

## **PETTY CASH AND CHANGE FUNDS POLICIES AND PROCEDURES**

Petty cash and change fund custodians have sole responsibility for funds assigned to them and should be the only person with access to the cash. The Custodian must maintain cash in an appropriate cash bag or cash box, which must be locked in a drawer or cabinet when left unattended. Custodians must balance cash funds as needed, but at least monthly and maintain Cash Fund Balance Forms for auditor review. **This policy/procedure takes precedence over departmental policies/procedures.**

### **CASH AUDITS**

The Internal Auditor, or designated official, has the authority to perform surprise cash audits anytime during the normal course of business. Petty cash and change fund custodians must be present during the audit at all times. Cash overages must be deposited on the next cash report. Cash shortages must be added back to the Petty Cash fund on the next reimbursement or to the Change Fund by adjusting the next deposit. Adequate documentation must be maintained for each scenario. Material overages/shortages must be reported to the Finance Department immediately.

### **PERSONAL CHECKS**

Custodians are not permitted to cash a personal check for any reason.

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### **ESTABLISHING A FUND**

- A Department Director must provide the Finance Director or designated staff with a written request indicating the purpose of the fund, requested amount, and the custodian's name and title.
- Once approved, the Finance Director or designated staff will notify Accounts Payable of the custodian's authority to prepare Authority to Pay Forms.
- Accounts Payable will issue a check in the name of the custodian. The check must be picked up and cashed by the custodian.

### **INCREASING, DECREASING, CONSOLIDATING OR CLOSING A FUND**

- A Department Director must provide the Finance Director or designated staff in writing of desired action and amounts.
- Once approved, the Finance Director or designated staff will notify the appropriate personnel and if necessary, will prepare the journal entry for recording the action in the general ledger.
- For approved fund increases, the Finance Director or designated staff will prepare and submit an Authority for Payment form authorizing Accounts Payable to issue a check in the name of the custodian.



## **CHANGE IN CUSTODIAN**

- A Department Director must immediately notify the Finance Director or designated staff of all custodian changes.
  - New custodians must meet with the Finance Director or Internal Auditor to review the policies and procedures and sign the acknowledgement form.
  - The outgoing custodian and Department Director should count the cash fund and prepare a Cash Fund Balance Form.
  - The outgoing custodian should prepare an Authority for Payment form to replenish petty cash amount.
  - If the outgoing custodian is not available, the Department Director and the new custodian must count the fund and prepare a Cash Fund Balance Form to confirm the starting balance.
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## **PETTY CASH FUNDS ONLY – REIMBURSEMENTS**

- Custodians are authorized to reimburse expenditures up to \$50.00.
- Employees must submit all receipts to the custodian on a timely basis.
- The custodian must complete a Petty Cash Voucher and disburse the appropriate amount to the employee.
- The employee must sign the Petty Cash Voucher attesting to the purpose and the amount of the purchase.
- The petty cash custodian must maintain all vouchers in the petty cash box.
- Petty Cash Vouchers may be purchased at most office supply stores.

## **REPLENISHING PETTY CASH**

- As needed, the petty cash custodian should complete an Authority for Payment form to replenish the fund.
  - The petty cash custodian must submit all Petty Cash Vouchers and receipts with the Authority for Payment to the Finance Department.
  - Accounts Payable will issue a check in the name of the custodian.
  - A Cash Fund Balance Form must be completed at the time of replenishing the fund.
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## **CHANGE FUND PROCEDURES**

- The change fund should be counted and balanced at the beginning of each business day.
- At the end of the business day, the amount of cash on hand should equal the sales for the day plus the original amount of the change fund. The daily sales must be recorded in a cash register, software system, or other appropriate tracking method.
- Any overages/shortages must be adequately noted on the daily deposit records, instead of netting with the sales amount for the day.
- The change fund must be kept in an appropriate cash box or bag, locked in a secure location, overnight.

