

Petty Cash Fund

ESTABLISHMENT OF A PETTY CASH FUND

A department should do the following to establish a petty cash fund:

1. Review the **petty cash fund policy**.
2. Designate a custodian for the fund. The custodian should be an individual other than the department sponsor who is not responsible for the custody of other negotiable assets.
3. Complete the **Authorization for Petty Cash Fund Form**, including the appropriate signatures.
4. The completed form should be submitted to Financial Services. If the petty cash fund request also involves the establishment of an outside bank account, the department should contact Financial Services.
5. Financial Services will review the completed form. If approved, Financial Services will make the appropriate journal entries in PeopleSoft and request a check to be printed. If the request is denied, the form will be returned to the department with an explanation.
6. A check will be prepared, payable to the custodian/pc (*e.g. John Doe/Petty Cash*). The custodian will be notified when the check is available to be picked up at Financial Services.
7. The custodian **must** cash the check at the Bursar's Office.

REPLENISHMENT OF A PETTY CASH FUND

The custodian should do the following to replenish a petty cash fund:

1. Prepare a memorandum summarizing the expenditures and listing the amount of petty cash approved, the amount of cash on hand, and the amount of money requested, which should equal the expenditure receipts. Also include the department to be charged.
2. The memorandum must be signed by the custodian and the department sponsor.
3. Forward the memorandum with the signed receipts and supporting documentation to Financial Services.
4. Financial Services will audit the receipts and supporting documentation, verify totals, assign appropriate accounts, and generate a check made payable to the custodian/pc. The custodian will be notified when the check is available. The custodian will be contacted if there are any problems.
5. The custodian **must** cash the check at the Bursar's Office.

TERMINATION OF A FUND

To terminate a petty cash fund the following procedures should be followed:

1. Prepare a memorandum to the Director of Financial Services indicating that the fund is being closed. The memorandum must be signed by the custodian and the department sponsor.
2. Any discrepancies from the total amount of the petty cash fund must be explained in detail. Large discrepancies should be reported to the Department of Public Safety and a copy of the police report should be included with the memorandum to Financial Services. All overages or shortages must be identified to Financial Services.
3. The custodian should make a deposit to department 197911600 for any remaining cash in the fund. When making the deposit, use the state source code 58105 and account 411004. Forward copies of the deposit receipt and the on-line cash receipts report from the Bursar's Office to Financial Services.

RESPONSIBILITIES AND MAINTENANCE

The custodian is held accountable for all aspects of the fund including disbursements, record keeping, safeguarding, and any shortages. Listed below are guidelines which may be adapted to meet a department's particular situation.

1. The petty cash fund should be accessible only to the custodian. The cash must be kept in a secure area such as a safe or a locking drawer.
2. Pre-numbered receipt forms must be available and issued sequentially. Voided receipts should be marked and retained for verification.
3. Receipts should be completed in ink.
4. The pre-numbered receipt should be signed by the recipient of a payment from the fund.
5. **A formal reconciliation must be prepared monthly and a copy submitted to Financial Services by the 4th working day of each month.**
6. Any discrepancies (*i.e. shortages or overages*) are the responsibility of the custodian and should be reported to the department sponsor and to Financial Services in writing, explaining the circumstances of the discrepancy.
7. If the reconciliation reflects an overage, that amount must be deducted from the next request for a replenishment check.