

Petty Cash FAQ



Q: What is Petty Cash?

A: A petty cash fund is a small amount of currency issued and held by departments to cover payments of day-to-day miscellaneous purchases and postage charges.

Q: For how much money may I establish a petty cash account?

A: From a minimum of \$50 to a maximum of \$300.

Q: How do I open a Petty Cash fund?

A: To open a petty cash fund, a *Direct Payment Request (DPR)* form, approved by the department head or business manager, must be submitted for approval to ASRSP (if a sponsored project fund) and the Accounting Services department on the Evanston Campus. After completion of the approval process funds up to \$300.00 may be received at Depository Services Offices.

Q: What may petty cash be used for?

A: Petty Cash may be used for the following:

- emergency purchases
- freight, C.O.D.'s, postage due
- authorized local travel or entertainment up to \$100.00
- payment of research participants up to \$100 cumulative for the calendar year (with prior grant authorization from Accounting Services for Research and Sponsored Programs (ASRSP))
- food purchases up to \$100 with proper documentation provided, including business purpose of the event. Note that tax may not be reimbursed for purchases of food and incidentals from local vendors or grocers.

Q: What is a “Custodian”?

A: The custodian of a petty cash fund is the individual who is fully responsible for the safekeeping of the fund and for its proper usage.

Q: How do I replenish a Petty Cash fund?

A: Complete a *Direct Payment Request (DPR)* form approved by the department head or business manager indicating that the petty cash fund is being reimbursed. *Petty Cash Pay-Out/Research Participant Cash Payment* forms with supporting documentation clearly indicating the amount claimed and adding machine tape documenting the total should be attached to the *DPR* claiming reimbursement. Bring the *DPR* and all receipts to Depository Services.

Q: How do I change the name of the custodian for the petty cash account?

A: Complete the “Transfer of Petty Cash Fund Accountability” form and send to Accounting Services, 619 Clark, Evanston Campus.

Q: How do I increase a petty cash account?

A: Complete a Direct Payment Request (DPR) form indicating the amount of the increase, and obtain department head approval. Submit approved DPR to ASRSP (if a sponsored project fund) and the Accounting Services department on the Evanston Campus. After the completion of the approval process by Accounting Services, bring the DPR to Depository Services to obtain cash funds.

Q: How do I close out a Petty Cash fund?

A: The *custodian* should first fully reimburse the fund by preparing a *DPR* with payout documentation attached. Fund total is then deposited using the *NU Cash Receipt Ticketing* process (done through the NUFinancial System) to *NUFS chart string - Fund 110, Account 10266*. Both of these procedures may be performed at the same time. Also, be sure receipt contains the name of the *custodian* to be relieved of responsibility. A copy of the validated *NU Cash Receipt Ticket* should be sent to Accounting Services.

Q: What is the Petty Cash Verification process?

A: Petty Cash funds are verified on an annual basis by the department head or designee. A verification form is sent by Accounting Services in May/June. The Department head or designee should verify and *reconcile* the fund. Under no circumstance should the *custodian* verify the fund.

Q: Where can I obtain detailed information about the Petty Cash process?

A: Petty Cash procedures are available on the web at:
<http://www.northwestern.edu/financial-operations/controller/treasury-operations/depository-services/cash-policy.pdf>

For additional information contact Polina Khait of Accounting Services at 847-491-3870 or p-khait@northwestern.edu, fax 847-467-7261.

