the fund:**
      * DR Tub-org-0013-XXXXXX-XXXXXX-XXXX-00000
      * CR Tub-org-7765-XXXXXX-XXXXXX-XXXX-XXXXX
  + If a petty cash fund is out of balance multiple times, it could indicate the need for more familiarity with the Petty Cash Policy and these procedures, greater care in record keeping, or potential fraud. Departments should review cases of repeated out of balance petty cash funds.
  + **Petty cash fund balances must be reconciled to the General Ledger:**
    - For non-sponsored petty cash accounts: quarterly
    - For sponsored petty cash funds: monthly; and **complete final reconciliation of the remaining items before the sponsored account end date.**
    - When replenishing a petty cash fund
    - Before changing the custodian of an established petty cash fund
    - When the petty cash fund is being closed