

Petty Cash Processes & Compliance Issues

May 23, 2013 (EV) & May 29, 2013 (CH)

Elizabeth Gladic, Accounting Services

Melissa Lang, Treasury Operations

Kathy Mustea, ASRSP

Joan Trimuel, Financial Operations

In attendance: Richard Emrich, Treasury Operations



NORTHWESTERN
UNIVERSITY





Why discuss Petty Cash?

- A few NURAP members requested a Petty Cash class that would cover current policy
- Panel was selected to invite all central departments involved
- Each department will discuss their portion of responsibility and how they execute the policies established
- We will discuss responsibilities and how to expedite your documents as quickly as possible



Basic Considerations...

- Cash includes currency, checks, money orders, negotiable instruments, Stored value cards
- Petty cash policy is found in the Cash Handling Policies and Procedures document maintained by the Depository Services
 - Found... <http://www.northwestern.edu/financial-operations/controller/treasury-operations/depository-services/cash-policy.pdf>



NORTHWESTERN
UNIVERSITY

Important Notes from Cash Manual

- Historical practices shall not constitute justification for deviation from the following guidelines
- University Controller reserves the right to make interpretations and exceptions to the policies contained in the document
- Changes to policies are broadcast via email

Accounting Services

Petty Cash Processing & Procedures Class

May 2013

Evanston & Chicago Campus



NORTHWESTERN
UNIVERSITY



- Petty Cash Processing & Procedures
 - What is petty cash?
 - Petty Cash Request Process
 - Required Paperwork
- Resources and Help



NORTHWESTERN
UNIVERSITY

PETTY CASH PROCESSING & PROCEDURES



NORTHWESTERN
UNIVERSITY

What is Petty Cash?

Petty Cash is a small amount of currency issued and held by departments to cover payments of day-to-day miscellaneous purchases and postage charges.



NORTHWESTERN
UNIVERSITY

Open a Petty Cash Account

- *Direct Payment Request (DPR)* form
- Charge chart string *110-10266*
- approved by the department head or business manager
- submitted for approval to ASRSP (if a sponsored project fund)
- Approved by Accounting Services department
- funds up to \$300.00 may be received at Depository Services Offices



Uses of Petty Cash

- 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.



Custodian Responsibilities

- Fully responsible for safekeeping of the fund and for its proper usage.
- Turn in receipts in a timely fashion
 - Monthly or sooner
- Petty cash is an *imprest* fund
 - At all times receipts and cash must equal total of fund
 - Cash may only be handed out in exchange for a receipt



Changes to Petty Cash

- Change of Custodian
 - Complete the *Transfer of Petty Cash Fund Accountability* form
- Increase/Decrease Fund
 - Complete DPR with amount of increase/decrease
 - Signed by department, ASRSP, Accounting Services
 - Deposit or receive \$ from Depository Services



Close Petty Cash Account

- Turn in all receipts to Depository Services
- Deposit Cash to chart string *110-10266*
 - *Indicate “Closing Petty Cash*
 - *Include name of custodian*
- Send copy of validated NU Cash Receipt Ticket to Accounting Services



NORTHWESTERN
UNIVERSITY

For More Information

Polina Khait @ 847-491-3870





NORTHWESTERN
UNIVERSITY

Questions?

Presenter

Elizabeth D. Gladic

Supervisor, Transaction Processing
Accounting Services

e-gladic@northwestern.edu

847-491-5338

General

847.491.5337 (1-5337)

accounting@northwestern.edu

<http://www.northwestern.edu/financial-operations/controller/accounting-services/index.html>

Human Research Subjects Policy Update

By: Joan Trimuel, Financial Operations



NORTHWESTERN
UNIVERSITY



NORTHWESTERN
UNIVERSITY

Human Subject Payments

- Policy Rationale
 - Federal agencies requests for comprehensive research subject payment information.
 - Human subject payments
 - Tax reporting
 - Disbursement processes





Human Subject Payments

- Policy Rationale – continued
 - Clarify relationship between payment thresholds and tax reporting requirements.
 - Payments to U.S. residents totaling \$600 or more in a calendar year are reportable to the IRS on Form 1099-MISC.
 - NU's tax reporting database is the Accounts Payable system.



Human Subject Payments



- Existing Policy Reminders
 - **Cash** payments are limited to \$100 per calendar yr.
 - Cash payments include currency, Citibank Stored Value Card and Gift Cards.
 - The cash threshold was increased to \$100 in October 2012.
 - Payments exceeding the threshold should be processed as checks.
 - Employees payments that exceed the threshold should be processed via Payroll.



Human Subject Payments

- Existing Policy Reminders – continued
 - The distribution of human subject payments should be documented for each study.
 - Personal identifiable information should not be submitted to Accounts Payable.
 - Travel related expenses are not taxable.
 - Please charge those travel expenses to 78666





Human Subject Payments

- Policy Timeline
 - Began discussions with IRB, ASRSP, Accounting Services – January 2011
 - Originally submitted to the Policies Review Committee (PRC) – September 2012
 - Resubmitted draft with updates in December 2012, March 2013, and May 2013



NORTHWESTERN
UNIVERSITY

Contact Info

Presenter

Joan Trimuel

Business Systems Project Manager

Office of Financial Operations

j-trimuel@northwestern.edu

847 467 4805





Citi Card Program

Citi Stored Value Card – Plastic

Citi Virtual program – online accounts

By: Melissa Lang Depository Services- Treasury
Operations



NORTHWESTERN
UNIVERSITY





NORTHWESTERN
UNIVERSITY

Background

- The Citi Stored Value Card Program was launched in mid October 2012 to offer another method of payment to research groups for human subject participants . So far there have been 38 studies utilizing the card program and 5 studies in the virtual program. The intention is to make the payment process convenient, quick and less cumbersome to all parties concerned.



NORTHWESTERN
UNIVERSITY

The program has two layers



Stored Value Card

- This is a prepaid Visa
- There is a research card request form available online for departments to fill out and request cards
- The purchase of the cards has to be on a department's expense account not the grant
- The cards can be picked up within 24 hours at the Depository Services Office
- The requestor is notified via e-mail that their card order is ready for pick up



Citi Virtual Program

- This is for online spending **only**
- There is no request form needed but a spreadsheet with the participant's name, address, e-mail and amount
- Departments can use the grant chart string for the virtual payments
- The virtual accounts are set up within a 24 to 48 hour period
- Citi notifies the participant via e-mail with instructions on how to claim /activate their account



How to choose which layer of the program would work for you



- Citi Stored Value Card can be loaded for a minimum of \$15
- Quick payment cards are ready for use immediately
- Cards are reloadable
- Less risk of losing cash and cards can be cancelled
- Citi Virtual accounts can be loaded for a minimum of \$5
- Quick payment virtual accounts can be activated as soon as the e-mail is received
- A participant can receive multiple payment
- No risk of lost or stolen and notification can be resent



NORTHWESTERN
UNIVERSITY

Questions



I have FAQ handouts available and once you read over the questions and answers if you have any other questions please e-mail me at **melissa.lang@northwestern.edu**

ASRSP & Petty Cash

Katherine Mustea

Accounting Services for Research &
Sponsored Programs



NORTHWESTERN
UNIVERSITY



Stewards of Sponsored Funds

- We have a Fiduciary responsibility to spend properly
- When circumstances are uncertain you must charge a non-sponsored account first
 - Once Certainty is obtained you can move a transaction to a grant via a cost transfer
 - Ex: Res Corr. bought 15 gift cards @ Walgreens and was reimbursed on a grant via a non-travel expense report or petty cash. Only 13 subjects showed up to your event.
 - What did they do wrong?
 - What should they have done?
 - What if staff member who knows what happened leaves NU before transfer of expense occurs?



A. A. R. C and Unlike Circumstances

- Remember it must be
 - Allowable
 - Allocable
 - Reasonable
 - and Consistently Treated
- Remember that some sponsored awards don't allow certain expenses unless you have documented unlike circumstances.
 - ex: Food, Office supplies, books



Process and Approval

- Same Process as non-sponsored with one exception
 - Extra Approval when sponsored awards are involved
 - If your Receipts are going to charge a sponsored project you must submit the entire DPR to ASRSP for review and approval
- Replenishment on Sponsored awards: Submit your receipts with grants **Weekly** for expenses because a sponsored award may **END** before you submit your receipt for replenishment
 - Ex: State of Illinois award with end date of June 30, 2013
 - You have a petty cash receipt in your draw as of July 12, 2013 for HRS payment processed 6/28/13
 - State of IL requires a final invoice by July 31, 2013
 - When should the custodian submit receipt?





Petty Cash Before Coming to ASRSP

- Petty cash is not electronic process thus you must do the following...
 - Reviewing expense is compliant to Sponsored award Regulations
 - Account code is Opened
 - Sufficient funds on grant
 - Inform approver if you getting more time and funds
 - Ex: Subcontract ends April 30, 2013 but your getting a NCE
 - Make sure the DPR is signed
 - Dept. Admin/PI





ASRSP review of Receipts (non-HRS payment)

- A receipt or invoice should be obtained for each expenditure
- ASRSP will review your document for....
 - Filled out a Petty Cash-Payout form (PC)
 - Explained purchase, Sign/dated , Attached receipt or invoice to form
 - Has the supervisor or dean approved reimbursement form
 - **No** Scanned or stamped signatures please
- For items that do not have receipt like a bus ride, use a petty Cash-Payout form (PC)
 - Please provide all details, dates, amounts reason
 - No amount over \$40.00 should be reimbursed without a receipt.



Grants, Travel and Petty Cash

- Apply Grant, Travel Policy & Petty Cash Policies
 - Ex: Keep in mind Petty Cash Max is \$100.00
 - Mileage max out of Petty cash is \$100/mileage rate
 - (176 miles x .565= \$99.44)
 - Recommendation: Do not pay portion out of Petty cash and portion from a/p via check there should only be 1 transaction
- Employee Travel for NU, including those visiting a subject (HRS) at their home should use Travel Account code (76765)
- Transportation for a subject to NU, Use 78666



Shortages and Theft



- Shortages and funds lost because of theft should be repaid by **department funds** and must be fully documented
 - Theft needs to be reported to University Police
- Please make sure the grant was not charged for items stolen or lost
 - Are you holding on to gift cards not being used that were charged to a grant?
 - Return them and post credit the grant
 - Can't return them post a credit on the grant and pay for them out of non-sponsored funds



Petty Cash helpful hints Common mistakes made

- Do not reuse copy a DPR form
 - Always print a new one
 - Why? A new reference number is required
- ASRSP needs to see the DPR and receipts to approve
 - You can Email, Fax or in Person request for approval
- If you opened a petty cash fund on a grant and it closes. You need to close the petty cash fund.
- If the project number changes **for a competing continuation** please notify accounting services of the new chart string



Helpful hints (continued)

- Tax Exemption form
 - Use it, NU will not reimburse tax
- Please tape down all receipts on all 4 sides per accounts payable. They scan documents and need this
- Staff **should not use their own funds** to pay HRS payments
 - Tax liabilities
 - Reimbursement will not be easy , if allowed at all



Human Research Subjects “Show me the Back-up”

- Documentation show proof of receiving payment
 - Signed Research subject form
 - A log of how funds are being dispersed
 - Log should include
 - Patient Identifier , address, date of research activity, amount paid and signature of participant
 - Reimbursement restricted to \$100 per Calendar year.
 - » Need to pay a subject more than that you must review the paying individual rules
- Either form of documentation is your back up for cost transfers and replenishments



HRS continued...

- Please make sure to obtain necessary signatures on the Research Participation Form from all participants
 - They are needed for Audits
 - Certification on Research Participation form is protection for you.
 - Subject must attest to having received no more than \$100.00 per calendar year and other things





NU Employees as Research Subjects

- Allowed \$100 from Petty Cash if one time payment
- Add pay must be used if payment is over \$100
 - ASRSP Reviews FASIS on all forms submitted over \$100
- Managing repeat visit and payments
 - You decide how you want to manage this
 - just make sure you understand its **\$100 per calendar yr.**
 - please keep it to 1 transaction per instance **do not split** the payment partial petty cash partial add pay



Correction Journals- HRS

- Do not be afraid to process a correction journal for redistribution from a non-sponsored account
 - The key is a **timely** correction with a **good explanation**
 - Description Example of a Correction journal:
 - Redistributing 20 gifts cards for \$25.00 each for XYZ study that were issued 12/1/2012-2/28/13
- Move expenses as soon as you can
 - Time your purchase of gift cards or replenishment
- Please send copy of log or RS form to GCFA via email
 - In the future you will be able to attach a document to NUFIN for items within 90 days



Exceptions for HRS payments

- If you have an unusual situation that may require an exception, Please email Jane Roy-Singh with a **thorough justification** to help ASRSP and A/S make a sound decision.
 - Approved on a case by case basis
 - Only for Human Res. Subject payment situations where payment needs to be more than \$100.00 in cash
 - Purchases remain at \$100 cap
 - Meeting between Jane Roy-Singh and Elizabeth Gladic will be held to discuss your situation
 - Not an immediate response
 - Some situations may require a review by OSR/ASRSP/Treasure Operations meeting
 - Keep in mind request may not get approved



Forms and Links

- Petty Cash Payout Forms found at this website
<http://www.northwestern.edu/financial-operations/controller/treasury-operations/depository-services/>
Instructions for use found on page 40 of Cash Handling...
- Research Participant Payment Form can be found
<http://www.northwestern.edu/financial-operations/policies-procedures/forms/FormsLinks.pdf>



NORTHWESTERN
UNIVERSITY

Questions?

Accounting Services for Research and Sponsored Programs

Presenter

Kathy Mustea k-mustea@northwestern.edu 312-503-0862

Approvers

Jany Raskina y-raskina@northwestern.edu 847 491 4697

Rosanna Sian m-sian@northwestern.edu 312 503 0835

Assoc. Director of ASRSP

Jane Roy-Singh j-roy-singh@northwestern.edu 847 491 4237