Petty Cash and Change Fund

Procedures
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The Petty Cash/Change Fund training material can be found at

Financial Services | Faculty/Staff Resources | Manuals/Guides/Procedures | Petty Cash/Change Fund Procedures

The Petty Cash/Change Fund forms can be found at

Financial Services | Faculty/Staff Resources | Forms
USES OF FUNDS

I. Petty Cash Funds

The use of petty cash funds is allowed for purchases of low-priced items from local vendors in the event the vendor does not accept purchase orders or purchasing cards, and processing a direct pay request would substantially increase the cost of the transaction. Payment to human subjects up to $25 per payment is an example of an allowable expense that is most efficiently paid using a petty cash fund.

As with all expenditures, petty cash may only be used to obtain goods and services necessary to carry out official University functions, according to University disbursement policies and procedures. (See University Policy 601.8, Appropriate Use of University Funds.)

The maximum limit for purchases from petty cash funds is $100.00 per purchase unless the Director of Materials Management provides prior written approval for one-time exceptions. Approval for one-time exceptions should accompany the receipts when submitted for replenishment. Any special exceptions granted by the Director of Materials Management covering multiple purchases exceeding the $100 limit should be renewed annually. Approval for the special exception will be kept on file by the Petty Cash Officer and a reference to the approved exception should be included in the Business Purpose/Activity section for any replenishment that includes qualifying purchases.

Petty cash may not be used to avoid other established purchasing procedures (e.g., e-Procurement Guidelines; Purchasing Card Procedures, Travel Procedures, Direct Pay Requests), nor may total orders be split into smaller increments to avoid this $100.00 limit.

Petty cash may be used to pay human subjects for participation in research studies or surveys for payments of $25 or less per individual, per study. In such instances, all payments must be recorded and signed for on the Awards and Other Gifts Log and attached to the Petty Cash Reimbursement Form using expense account code 921160. (See University Policy 101.18, Gifts, Awards, & Prizes - Appendix C).

Petty Cash Funds may not be used to:

- Cash checks
- Reimburse credit card purchases
- Make loans
- Make advances
- Reimburse travel-related expenditures, including reimbursement of mileage or fuel purchases, parking fees, and/or tips while in travel status; or to make travel advances (See University Policy 602.7, Travel Authorization and Reimbursement)

  **NOTE:** small parking fees or tips paid while not in travel status, but as part of university business will be allowed.

- Reimburse meals in restaurants or entertainment expenses of any amount
- Purchase alcohol (See University Policy 706, Alcoholic Beverages)
- Pay wages for students or temporary employees, or pay overtime for any employee
- Provide floral tributes, small gifts and other tokens of appreciation, or prizes and awards (See University Policy 101.18, Gifts, Awards, & Prizes)
- Purchase routine supplies that can be purchased from one of our contracted vendors listed on 49er Mart or with a purchasing card
- Purchase commercially prepared foods (See University Policy 709, Food Service)
- Make purchases that would not be approved under the University Policy 601.11, Purchasing Policy.

Failure to adhere to these policies will result in the Petty Cash Fund being recalled.

II. Change Funds
Change Funds are used to accommodate departmental sales. These funds can only be used to make change for customers in the operation of department sales. Change Funds may not be used to cash checks or to make loans or advances.

**PETTY CASH PROCEDURES**

I. **Establishing Funds**

Departments wishing to establish an initial Petty Cash Fund should complete the [Petty Cash Fund Request Form (Sections 1 & 3)] and a statement supporting the requested amount, including anticipated frequency of use. The form is to be submitted to the Petty Cash/Change Fund Officer, General Accounting, Reese Building, room 228.

Following receipt and approval of the form, the Petty Cash/Change Fund Officer will request a check made payable to the Petty Cash Fund Custodian. With a valid university photo ID, the Custodian may pick up the check and cash it at the Cashiers’ Office.

Before the check is released to the Petty Cash Fund Custodian, the Petty Cash/Change Fund Officer will send an initial [Petty Cash Agreement] letter to the new Custodian for signature by both the Custodian and the Supervisor while also making arrangements for training. During training the Petty Cash/Change Fund Officer will go over forms and procedures with the Custodian. Custodian must present the completed [Petty Cash Agreement] letter and sign the Petty Cash Fund Request Form (Section 5) acknowledging receipt of check and they have received training on policy and procedures.

Prior to cashing a petty cash check over $250, Custodian must notify Cashiers Office of the amount and the denominations required so Cashiers can order it from the bank. The Custodian must hold the Petty Cash Fund in a secure location at the University. Every effort should be made to allow only one Custodian authorized to each Petty Cash Fund. Documentation from Chair/Director is required if more than one Petty Cash Fund is authorized to each Petty Cash Fund Custodian. All authorized Custodians must have a signed [Petty Cash Agreement] letter on file.

II. **Responsibilities**

A. **Petty Cash Fund Custodian**

i. Maintain the Petty Cash Fund on University premises, **unless** off-campus use is approved by Petty Cash/Change Fund Officer.

ii. Secure the Petty Cash Fund in a locked box and in a locked location (desk drawer, file cabinet, vault, etc.). Petty Cash Funds may not be placed in a bank account, or kept in the Custodian’s wallet or purse, or otherwise commingled with personal funds.

iii. Ensure that access to the Petty Cash Fund is limited to the Custodian.

iv. Inform the Petty Cash Fund Supervisor of the location of the Petty Cash Fund.

v. Maintain accountability and accuracy for the Petty Cash Fund by keeping the [Petty Cash Transaction Log].

vi. Accurately complete the [Petty Cash Reimbursement Form] to reconcile the Petty Cash Fund monthly **even if no expenditures**.

vii. Ensure that processes with the annual agreement and renewals are performed appropriately (refer to Section VIII Annual Renewal of Petty Cash Fund) and in accordance with the established time frame (by May 31 each year).

viii. Secure and make available all documents relating to the Petty Cash Fund to Internal Audit and/or State Auditors.

ix. Allow cash count of Petty Cash Fund when requested by Internal Audit and/or State Auditors.
B. Petty Cash Fund Custodian’s Supervisor

i. Ensure the Custodian exercises his/her responsibilities appropriately.

ii. Notify the Petty Cash/Change Fund Officer when the Custodian leaves the University and a new custodian has been named.

iii. Ensure that overages/shortages are addressed as they occur and as part of the Petty Cash Fund Custodian’s performance evaluation, as appropriate. Repeated overages/shortages will result in the loss of Petty Cash Fund privileges.

C. Petty Cash/Change Fund Officer

i. Ensure that the establishment of new Petty Cash Funds is in compliance with University policies and procedures.

ii. Ensure that Petty Cash Fund Custodians have access to current rules and procedures.

iii. Ensure that Petty Cash Fund Custodians are following University guidelines.

iv. Notify Internal Audit when a Petty Cash Fund Custodian is not following correct procedures.

III. Accountability and Reconciliations

The Custodian must verify, reconcile, and replenish petty cash funds monthly. If there have been no expenditures, the cash must still be counted and reconciled to the total amount of the fund. Any discrepancies should be reported immediately to Internal Audit and the Petty Cash/Change Fund Officer. If a theft is suspected, the Custodian or the Custodian’s Supervisor must notify University Police immediately. Notifications should also be sent immediately to the Petty Cash/Change Fund Officer and to Internal Audit.

IV. Replenishing Petty Cash Funds

At any given time, the total of receipts and cash on hand, plus pending reimbursement requests must equal the total authorized amount of the petty cash funds. Reimbursements for petty cash funds should be requested as needed, but no later than the 10th business day of every month to the Petty Cash Officer, Reese Building, room 228. The Custodian must complete the Petty Cash Reimbursement Form and sign, date, and attach all receipts (originals only) and necessary forms, along with supervisor’s approval, to the request for reimbursement.

An original receipt must be included for each petty cash expenditure for which reimbursement is requested. An acceptable receipt will show name of the establishment, transaction date, itemized transactions, and total amount. In the absence of a receipt a Missing Receipt Affidavit must be completed for any purchases of $25 or more.

A Food, Beverage, & Amenity Expense Form must be completed for any non-commercially prepared food purchase (i.e. snacks and other retail prepackaged items) and student-oriented activity purchases to ensure compliance with University Policy 601.8, Appropriate Use of University Funds.

The reimbursement form should be signed by the Supervisor and submitted to the Petty Cash/Change Fund Officer, Financial Services, General Accounting, Reese Building, room 228. All efforts will be made to process reimbursement requests as quickly as possible. Processing will be delayed if the form is not completely accurately and/or additional information (signature, approval by Sponsored Programs, original receipts, etc.) is required.

Overage/Shortage: All cash overages and shortages must be reconciled and reflected in the University accounting system (Banner). When Petty Cash funds are found to be in excess of their authorized amount, the overage should be included in the Petty Cash Reimbursement Form as a deposit (credit) of the overage cash amount into the departmental fund and Over & Short account (951720). (Note: The overage will offset the amount of expenses recorded on the Petty Cash Reimbursement Form.) All cash shortages must be reimbursed as an expense (debit) through the departmental fund and Over & Short account (951720) by submitting the Petty Cash Reimbursement Form.

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V. Review of Petty Cash Fund Usage

Upon receipt of a reimbursement request, the Petty Cash/Change Fund Officer will confirm that an authorized Custodian has signed the request and review the receipts for propriety and compliance with State and University purchasing regulations. The Petty Cash/Change Fund Officer will sign the request and forward it to Travel Complex Payments for processing. If it appears the petty cash fund is being used improperly, the Petty Cash/Change Fund Officer may return the reimbursement request and/or notify the University Controller who has the authority to recall the Petty Cash Fund.

The Petty Cash/Change Fund Officer will periodically review each petty cash fund for the frequency of activity and notify the University Controller. Petty cash funds with insufficient activity to justify replenishment on a monthly basis, or remain inactive for six months may be recalled or reduced. Infrequent Petty Cash needs by departments can be accommodated by Materials Management. Call Ext. 77320.

VI. Increasing/Decreasing/Closing a Petty Cash Fund

The Custodian’s Supervisor may request an increase to a Petty Cash Fund. The Petty Cash Fund Request Form (Sections 2A & 3) must be completed, indicating the amount of the requested increase and providing justification for the increase. The form is to be submitted to the Petty Cash/Change Fund Officer, General Accounting, Reese Building, room 228. If the request is approved, the Custodian will be notified by the Petty Cash/Change Fund Officer to pick up the check in person. The Custodian must bring a university photo ID.

The Custodian’s Supervisor may request a decrease or close a Petty Cash Fund by having the Custodian deposit, using a Deposit Form, the appropriate amount of cash at the Cashiers’ Office, and providing the original receipt with a completed Petty Cash Fund Request Form (Sections 2B & 3) to the Petty Cash/Change Fund Officer, Reese Building, room 228. Please contact the Petty Cash/Change Fund Officer at extension 7-5784 for the fund and account number the deposit should be made to. NOTE: Prior to closing a Petty Cash Fund, all reimbursement requests must be processed (the Petty Cash Fund must be totally replenished prior to closing).

VII. Change in Custodian

If a Petty Cash fund will remain open with a change in Custodian, the Change of Custodian Form must be signed by both Current and New Custodian and the Supervisor and sent to the Petty Cash/Change Fund Officer. Both the current and new Custodian must verify that the cash totals are correct. New Custodian and Supervisor must sign the Petty Cash Agreement. Once the form is received, the Petty Cash/Change Fund Officer will contact the new Custodian for training.

VIII. Annual Renewal of Petty Cash Fund

The Petty Cash/Change Fund Officer will send an annual renewal Petty Cash Agreement letter to all Petty Cash Fund Custodians by April 30 for the new fiscal year that begins July 1. The letter must be signed and returned to the Petty Cash/Change Fund Officer no later than May 31 or the petty cash funds will be recalled and no reimbursements will be processed. If the petty cash fund is no longer needed, complete the Petty Cash Fund Request Form (Sections 2B & 3) and take the form and funds to the Cashiers’ Office according to instructions in section VI above.
CHANGE FUND PROCEDURES

I. Establishing Funds

Departments wishing to establish an initial Change Fund should complete the Change Fund Request Form (Sections 1 & 3) and a statement supporting the requested amount, including anticipated frequency of use. The form is to be submitted to the Petty Cash/Change Fund Officer, General Accounting, Reese Building, room 228.

Following receipt and approval of the form, the Petty Cash/Change Fund Officer will request a check made payable to the Change Fund Custodian. With a valid university photo ID, the Custodian may pick up the check and cash it at the Cashiers’ Office.

Before the check is released to the Change Fund Custodian, the Petty Cash/Change Fund Officer will send an initial Change Fund Agreement letter to the new Custodian for signature by both the Custodian and the Supervisor while also making arrangements for training. During training the Petty Cash/Change Fund Officer will go over forms and procedures with the Custodian. Custodian must present the completed Change Fund Agreement letter and sign the Change Fund Request Form (Section 5) acknowledging receipt of check and they have received training on policy and procedures.

Prior to cashing a change fund check over $250, Custodian must notify Cashiers Office of the amount and the denominations required so Cashiers can order it from the bank. The Custodian must hold the Change Fund in a secure location at the University. Every effort should be made to allow only one Custodian authorized to each Change Fund. Documentation from Chair/Director is required if more than one Change Fund is authorized to each Change Fund Custodian. All authorized Custodians must have a signed Change Fund Agreement letter on file.

II. Responsibilities

A. Change Fund Custodian

i. Maintain the change fund on University premises, unless off-campus use is approved by Petty Cash/Change Fund Officer

ii. Secure the Petty Cash Fund in a locked box and in a locked location (desk drawer, file cabinet, vault, etc.). Petty Cash Funds may not be placed in a bank account, or kept in the Custodian’s wallet or purse, or otherwise commingled with personal funds.

iii. Ensure that access to the change fund is limited to the authorized departmental personnel

iv. Inform the Change Fund Supervisor of the location of the Change Fund

v. Maintain accountability and accuracy for the Change Fund by complying with University Policy 602.4, Handling Cash, Checks, and Other Monetary Receipts

a. Signage must be displayed to inform customer that a receipt should be provided upon payment.

b. Receipts will be issued by pre-numbered receipts from receipt book obtained from Cashier’s Office.

c. All receipts will be original and not hand corrected.

vi. Reconcile daily and accurately complete the Change Fund Reconciliation Form quarterly to ensure the change fund is maintained at its issued amount

vii. Ensure that processes with the annual agreement and renewals are performed appropriately (refer to Section VI Annual Renewal of Change Fund) and in accordance with the established time frame (by May 31 each year).

viii. Secure and make available all documents relating to the Change Fund to Internal Audit and/or State Auditors

ix. Allow cash counts of Change Fund when requested by Internal Audit and/or State Auditors
B. Change Fund Custodian’s Supervisor

i. Ensure the Custodian exercises his/her responsibilities appropriately
ii. Notify the Petty Cash/Change Fund Officer when the Custodian leaves the University and a new Custodian has been named
iii. Ensure that only appropriate departmental personnel have access to change fund
iv. Ensure that daily deposits are accurate
v. Ensure Department policies and procedures are established concerning daily close outs, reporting of sales, and recording any overages and shortages
vi. Monthly count of all change fund balances by the Custodian’s Supervisor and result should be logged and documented for any investigation upon finding the overage/shortage.
vii. Ensure that overages/shortages are addressed as they occur and as part of the Change Fund Custodian’s performance evaluation, as appropriate. Repeated overages/shortages will result in the loss of Change Fund privileges.

C. Petty Cash/Change Fund Officer

i. Ensure that the establishment of new Change Fund is in compliance with University policies and procedures.
ii. Ensure that change fund custodians have access to current rules and procedures.
iii. Ensure that change fund custodians are following University guidelines.
iv. Notify Internal Audit when a Change Fund Custodian is not following correct procedures.

III. Accountability and Reconciliations

The Custodian must balance funds daily and deposit with the Cashiers’ Office any amounts representing sales. Once every quarter (January, April, July and October) the Custodian must verify the amount in the Change Fund and submit the Change Fund Reconciliation Form to the Petty Cash/Change Fund Officer. Discrepancies should be reported immediately to the Internal Auditor and the Petty Cash/Change Fund Officer. If a theft is suspected, Custodian or Custodian’s Supervisor will notify University Police immediately. Notification should also be sent immediately to the Petty Cash/Change Fund Officer and to Internal Audit.

IV. Increasing/Decreasing/Closing a Change Fund

The Custodian’s Supervisor may request an increase to a Change Fund. The Change Fund Request Form (Sections 2A & 3) must be completed, indicating the amount of the requested increase and providing justification for the increase. The form is to be submitted to the Petty Cash/Change Fund Officer, General Accounting, Reese Building, room 228. If the request is approved, the Custodian will be notified by the Petty Cash/Change Fund Officer to pick up the check in person. The Custodian must bring a university photo ID.

The Custodian’s Supervisor may request a decrease or close a Change Fund by having the Custodian deposit, using a Deposit Form, the appropriate amount of cash at the Cashiers’ Office, and providing the original receipt with a completed Change Fund Request Form (Sections 2B & 3) to the Petty Cash/Change Fund Officer, Reese Building, room 228. Please contact the Petty Cash/Change Fund Officer at extension 7-5784 for the fund and account number the deposit should be made to.

Overage/Shortage: All cash overages and shortages must be reconciled and reflected in the University accounting system (Banner). When Change Funds are found to be in excess of their authorized amount, the overage should be included as a deposit (credit) of the overage cash amount into the departmental fund and Over & Short account (951720). All cash shortages must be reimbursed as an expense (debit) through the departmental fund and Over & Short account (951720) by submitting a Direct Pay Request for the amount of the shortage.
V. Change in Custodian

If a Change fund will remain open with a change in Custodian, the Change of Custodian Form must be signed by both Current and New Custodian and the Supervisor and sent to the Petty Cash/Change Fund Officer. Both the current and new Custodian must verify that the cash totals are correct. New Custodian and Supervisor must sign the Change Fund Agreement. Once the form is received, the Petty Cash/Change Fund Officer will contact the new Custodian for training.

VI. Annual Renewal of Change Fund

The Petty Cash/Change Fund Officer will send an annual renewal Change Fund Agreement Letter to all Change Fund Custodians by April 30 for the new fiscal year that begins July 1. The letter must be signed and returned to the Petty Cash/Change Fund Officer no later than May 31 or the change funds will be recalled. If the change fund is no longer needed, complete the Change Fund Request Form (Sections 2B & 3) and take the form and funds to the Cashiers’ Office according to instructions in section IV above.