

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 loss or theft of petty cash occurs, the custodian must provide a signed written explanation approved by his/her supervisor to notify Internal Audit and University Police and Campus Safety as soon as the loss is detected.

Personal business, such as cashing checks, should not be transacted with petty cash funds. Additionally, IOUs or “borrowing” petty cash funds for personal use is implicitly disallowed.

To **establish** a petty cash fund, the departmental Director/Dean must submit a written request to the Office of Accounting detailing the desired amount, purpose and proposed custodian of the fund. The request will be reviewed and, if approved, Accounting will 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. The Office of Accounting will complete a Request for Payment form with “Custodian’s Name Petty Cash” listed as the payee, attach a copy of the confirmation letter and submit to Procurement Services. Procurement Services will issue payment to the custodian to provide the initial petty cash funds.

To **increase** a petty cash fund, the custodian must submit a written request approved by the custodian’s supervisor to the Office of Accounting detailing the amount requested and explanation. The request will be reviewed, and notification of the decision will be forwarded to the custodian with courtesy copies to the custodian’s supervisor and Internal Audit. The Office of Accounting will complete a Request for Payment form with “Custodian’s Name Petty Cash” listed as the payee, attach a copy of the confirmation letter and submit to Procurement Services. Procurement Services will issue payment to the custodian to provide the increase in petty cash funds.

To **reduce or close** a petty cash fund, the custodian must check with the Office of Accounting to determine the correct account number in which to deposit funds. The custodian then must deposit the desired amount at the Office of the Bursar into the petty cash general ledger fund (10-xxxxx). A copy of the deposit receipt must be forwarded to the Office of Accounting. Accounting will verify the zero balance for the petty cash fund in SAP and send a notification letter to the custodian with courtesy copies to the custodian’s supervisor and Internal Audit.

To **change the custodian** of a petty cash fund, the current custodian must notify the Office of Accounting of the intended change. Both the relinquishing custodian and accepting custodian must be present at the time of transfer, perform a count of the funds, and sign the change of custodian form. The change form should then be signed by the custodian’s supervisor and forwarded to the Office of Accounting so that necessary changes can be made to the university records. Accounting will send a confirmation letter to the accepting custodian detailing the custodian’s responsibilities with courtesy copies to the custodian’s supervisor and Internal

Audit. Anytime a petty cash custodian terminates employment with the University, a custodian change form must be completed and approved 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 made payable to "Custodian's Name Petty Cash." This check must be cashed, and the petty cash fund replenished.

Petty cash funds should be kept in a secure location with the number of individuals with access appropriately limited. Petty cash funds should be routinely reconciled by the fund custodian on at least a monthly basis. The total amount on hand plus unreimbursed receipts should always equal the general ledger total for the fund. Reconciliation records should be retained for at least 7 years and 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.

Forms can be obtained from the Office of Accounting website <http://accounting.olemiss.edu/>.