

AGA KHAN UNIVERSITY

Guidelines, Policies and Procedures

Policy Name	Petty Cash Fund & Float Fund Policy
Policy Number	AKU-K/FIN/PL - 007
Approved by	Chief Financial Officer
Date of Approval	4th November 2022
Contact Office	Office of the University Registrar

1. Purpose:

- 1.1. The purpose of this policy is to establish the criteria by which petty cash funds and float funds will be established and approved and to provide guidance on proper management of those funds.
- 1.2. This policy defines the procedure and responsibilities for the establishment of and payments, reimbursements and safety of Petty Cash Fund(s) (PCF) and Float Fund (FF).
- 1.3. PCF and FF will be established based on need identified by the respective departments and evaluated by the Finance Department.

2. Scope:

- 2.1. This policy is applicable to all PCF's and FF's established by all the departments of The Aga Khan University Kenya (AKU-K).

3. Responsibility:

- 3.1. ***All staff of Finance Department and PCF and FF owner Departments***

4. Terms and Definitions:

- 4.1. **"PCF"** is a cash fund established to make payments against routine minor/petty expenses and for which payment through cheque will not be an efficient mode of payment.
- 4.2. **"FF"** Is a cash float to ensure that small denomination of currency notes/coins are available to facilitate over the counter cash dealing with patients. Change Money cannot be utilized for any official and personal expenses and will always be retained for change purposes.
- 4.3. **"Custodian"** should be a full-time permanent employee of the institution, should be willing to take extra responsibility of managing the PCF and/or FF and should be familiar with basic financial controls.
- 4.4. **"Supervisor"** should be a full full-time permanent employee of the institution and to whom the custodian directly reports.
- 4.5. **"Authorized employee"** staff having the authority to approve a payment request as per the institutional policy.

4.6. **“Petty Cash Claim Form”** is a form that summarizes the utilization of fund and requests for replenishment of petty cash fund.

5. **Process / Procedure:**

5.1. **Observations and limitations**

5.1.1. **Restriction to PCF:**

5.1.2. The PCF cannot be used to pay non-routine and/or personal expenses. Examples of non-routine and personal expenses include payments for purchase of personal items or loan given to anyone, purchase involving a trade-in of the institution’s property, purchase of any goods/services deemed inconsistent with the values of the Institution etc.

5.1.3. The maximum amount of individual disbursement that may be made from the PCF is limited to Kshs 10,000 (approximate equivalent to US\$100) per transaction. Breaking of the invoice/bill of a single transaction into amounts of less than or equal to Kshs 10,000 is not permitted. Payment for such transactions which are in excess of Kshs 10,000 will be made by the Finance department through cheques or other banking instruments.

5.1.4. Cash from revenues collections, advances including travel advances, FF or personal cash should not be used / mixed with PCF under any circumstances. PCF custodian will have to ensure that timely request for replenishment is made to avoid usage of revenues collections, advances including travel advance, FF or personal funds.

5.1.5. PCF is strictly for payment made on behalf of the institution and should not be used for personal payments under any circumstances (even on temporary basis).

5.1.6. The custodian is solely responsible for any payment not conforming to the above protocols.

5.2. **Monitoring of Budgets:**

5.2.1. The Supervisor and Department Head are responsible to ensure that payments made from the PCF are within the departmental monthly / annual budgets.

5.3. **Establishment / amendment of pcf/ff**

5.3.1. The Petty Cash Establishment /Amendment Form should be completed in full and signed by the requesting department and then sent to the Treasury Section of Finance for evaluation and processing of payment.

5.3.2. PCF/FF should be based on the need of the department. PCF cannot be established for more than 30 days estimated requirements of the department. This requirement can however be overlap with the special approval of Director Finance/CFO.

5.4. **Responsibility of pcf/ff custodian and supervisor**

- 5.4.1. Custodian should be well aware with the PCF/FF policies and procedures. The custodian and the supervisor are required to sign one copy of the PCF/FF policy/guideline and submit it to the Finance Department in order to document their understanding of the PCF/FF policy as they have to ensure compliance of the policy.
- 5.4.2. The PCF/FF will be issued in the name of the custodian and therefore the management and the ultimate responsibility for the safety and security of cash lies with the custodian. Accordingly, any shortfall would have to be replenished by the custodian within 24 hours.
- 5.4.3. The custodian is required to attend refresher training through Finance Division once every year on compliance of the PCF/FF policy.
- 5.4.4. Supervisors will review the PCF/FF on a periodic basis to ensure that the PCF/FF limits fulfill their requirements. Any revision can be requested by submitting the completed Petty Cash Establishment / Amendment Form to the Finance Department. The Finance Department may also suggest a revision to the limits based on its periodic review of the PCF/FF limits.
- 5.4.5. In case there is a change in the Custodian of the PCF/FF due to leave of absence, resignation, retirement or change in responsibilities, Petty Cash Handing / Taking Over Form should be duly filled by the custodian and approved by the Department Head. The approved form must then be submitted to the Finance Department.
- 5.4.6. The custodian is required to tally the cash in hand with the records on a daily basis. The department head is also required to periodically match the cash in hand with the records.

5.5. **Petty cash payments**

- 5.5.1. All payments should be supported with legitimate, logical and complete document (such as bills, invoices, cash receipts etc.)
- 5.5.2. All payments should be approved by an authorized employee of the department.
- 5.5.3. At the time of making a payment out of the PCF, the payment details should be immediately noted on the Petty Cash Expenditure and Reimbursement Statement. The corresponding serial number should also be noted on the payment support for cross-referencing purposes.
- 5.5.4. If an "I Owe You (IOU)" / Advance is issued from the PCF, this should be settled within three working days of the date of issuance of the IOY/ advance.

5.6. **Petty cash replenishment**

- 5.6.1. The PCF is to be replenished upon the earlier of:
 - 5.6.1.1. One third consumption of the PFC.
 - 5.6.1.2. At the end of the month.
- 5.6.2. The Supervisor should review the completed Petty Cash Expenditure and Reimbursement Statement ensuring that all approved supporting

documents are attached and correct Account Numbers is noted. Prior to signing the statement, the supervisor has to perform cash count to ensure that cash-in-hand declared in the statement is equal to the actual cash-on-hand. In case there is any discrepancy remains after the investigation the supervisor will fill the incident reporting form and also inform Finance Department.

- 5.6.3. The completed Petty Cash Expenditure Statement along with the original supporting documents should be sent to the Finance Department for replenishment.
- 5.6.4. Custodian is required to retain a copy of the approved Petty Cash Expenditure and Reimbursement Statement (and not the original supporting documentation) for his/her record purposes.
- 5.6.5. The replenishment payment will be ready within five working days of submission of the Petty Cash Expenditure and Reimbursement Statement or upon resolution of any query raised by the Finance Department on the Petty Cash Expenditure and Reimbursement Statement.
- 5.6.6. In case of payments processed through Purchase Orders, the Cashier /Custodian shall deliver all cheques to the respective payees or the persons authorized to receive cheques on their behalf after taking acknowledgment on Daily Cheques List/Register as well as on Payment Voucher upon showing proper identification, or authorization. Cashier/Custodian may also courier cheques where proper authorization has been submitted in Finance on prescribed format.

5.7. **Maintenance of “ff”**

- 5.7.1. The FF shall be kept separately from other funds and should be used only for the purposes defined in 4.2
- 5.7.2. The FF cannot be used for making any type of payments; neither can it be used as PC or an IOY.

5.8. **Safety of funds**

- 5.8.1. The ultimate responsibility for the safety and security of funds lies with the custodian.
- 5.8.2. The cash provided under this policy should not be mixed with personal or any other fund and should be kept in a safe and secure place. Fund above Kshs 25,000 should be kept in dedicated locked drawer and funds exceeding this amount should be kept in a lockable cash box.
- 5.8.3. Guidelines relating to safety are stipulated in the policy “Safe Custody of Important Documents and Valuables” should be followed for PC/FF.
- 5.8.4. In case of any untoward incident, the custodian should immediately inform the supervisor and fill the Incident Report Form under initiation

to the Department Head and also inform Manager Finance/Head of Finance.

5.9. Surprise cash counts:

5.9.1. The Supervisor is required to conduct surprise cash count of the PCF/FF using the Cash Count Form with the following minimum frequency:

5.9.1.1. PCF/FF up to Kshs 50,000; Once every two months

5.9.1.2. PCF/FF above Kshs 50,000; Once a month

5.10. The Finance Department shall conduct surprise cash counts throughout the year and will ensure that every location is covered at least once a year.

5.11. Refer to 5.9.1, where supervisor is not available to conduct the surprise cash count then finance department shall conduct the cash count at least once in a year in addition to count stated in para 5.10 above.

5.12. In case of any excess / shortage is identified, it would be dealt with in accordance with the Policy on "Cash Excess Shortages".

6. Review of Policy

6.1. This policy document shall be reviewed every three year or as required.

7. Reference(s):

7.1. Cash Excess Shortage Policy

7.2. Safe Custody of Important Documents and Valuables Policy

7.3. Petty Cash Establishment / Amendment Form

7.4. Petty Cash Expenditure and Reimbursement Statement

7.5. Cash Count Form

7.6. Petty Cash Hand / Take Over Form

7.7. Operating Guidelines

8. Annexures:

N/A

The Aga Khan University Kenya
Petty Cash Establishment / Amendment Form

Department: _____

Date: _____

Additional Float Requested (Kshs) _____

Reasons for New/Additional Float

Requested by:

Department Head (Name): _____

Signature: _____

Approved by:

1. Finance Coordinator

Signature: _____

Date: _____

2. Senior Manager, Finance

Signature: _____

Date: _____

The Aga Khan University Kenya
Petty Cash Expenditure and Reimbursement Statement

Department: _____				
Voucher No	Date	GL Code	Item Description	Amount
Total (Vouchers attached for Approval)				

Summary	Amount
Cash in Hand	
Voucher in Finance	
Voucher Attached for Approval	
Total Fund	

Authorized by:

Head of Department/Section _____ Date: _____

Checked in Finance by: _____ Date: _____

Approved in Finance by: _____ Date: _____

The Aga Khan University Kenya

Cash Count Form

Denomination	Number	Amount
Total Cash Available		
Total Voucher in Hand		
Total Voucher with Finance		
Total IOU		
Total Cash, Vouchers and IOU		
Fund Allocated		
(Short)/Excess		
Explanation for Difference		

The above listed cash totaling Kshs _____ was returned to me intact after being counted.

Department: _____

Custodian Signature: _____ Finance Signature: _____

Supervisor Signature: _____ Date: _____

The Aga Khan University Kenya
Petty Cash/Float Handing / Taking Over Form

To: Director Finance

From: _____ Signature: _____

Date: _____

RE: Change of Petty Cash Custodian

I hereby confirm that I am handing over the petty cash fund under my custody of Kshs _____ which had been given to me for the following purposes:

- a. To be kept in small denomination for change
- b. For use as petty cash for payment against authorized vouchers.

To _____ Sign _____

Department _____

Witness:

Finance Department Name: _____ Sign: _____

The Aga Khan University Kenya
Balance Confirmation Certificate by the Custodian

To: Director Finance

From: _____

Date: _____

RE: Petty Cash / Float

I hereby confirm that I am holding a Petty Cash / Float Fund of Kshs _____ for the following purposes:

- a. To be kept in small denomination for change
- b. For use as petty cash for payment against authorized vouchers

Signed: _____

Department: _____