FIN-041 Managing Petty Checking Accounts

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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 petty checking accounts and to provide for effective oversight and control over University petty checking accounts.

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.

Official Purchase

Description

All purchases of goods, services, and travel expenses made with University funds which are necessary, reasonable, and directly related to the goals and mission of the University.

Petty Checking Account

Description

A draft account at a financial institution that is administered by another University department outside of Procurement Services' Accounts Payable Division and is used for specific disbursement needs where payment through the University's general checking account is impractical or cannot be used.

Petty Checking Approver (Approver)

Description

A full-time employee of the University who has been given authority by the department head to approve reimbursements to and reconciliations of a Petty Checking Account. This person shall not have the authority to sign checks. (Approvers may not be temporary personnel or students who are not otherwise full-time employees of the University.)

Petty Checking Custodian (Custodian)

Description

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

Petty Checking Signer (Signer)

Description

A full-time employee of the University who has the authority to act as a signer of checks on the Petty Checking Account for disbursements. (Signers may not be temporary personnel or students who are not otherwise full-time employees of the University.)

Policy Statement

A petty checking account may be established only by making a request to, and receiving approval from, Treasury Management. Departments may establish a petty checking account to make payments when immediate payment is required and the formal University payment processes are impractical or cannot be used.

Petty checks must NOT be used to pay vendors when a University Travel & Expense (T&E) Card, purchase order, or supplier invoice request could be used. Departments are strongly encouraged to use the T&E Card in lieu of petty checks whenever possible. All petty check purchases and reimbursements must adhere to State and University procurement policies and procedures and comply with policy FIN-020: Establishing and Managing Bank, ATMs, and Other Financial Institution Accounts for University Funds.

Note: Treasury Management has purview over establishing, setting limits for, and closing departmental petty checking accounts. Procurement Services has purview over the permissibility of expenditures that were reimbursed from petty checking accounts.

1. **Limiting Petty Checking Account Amounts:**
   Unless special written approval is granted by Treasury Management, a departmental petty checking account is limited to $2,500. Individual petty checking expenditure transactions are limited to a maximum of $100.

2. **Establishing, Changing, or Closing a Petty Checking Account:**
   To establish a petty checking account:

   a. The department head, petty checking custodian and petty checking approver must sign and submit the Petty Account Request Form. This form must be submitted to Treasury Management which has the final authority to approve, establish, and abolish the account. If the request or the aggregate of existing and requested funds is above $10,000, the department's vice president must approve the request.
   b. A department head must designate a specific individual to act as a petty checking custodian, a petty checking signer (the same individual may be designated as both the custodian and signer) and a different person to act as a petty checking approver.
   c. Once approved, a petty checking account must include a bank signature card. The petty checking signer must have a signature card on file with the bank.

   In order to increase or decrease the amounts or close a petty checking account, the Petty Account Request Form must be completed and submitted to Treasury Management.

3. **Managing Petty Checking Accounts within Departments:**
   The petty checking custodian is responsible for managing the departmental petty checking account and safekeeping any check stock. The custodian is also responsible for reconciling the petty checking account every calendar month.

   The petty checking approver is responsible for verifying the appropriateness of expenditures and approving the petty checking account reconciliation. This person shall not have the authority to sign checks.

   The petty checking signer, along with the department head, is responsible for limiting the use of the fund to legitimate and allowable University expenses. (Questions concerning allowable expenses, including 1099 reportable expenses, should be directed to Procurement Services.) In addition, the signer is responsible for safeguarding the fund.

   Petty checking funds are non-transferable and must remain in the department/unit in which they originated. Anytime there is to be a change in the petty checking custodian, a new Petty Account Request Form must be submitted to Treasury Management prior to the time the existing custodian is to be relieved of responsibility. Procurement Services will not reimburse a petty checking account unless a Petty Account Request Form is on file indicating the name of the current custodian. (Note: This process is required for the temporary transfer of petty checking custodian responsibilities as well.)

   At the time of any transfer of petty checking custodian duties from one employee to another, both employees must perform a reconciliation of the account being transferred and both must sign the reconciliation form.

All petty checking accounts 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 checking custodian are both responsible for ensuring that the check stock is properly safeguarded. When not in use, the check stock must always be locked in a secure container or cabinet.

If a loss occurs due to employee negligence, it will be the responsibility of the department who owns the petty checking account to reimburse the account for any un-reconciled deficits. The petty checking custodian and petty checking approver may be held personally responsible for any loss of petty checking funds as a result of their fraudulent or negligent actions. If at the time of a petty checking 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.

Un-cashed checks issued from a petty checking account may be considered as unclaimed property by the Commonwealth of Virginia. The Office of the University Controller coordinates the remittance of unclaimed property to the State. The Office of the University Controller will forward instructions for complying with unclaimed property laws after the end of each fiscal year.

4. **Restricting Use of Petty Checking Accounts:**
   Petty checking accounts may be used only for official University purchases. Where possible, University faculty, staff, and students should anticipate expenses and arrange payment by T&E Card, purchase order, or supplier invoice request. Petty checks should be used only when payment by one of these preferred methods is not possible.

   In addition:

   - Petty checks must not be used for recurring expenses.
   - Petty checks may not be used for reimbursements, to cash checks, or to make salary advances or loans.
   - Departments are responsible for ensuring that payments to a single individual do not exceed $100 per transaction. When conducting research studies, departments must maintain a record of the name, address, and Social Security Number of the study participant being paid with a petty check as well as the name and date of the study. (Refer to policy IRM-003: Data Protection of University Information and Compensation to Research Trial Participants.)

5. **Replenishing Petty Checking Accounts:**
   Petty checking accounts must be replenished every month if the outstanding vouchers total $50 or more. For vouchers totaling less than $50, the replenishment must be processed within three months of the oldest outstanding voucher.

   The petty checking account is replenished by submitting a Petty Cash Replenishment form to Procurement Services that includes the original paper copy of the Petty Cash Replenishment form and all receipts or invoices to support the disbursements made from the fund.

6. **Documenting and Retaining Petty Checking Account Records:**
   Departments must maintain a copy of the Petty Cash Replenishment form and any invoices related to that reimbursement. The voucher number related to the reimbursement must be clearly noted on the documentation for audit purposes. This documentation must be retained in departmental files as specified

according to policy IRM-017: Records and Information Management.

7. **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

Uncashed Checks & Unclaimed Property Process
Submit an Unclaimed Property Request

Petty Account Request Form
Petty Cash Replenishment Form (also used for reimbursement of Petty Checking Accounts)

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
Compensation to Research Trial Participants

Major Category Finance and Business Operations

Next Scheduled Review Sunday, February 18, 2029

Revision History

Confirmed, updated links, reference title 2/18/26; Updated office Section 3 10/17/25; 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

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