UNIVERSITY PETTY CASH POLICY

Summary/Purpose: Petty cash funds and corresponding records are subject to examination by university and external auditors. Audit of these funds is to ensure that cash and receipts on hand equal the amount recorded in the university general ledger. Any shortages are the responsibility of the fund custodian who shall be responsible for reimbursement to the University. If a theft of petty cash occurs, the custodian must notify Internal Audit and University Police and Campus Safety as soon as the loss is detected.

To establish a petty cash fund, the departmental Director/Dean must submit a written request to the Accounting Office detailing the desired amount, purpose and proposed custodian of the fund. Accounting personnel will review the request and, if approved, create the fund (general ledger account number) and send a confirmation letter to the fund custodian with courtesy copies to the custodian's supervisor and Internal Audit.

To increase a petty cash fund, the custodian must submit a written request to the Accounting Office detailing the amount requested and explanation. Accounting personnel will review the request and approve or reject. Notification of the decision will be forwarded to the custodian and Internal Audit.

To reduce a petty cash fund, the custodian must check with the Accounting Office to determine correct account number in which to deposit funds. The custodian then must deposit the desired amount at the Bursar's Office into the petty cash general ledger fund (10-xxxxx). A copy of the deposit receipt must be forwarded to Internal Audit. Internal Audit will forward a copy of the receipt to the Accounting Office. In case of loss or theft, the custodian will notify Internal Audit (and UPD, if theft). Internal Audit will audit the petty cash fund and notify Accounting of the shortage. Accounting will prepare the General Ledger (GL) document and update SAP.

To close a petty cash fund, the custodian must notify Internal Audit of the intention to close. Internal Audit must audit the petty cash fund prior to closure. Upon completion of the audit, the custodian will request reimbursement of any previously unreimbursed receipts and deposit the funds and/or check at the Bursar’s Office. These funds must be deposited into the petty cash general ledger fund (10-xxxxx). The custodian must forward a copy of the deposit receipt to Internal Audit. Internal Audit will forward a copy to the Accounting Office.

To change the custodian of a petty cash fund, the current custodian must notify Internal Audit of the intended change. Internal Audit must audit the petty cash fund before the custodian can be changed. Both the relinquishing custodian and accepting custodian must sign the change of custodian form at the time of the audit. Internal Audit will forward a copy of the change form to the Accounting Office so that necessary changes can be made to the university records. The Accounting Office may only change custodians with notification from Internal Audit that the fund has been reviewed. Accounting will send a confirmation letter to the accepting custodian detailing the custodian’s responsibilities. A copy of the confirmation letter will be forwarded to Internal Audit.
Anytime a petty cash custodian terminates employment with the University, an audit must be requested by the custodian’s supervisor to either change the custodian or close the account. This must be done prior to the employee leaving the University.

To reimburse a petty cash fund, the custodian must complete a Request for Payment form with “Custodian’s Name Petty Cash” listed as the payee, attach receipts and submit to Procurement Services. Procurement Services will review the receipts and, if approved, will issue a check to the custodian, payable to “Custodian’s Name Petty Cash.” This check must be cashed and the petty cash fund replenished.

Petty cash funds should be reconciled by the fund custodian on a regular basis. Total amount on hand plus unreimbursed receipts should always equal the general ledger total for the fund. Reconciliation records should be available for review by auditors.

Petty cash audits will periodically be performed to ensure that the cash and receipts on hand equal the amount stated in the GL account in SAP. If the petty cash cannot be located, the custodian must provide a written explanation to Internal Audit. This memo must be signed by both the custodian and the custodian's supervisor. Internal Audit will report this finding.