# FIN-040 Managing Petty Cash Funds

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**Status** Final

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**Policy Type** University

**Contact Office** Treasury Management

**Oversight Executive**
Vice President and Chief Financial Officer

**Applies To** Academic Division and the College at Wise.

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## Reason for Policy

The University has set forth requirements for establishing, managing, and closing University petty cash funds and to provide for effective oversight and control over petty cash funds.

## Definition of Terms

### Worktags

**Description**

The financial data required to submit a financial transaction in the finance system, such as Cost Center, Project, Fund, Grant, and Spend category.

### Petty Cash Approver (Approver)

**Description**

A full-time employee of the University who has been given authority by the department head to approve reimbursement requisitions and reconciliations of a petty cash account. This person shall not have the authority to disburse cash. (Approvers may not be temporary personnel or students who are not otherwise full-time employees of the University.)

## Petty Cash Custodian (Custodian)

**Description**

A full-time employee of the University who is responsible for disbursing, safeguarding, administering, and reconciling their department's petty cash fund. (Custodians may not be temporary personnel or students who are not otherwise full-time employees of the University.)

## Petty Cash Fund

**Description**

A limited dollar fund used to purchase goods when use of the University's procurement system is impractical or cannot be used. Petty cash may be in the form of petty cash, traveler's checks, money orders, or debit cards. The combination of cash and petty cash receipts must equal the authorized amount of the fund at all times.

**Policy Statement**

A petty cash fund may be established only by making a request to, and receiving approval from, Treasury Management. Departments may establish a petty cash fund to handle small, unanticipated purchases from vendors when immediate payment is required, and the formal University procurement systems are impractical or cannot be used. Departments may not establish petty cash funds with their own departmental funds.

Petty cash must not be used to pay vendors when a University Travel & Expense (T&E) Card, purchase order, or supplier invoice request can be used. The department using the petty cash fund must ensure that all petty cash purchases and reimbursements adhere to State and University procurement policies and procedures.

Treasury Management has purview over establishing, setting limits for, and closing departmental petty cash funds. Procurement Services has purview over allowable expenditures and reimbursing petty cash funds.

1. **Limiting Petty Cash Fund Amounts:**
   Unless special written approval is granted by Treasury Management, a departmental petty cash fund is limited to $500. Individual petty cash expenditures may not exceed $100.

2. **Establishing, Changing, or Closing a Petty Cash Fund:**
   To establish a petty cash fund:

   a. The department head along with the petty cash custodian and petty cash approver must sign and submit the Petty Account Request Form. This form must be submitted to Treasury Management, which has the final authority to establish a fund. If the request or the aggregate of existing and requested funds is above $2,000, the department's vice president must approve the request.

b. A department head must designate an individual to act as the petty cash custodian and a different individual to act as the petty cash approver.

In order to increase or decrease the amounts or close a petty cash fund, the Petty Account Request Form must be filled out and submitted to Treasury Management.

3. **Managing a Petty Cash Fund:**
The petty cash approver is responsible for verifying the appropriateness of expenditures and approving the petty cash fund reconciliation. The petty cash approver shall not have the authority to disburse cash. If the payments under review by the petty cash approver include disbursements to the petty cash approver, an alternate approver must be designated to review and approve the payment. The alternate reviewer shall not have the authority to disburse cash.

The petty cash custodian, the petty cash approver, along with the department head, are responsible for limiting the use of the fund to legitimate and allowable University related revenue refunds and/or expenses. (Questions concerning allowable expenses, including IRS Form 1099 reportable expenses, should be directed to Procurement Services.)

Petty cash funds are non-transferable and must remain in the department or unit in which they originated. Anytime there is to be a change of petty cash custodian, a new Petty Account Request Form must be submitted to Treasury Management prior to the time the preceding custodian is to be relieved of responsibility. This process is required for temporary changes as well. Procurement Services will not reimburse a petty cash fund unless a Petty Account Request Form is on file indicating the name of the current custodian. The former and new custodians must perform a petty cash reconciliation at the time of transfer and both must sign the reconciliation form.

All petty cash funds shall be subject to periodic review by the University's Internal Audit Department, Treasury Management, and the University's external auditors. The department head and the petty cash custodian are both responsible for ensuring that the funds are properly safeguarded. The funds must always be locked in a secure location such as a lock box or safe. Cash must not be stored in desk drawers or filing cabinets since they are easily accessed. Petty cash funds may not be commingled with other types of University funds or personal funds.

If a loss or theft of these funds occurs, such loss must be refunded by the department to the account from which the funds were disbursed. If loss occurs from negligence, it will be the responsibility of the department who owns the petty cash fund to bring the account back to its authorized balance. The petty cash custodian and petty cash approver may be held personally responsible for any loss of petty cash as a result of their fraudulent or negligent actions. If at the time of a petty cash closure, the fund is not fully reimbursed, the department may be charged bad debt to their worktag to fully replenish the fund back to the Central Office account.

All thefts MUST be immediately reported to Treasury Management, the University Police Division, the Office of Property & Liability Risk Management, and the Internal Audit Department.

4. **Restricting Use of Petty Cash:**
Petty cash may be used for allowable University purchases only after it is determined that payment cannot be made by University T&E Card, purchase order, or supplier invoice request. Petty cash may be used only when payment by one of these preferred methods is not possible.

In addition:

- Petty cash must not be used for recurring expenses.
- Petty cash may not be used for reimbursements, to cash checks, or to make salary advances or loans. Petty cash must not be used to make payments for services with the sole exception of payments to research study participants for taking part in a research study or survey. Departments are responsible for ensuring that payments to a single individual or entity do not exceed $100 per transaction and $599.99 per calendar year. In all cases, the department must maintain a record of the name, address, and Social Security Number of the study participant as well as the name and date of the study. (Refer to policy IRM-003: Data Protection of University Information and Paying Research Participants (Human Subjects).)

5. **Obtaining a Petty Cash Advance:**
   University faculty and staff may seek up to $100 in advance from their departmental petty cash fund to cover:

   a. Expenses such as parking, tolls, taxis, etc., that may arise as part of a day trip on official University business; and
   b. The expense of an *allowable* certified business meal. When petty cash is used for this purpose, the Petty Cash Replenishment form must be forwarded to Procurement Services along with an itemized original receipt(s) and notation of the purpose and attendees.

   When granting an advance, the petty cash custodian must have acknowledgement of the date and amount of the advance in writing.

   Receipts submitted for reimbursement must have a description of the item(s) purchased and be signed by the person seeking reimbursement and the custodian.
   (For specific information, see policy FIN-044: Use of the University Travel and Expense Card.)

6. **Replenishing Petty Cash:**
   Petty cash funds must be replenished no less often than monthly provided there are outstanding receipts in the fund. The petty cash fund may be replenished by submitting a supplier invoice request to Procurement Services that includes an original Petty Cash Replenishment form and all receipts signed by (1) the petty cash custodian and (2) the individual receiving the reimbursement to support the disbursements made from the fund. The Petty Cash Replenishment form must be approved by the petty cash approver. Original petty cash forms are sent to Procurement Services along with a screen print of the corresponding supplier invoice request. The screen print must be signed by the petty cash custodian and/or the petty cash approver.
7. **Documenting and Retaining Petty Cash Records:**
   Departments must maintain a copy of petty cash receipts and screen prints of payment in supplier invoice request order. This documentation must be retained in departmental files as specified according to policy IRM-017: Records and Information Management.

8. **Compliance with Policy:**
   Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

   Direct questions about this policy to Treasury Management.

**Procedures**

Petty Account Request Form
Petty Cash Replenishment Form

**Related Information**

FIN-004: Travel, Meals, and Entertainment Expenses Incurred on Behalf of the University
FIN-020: Establishing and Managing Bank, ATMs, and Other Financial Institution Accounts for University Funds
FIN-044: Use of the University Travel and Expense Card
IRM-003: Data Protection of University Information
IRM-017: Records and Information Management
Records Retention & Disposition
Paying Research Participants (Human Subjects)

**Major Category** Finance and Business Operations

**Next Scheduled Review** Saturday, February 17, 2029

**Revision History**

Confirmed, updated links/resource titles 2/17/26; Updated titles, nomenclature, links 10/5/23; Updated links 8/25/23; Added Compliance Section 7/19/21; Removed Finance Procedures 8/10/18; Updated 7/11/17, 8/27/13.

**Supercedes Policy Text**

II.E.2, Petty Cash, Petty Cash Checking and Change Funds.

**Approved By** Policy Review Committee

**Approved Date** Friday, September 23, 2011