

Prepared by the Disbursing Office
This replaces Administrative Procedure No. A8.816
dated May 1988

A8.816
July 1996

A8.800 Disbursing/Accounts Payable and Payroll

p 1 of 10

A8.816 Petty Cash Overages or Shortage

1. Purpose

To provide a procedure for reporting cash overages and shortages in the petty cash fund. The "Petty Cash Overage/Shortage Report", Form PC-3 (Attachment 1) is used to report all occurrences.

2. Responsibilities

- a. Each Campus/Department Office is responsible for the security of petty cash funds and must report petty cash overages and shortages on the Petty Cash Overage/Shortage Report. The Report must be certified by the custodian, the Fiscal Officer, and the Campus/Department Head (Dean/Director/Provost/Chancellor/Vice-President).
- b. The Director of Financial Operations reviews each overage and shortage occurrences and will direct the Disbursing Office to conduct an investigation of the situation if appropriate.
- c. The Internal Auditor's Office is responsible for assisting in the review and correction process.

3. Guidelines

- a. As stated in State of Hawai'i Accounting Manual (Vol. II, section 825), petty cash overages are the property of the State. This rule must be followed even if the source of the cash advance was a non-General fund operating account because the actual source of the overage was indeterminable.
- b. The individual (custodian, alternate, fiscal officer) who has performed the cash count that uncovered or confirmed the overage or shortage is responsible for initiating action to prepare and submit the Petty Cash Overage/Shortage Report to the Disbursing Office.

4. Overage Procedures

a. Campus/Department Office:

- 1) The cash count is the specific procedure that determines the extent of the petty cash overage. The existence of an overage is either uncovered through the performance of a cash count or a cash count is initiated because an overage is suspected (Refer to A8.819 - Cash Counts of the Petty Cash Fund).
- 2) If an overage is fully researched and still cannot be clarified and corrected, then the funds become the property of the State. All units should deposit the cash with the Cashier's Office under the object symbol 0712, "Unclaimed Monies and Cash Overages" (Refer to A8.701 - Receipting and Depositing of Funds Received by the University). The cash will be deposited into a suspense account before being submitted to the State. The Disbursing Office will coordinate the deposit of funds with the State.

The Petty Cash Overage/Shortage Report must be prepared and submitted to the Disbursing Office with a copy of the Cash Count Sheet, Form PC-4 (Refer to A8.819 - Cash Counts of the Petty Cash Fund) and a copy of the UH Treasury Deposit slip.

b. Disbursing Office, Internal Auditor's Office:

- 1) The Director of Financial Operations will review the Petty Cash Overage/Shortage Report. If the circumstances dictate, the Disbursing Office and the Internal Auditor's Office will be directed to conduct an investigation.
- 2) Upon approval by the Director of Financial Operations, the Disbursing Office will coordinate the deposit of funds with the State and submit a copy of the overage report to DAGS (Audit Division). The Disbursing Office and the Internal Auditor's Office will maintain a copy of the Petty Cash Overage/ Shortage Report for their files.

5. Shortage Procedures

a. Campus/Department Office:

- 1) The cash count is the specific procedure that determines the extent of the petty cash shortage. The existence of a shortage is either uncovered through the performance of a cash count or a cash count is initiated because a shortage is suspected (Refer to A8.819 - Cash Counts of the Petty Cash Fund). Any shortage indicated by a cash count must be fully researched in an attempt to uncover the source. Transactions and replenishment claims processed since the last balanced cash count should be reviewed. In many situations the source of the discrepancy will be the incorrect disbursement of cash, the incorrect preparation of replenishment claims, outstanding cash advances, or an incorrect cash count. In inexplicable cash shortage situations, consideration must always be given to the possibility of theft or embezzlement.
- 2) In any inexplicable cash shortage situation, Campus Security should be directed to conduct an investigation. The investigation would confirm any indication of forced entry to the building, safe, cash box or any security deficiencies. As determined by the situation, the Police Department should be notified if appropriate. Investigative reports by Campus Security and the Police Department are to be maintained to document the situation.
- 3) Based on the investigations of the situation, all appropriate safeguards should be instituted (e.g. installation of new locks, safety glass, restricted entry, etc.).
- 4) Prepare documents to report the shortage:
 - a) Petty Cash Overage/Shortage Report (Attachment 1)
Prepare the report, explaining the circumstances and indicating the corrective actions initiated or planned (Refer to section 6 of this procedure for details).
 - b) Loss or Damage Report of State Property
Prepare the Loss or Damage Report of State Property (Attachment 2) that is required by the State Risk Management program.
 - c) Authorization for Payment form (FMIS-2)
Prepare an AFP to reimburse the petty cash fund

for the shortage (Refer to A8.861 - Authorization for Payment).

- The funding source should be a related account code.
- The object symbol "7200" is to be used.
- The payee is to be the petty cash custodian.
- The "Reason for Payment" section should be completed with:

Petty Cash Fund Shortage.

Approved by: _____
Director of Financial Operations

Note: In any shortage situation, reimbursement of the petty cash fund must be carefully considered if the source of the shortage has not been determined. In situations where the problem is identified, it is advised that the fund not be reimbursed until corrective action is initiated.

- 5) The original Petty Cash Overage/Shortage Report must be submitted to the Disbursing Office with a copy of the Cash Count Sheet (Form PC-4), Campus Security report, the Police report, and any other relevant documentation. Also attach the original Loss or Damage Report and the original AFP for reimbursement.
- 6) Embezzlement situations involve the stealing of funds entrusted to one's care. The required separation of duties in the administration of the petty cash fund serves to reduce embezzlement possibilities. If any embezzlement situation is suspected, the Campus/Department Head is to be informed. The Disbursing Office and the Internal Auditor's Office should be immediately informed of the situation (by memorandum), and a joint investigation should be initiated.

b. Disbursing Office, Internal Auditor's Office:

- 1) The Director of Financial Operations will review the Petty Cash Overage/Shortage Report. If the circumstances dictate, the Disbursing Office and the Internal Auditor's Office will be directed to conduct an investigation.
- 2) Upon approval by the Director of Financial Operations, the Disbursing Office will process the AFP for reimbursement of the petty cash fund and submit a copy

of the shortage report to DAGS (Audit Division). The Procurement, Property and Risk Management Office will coordinate the processing of the State claim and will contact the Campus/Department Office for the proper handling of the award. The Disbursing Office and the Internal Auditor's Office will maintain a copy of the Petty Cash Overage/Shortage Report for their files.

6. Detailed Instructions for Preparing the "Petty Cash Overage/Shortage Report" (Form PC-3)

- a. UH Campus/Dept: Enter the appropriate campus and department (e.g. Agr-Bio Chem; Honolulu CC).
- b. Date: Enter the month, day, and year on which the form is being submitted (e.g. 03/31/88).
- c. Vendor Code: Enter the 11 digit vendor code (X _ _ _ _ _ _ _ _ _ _) assigned to the custodian.

Section I. Overage

- d. Amount: Enter the amount of the overage in dollars and cents.
- e. Explanation of circumstances: Provide details of the situation.

Note: Attach copies of the Cash Count Sheet (Form PC-4) and the UH Treasury Deposit slip to this form.

Section II. Shortage

- f. Amount: Enter the amount of the shortage in dollars and cents.
- g. Discovered missing on--(Date), (Time), By (Name), (Title): Enter the required information. The individual will normally be the custodian, alternate, or Fiscal Officer through performance of the cash count.
- h. Campus Security notified on --(Date), (Time): Enter the date and time that a request was initiated for Campus Security to conduct an investigation.
- i. Police notified on --(Date), (Time): Enter the date and time that a request was initiated for the Police to conduct an investigation.
- j. Explanation of circumstances: Provide details of the

situation. Specifically indicate if theft or embezzlement is suspected.

- k. Corrective Action: Provide details for any corrective action/security measures instituted to prevent recurrence of the shortage. Indicate any planned corrective action/security measures and the anticipated inception of such action.
- l. Reimbursement to be charged to--Account Code: Indicate the account code that is being charged for the reimbursement of the petty cash fund.

Note: Attach copies of the Cash Count Sheet(Form PC-4), Campus Security Report, Police Report, and any other relevant documentation to this form. Also attach the original Loss or Damage Report and the original AFP for reimbursement.

- m. Custodian, Fiscal Officer, Campus/Department Head Signature and date: The Custodian, the Fiscal Officer, and the Campus/Department Head (Dean/Director/Provost/Chancellor/Vice-President) are to sign and date the form to certify the accuracy of the information provided and to certify the request for reimbursement.

7. Availability of Forms

The Petty Cash Overage/Shortage Report (Form PC-3) should be reproduced as required. The Loss or Damage Report of State Property is available upon request from the Office of Procurement, Property and Risk Management.

UNIVERSITY OF HAWAII
Petty Cash Overage/Shortage Report

UH Campus/Dept. : _____ Date : ____ / ____ / ____

Vendor Code : X _____

I. OVERAGE

Amount : _____
Explanation of Circumstances :

Note : Attach (a) Cash Count Sheet, (b) a copy of the processed UH Treasury Deposit slip.

II. SHORTAGE

Amount : _____
Discovered missing on -- Date : ____ / ____ / ____ Time : _____
By Name : _____ Title : _____
Campus Security notified on -- Date : ____ / ____ / ____ Time : _____
Police notified on -- Date : ____ / ____ / ____ Time : _____

Explanation of Circumstances (Indicate if theft, embezzlement suspected) :

Corrective Action :

Reimbursement to be charged to -- Account Code : _____

Note : Attached (a) Cash Count Sheet, (b) Campus Security report, (c) Police report (d) Loss or Damage Report (original), (e) AFP for reimbursement (original), (f) Other relevant documentation.

I certify to the best of my knowledge and belief, that the information provided above is true, correct, and complete.

Custodian Signature Date

Signature-Dean/Director/Provost/
Chancellor/Vice-President Date

Fiscal Officer Signature Date

General Instructions: Submit the original Form PC-3 to the Disbursing Office with the required supporting documents.

Report No. _____
(RM use)

STATE OF HAWAII
LOSS OR DAMAGE REPORT OF STATE PROPERTY
(Risk Management)

DEPARTMENT _____

UNIT/SCHOOL _____

1. TYPE OF LOSS (X): Theft ___ Fire/Arson ___ Vandalism ___ Storm ___ Others _____
(Specify)

2. DATE INCIDENT DISCOVERED _____ TIME _____ a.m./p.m.

3. DATE INCIDENT OCCURRED _____ TIME _____ a.m./p.m.

4. HOW WAS LOSS DISCOVERED _____

5. WHO DISCOVERED LOSS _____ TITLE _____

6. WHO IS RESPONSIBLE FOR PROPERTY _____ TITLE _____

7. AMOUNT OF LOSS \$ _____

ATTACH A COPY OF THE DETAIL INVENTORY OF PROPERTY REPORT OR OTHER DOCUMENTS AND INDICATE THE ITEMS THAT ARE INVOLVED IN THE LOSS. IN ADDITION, INDICATE NEXT TO EACH ITEM THE BUILDING AND ROOM NUMBER WHERE THE PROPERTY WAS LOCATED, IF APPLICABLE. NOTE: THIS ITEM MUST BE COMPLIED WITH IN ORDER TO VERIFY EXISTENCE OF THE PROPERTY.

8. IF CRIME SUSPECTED:

a. WHERE ENTRY MADE _____ MANNER _____
(building and room #) (window/door/louvre, etc.)

b. SECURITY _____ TYPE OF SYSTEM _____
(fire/burglar/patrol, etc.) (window/gate/alarm/lights, etc.)

c. INCIDENT REPORTED TO LOCAL POLICE: NAME _____
BADGE NUMBER _____
STATION _____
DATE _____ TIME _____

9. OTHER PERTINENT INFORMATION: _____

I CERTIFY THAT THE ABOVE IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature Date

Report No. _____

(RM use)

STATE OF HAWAII
SUPERVISOR'S LOSS OR DAMAGE REPORT OF STATE PROPERTY
(Risk Management)

| | |
|--|----------------|
| General Description of Property Lost or Damaged: | |
| | |
| Building and Room No. _____ | \$ _____ Total |

1. What acts, failure to act and/or conditions contributed most directly to the loss?

ANSWER: _____

2. What are the basic or fundamental reasons for the existence of these acts and/or conditions?

ANSWER: _____

EVALUATION

| | |
|--|---|
| Loss Severity Potential: | Probable Recurrence Rate: |
| <input type="checkbox"/> Major <input type="checkbox"/> Serious <input type="checkbox"/> Minor | <input type="checkbox"/> Frequent <input type="checkbox"/> Occasional <input type="checkbox"/> Rare |

What action has or will be taken to prevent recurrence? List all actions in sequences:

1. _____

2. _____

3. _____

4. _____

Give date of immediate action taken. Give date when action completed.

| | | | | |
|------------------|----------|----------|----------|----------|
| Immediate Action | 1. _____ | 2. _____ | 3. _____ | 4. _____ |
| Action Completed | 1. _____ | 2. _____ | 3. _____ | 4. _____ |

| | |
|------------------|-----------------------------|
| Investigated by: | Reviewed by: |
| _____ | _____ |
| Supervisor | Risk Management Coordinator |
| Date | Date |
| Phone No. | Phone No. |

NOTE: IN ORDER TO RECEIVE REIMBURSEMENT, PARTS 1, 2 AND 3 MUST BE COMPLETED.

Report No. _____
(RM use)

STATE OF HAWAII
SUPERVISOR'S LOSS OR DAMAGE REPORT OF STATE PROPERTY
LIST OF PREVENTIVE ACTIONS NOT IMPLEMENTED
AND REASONS
(Risk Management)

PROPERTY

| <u>Action No.</u> | <u>REASON</u> |
|-----------------------|---------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |