

Hong Kong Baptist University

Finance Office

Petty Cash Fund Policy and Procedures

1. **Purpose**

The Petty Cash Fund Policy has been created to provide guidelines for the appropriate establishment, use, and accountability of such funds. Procedures have been established to encourage the effective management and control of petty cash handling operations throughout the University.

2. **Summary**

The Petty Cash Fund (“the Fund”) is established to enable Departments / Offices / Schools to make small purchase of up to **HK\$1,000** for a single purchase. The amount of each Fund is established at the time when it is approved by the Director of Finance.

Departments / Offices / Schools which require the establishment of the Fund are responsible to the University for its proper management and accountability. Due to the personal liability involved in performing cash handling functions, it is important that only authorized employees should be assigned by the Head of Departments / Offices / Schools as “Petty Cash Custodian” to handle the Fund. The Petty Cash Custodian (“Custodian”) is required to appropriately safeguard the cash, account for and document all relevant transactions. The cash kept by the Custodian must be maintained in a secure, locked device or some other location appropriately approved by the Heads of Departments / Offices / Schools.

3. **Application**

This policy is applicable to all Departments / Offices / Schools and affiliated units requesting for setting up of the Fund. Custodians are required to be familiar with the requirements of this policy and the relevant procedures.

4. **Authority and Responsibility**

4.1 The Director of Finance has the authority and responsibility for establishing and updating the policy and procedures of the Petty Cash Fund by virtue of the authority under the “Purchasing & Tendering Regulations”.

4.2 Heads of Departments / Offices / Schools are ultimately accountable for the fiscal and physical control of the Fund. This includes but is not limit to:

4.2.1 Assigning the Custodian;

4.2.2 Determining the approving authority and limit of each petty cash transaction (subject to a maximum cap for a single purchase as per point 7 below) if necessary and inform the Custodian accordingly.

4.2.3. Ensure that the Custodian follows the Petty Cash Fund Policy and procedures properly.

- 4.3 The Custodian, as assigned by the Heads of Departments / Offices / Schools, is responsible for all activities involving the Fund, including safekeeping of the Fund, obtaining proper documentation for expenditures and preparing requests for reimbursement.

The Custodian should have exclusive access to and control of the Fund. In carrying out the duties assigned, it is the Custodian's responsibility to understand and follow the procedures below:

- 4.3.1 The Custodian, before taking up the responsibility, should read and confirm compliance of the Petty Cash Fund Policy and Procedures.
- 4.3.2 The Custodian is personally responsible, at all times, for the appropriate and adequate safekeeping of these funds. The money should be kept in a secured, locked location and must never be commingled with his / her personal funds or any other University funds. Only the Custodian and the Heads of Departments / Offices / Schools (or his/her delegates) should have access to the keys or safe combination.
- 4.3.3 The Custodian is responsible for keeping accurate records of the Fund and must maintain appropriate records on a regular basis, preferable daily, as the Fund is subject to internal and external audits at any time. As a good practice, the Custodian should maintain a Petty Cash Book / Register. "Sample of the Petty Cash Book / Register" is attached as [Appendix I](#).
- 4.3.4 The Petty Cash Book / Register should record all the petty cash transactions and a running balance of the "Fund" shall be calculated after each transaction.
- 4.3.5 Details of each transaction of monies withdrawn from the Fund should be recorded in the Petty Cash Book / Register. Details should include the name of claimant, department, the date and amount of each expense incurred. The approved claims must be supported by satisfactory evidence of payment, i.e. original receipts, invoices, etc.
- 4.3.6 Custodians are required to reconcile the Petty Cash Book / Register balance with the amount of actual cash remaining in the Fund at the time when the replenishment request is made. In addition, the Fund must be reconciled at a regular interval. Departments / Offices / Schools will receive a Petty Cash Certification Request from the Finance Office ("FO") each year requesting confirmation of the amount of petty cash on hand.
- 4.3.7 The Custodian is responsible for checking the authenticity of the expenses claimed and ensuring that it is properly supported and approved before reimbursement is made to claimant. After reimbursement, the Custodian shall stamp "PAID" and mark the recipient on the supporting voucher.

- 4.3.8 When the Fund balance runs low, the Custodian is responsible for lodging a replenishment request to the Treasury, Payroll & Benefit Disbursements Section (“TPBD”) of the FO. The Custodians are required to submit the duly completed and approved “Petty Cash Replenishment Form” (see [Appendix II](#)) to FO at fo-pettycash@hkbu.edu.hk in soft copy (excel format). The petty cash claim email requests should state explicitly that “the above petty cash claims have been duly approved and authorized for petty cash replenishment by the budget controller, whom is being copied in this email” as an approval from the budget controllers.¹ Original supporting documents should be submitted to FO shortly after the submission of form. The replenishment amount made each time shall not exceed the maximum size of the Fund. Any discrepancies / inconsistencies in petty cash claims will be adjusted in the next round of replenishment.
- 4.3.9 FO reserves the right not to replenish the petty cash float if original invoices / receipts of the last claim have not been received in due course or frequent discrepancies / inconsistencies are noted in previous claims.
- 4.3.10 The Custodian or designated staff will be reimbursed of the petty cash float by Bank Autopay through the staff’s payroll account. For the Payment Schedule, the Custodian or designated staff can check it under staff intranet ([Payment Schedule](#)) as uploaded to the FO website.
- 4.4 TPBD is responsible for establishing and maintaining accounting records for amounts expended under the Fund and replenished to Departments / Offices / Schools. TPBD will keep a master register of all petty cash imprest funds held by different Departments / Offices / Schools.

5. **Establishing a Petty Cash Fund**

- 5.1 Departments / Offices / Schools whose operations require frequent cash purchases of minor items may request for setting up a Petty Cash Fund. Size of the Fund normally depends on the operational requirements of each Departments / Offices / Schools.
- 5.2 A written request for establishing the Fund together with the “Nomination of Petty Cash Custodian” (see **Appendix III**) Form must be sent to the FO with justification for establishing the Fund and the amount requested. The Nomination Form shall bear the name and specimen signature of the nominated holder (i.e. the Custodian) and be authorized by the Head of respective Departments / Offices / Schools.
- 5.3 Once the request has been reviewed and approved by the Director of Finance, FO will auto-pay the Custodian to establish the Fund.

6. **Increases or Decreases in Petty Cash Fund**

If the amount of the Fund becomes insufficient to meet departmental needs, an increase may be granted provided that there is sufficient justification for the increase. A request to increase the

¹ E-mail copying to the Budget Controller will be accepted as “duly approved”

amount must follow the same guidelines as the request for establishing a Petty Cash Fund. The Director of Finance has the discretion to decrease the amount if it is determined to be excessive.

7. **Amount of Purchases**

Petty Cash purchase is allowed up to **HK\$1,000** for a single purchase.

8. **Changing the Petty Cash Custodian**

The Director of Finance must be notified in writing when a different employee assumes the Custodian. The notification must provide the name and specimen signature of the new Custodian, effective date and be authorized by the Heads of respective Departments / Offices / Schools.

9 **Abolition of a Petty Cash Fund**

If it is determined that an existing Fund is no longer needed, the Custodian must close the Fund. All remaining Fund balance should be banked into a designated bank account of the University. Deposit slip of the remaining cash, a memo issued by the Heads of Departments / Offices / Schools and all original receipts should be sent to TPBD of the FO. The deposit slip together with the original receipts should reconcile with the Fund's balance.

10. **Restrictions**

10.1 The Fund cannot be used for making advances. All payment must be made on a reimbursement basis.

10.2 Single purchase supported by split receipts to circumvent the financial limit is **strictly prohibited**. The interpretation of single purchase for the purpose of determining the financial limit of "Petty Cash Fund Policy" refers to the aggregate value of a one-time purchase of goods and services from a single supplier on the same date.

10.3 Stationery items which are obtainable from the University's contracted supplier should not be purchased through the Fund.

10.4 I.O.U. or cashing of personal cheques is **strictly prohibited**.

10.5 Octopus top-up receipt will not be accepted as it is purely a top-up of cash value onto the Octopus Card for future spending.

11. **Additional Requirements for Claiming Certain Types of Expenditures**

As best practice, claimants for traveling and hospitality expenses are asked to specify the breakdown or details as suggested below:

11.1 Claimant of traveling expenses must state the purpose of the trip, e.g. purchase of materials, meeting, site duties etc. If taxi instead of other cheaper mode of public transport is used, the authorising person should ensure that such use is justified.

- 11.2 For Hospitality expenses, names of guests and institutions should be supplied, duly approved by Heads of Departments / Offices / Schools or Budget Controllers, as appropriate.

12. **Frequency of Reimbursement from FO**

Upon receipt of the duly approved “Petty Cash Replenishment Form”, FO will arrange immediate replenishment to the Custodian or designated staff in accordance with Payment Schedule – Payment to Staff as uploaded onto the FO website.

13. **Forms for Download**

- 13.1 [Sample of the Petty Cash Book / Register \(Appendix I\)](#)
- 13.2 [Petty Cash Replenishment Form \(Appendix II\)](#)
- 13.3 [Nomination of Petty Cash Custodian \(Appendix III\)](#)

14. **Contacts and Enquiries**

Finance Office

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|------|----------------------------------|---|------------|------------|
| 14.1 | Petty Cash Fund Policy Issues | : | Janice Yip | - Ext 5846 |
| | | | Dick Chen | - Ext 5117 |
| 14.2 | Petty Cash Fund Operation Issues | : | Bobo Chan | - Ext 2706 |

Effective from 30 April 2019

Approved by Director of Finance