Petty Cash

Policy Type: Administrative
Responsible Office: Treasury Services, Office of the Vice President for Finance and Budget
Initial Policy Approved: Undated
Current Revision Approved: 08/24/2017

Policy Statement and Purpose

The purpose of the policy is to establish the proper administration of petty cash funds. Individual departments may need access to petty cash for change funds or participant studies. Departments may request a petty cash fund to be maintained within their department. Each petty cash fund is required to have an approved petty cash custodian who takes responsibility for the fund.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

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Who Should Know This Policy

This policy applies to all employees (including faculty and staff) engaged in fiscal activity of the university.
Definitions

Change fund
A petty cash fund maintained for the purpose of giving change to customers when they are paying for goods or services.

Custodian
A full time VCU employee approved by Treasury Services to be responsible for the management and safekeeping of a departmental petty cash fund.

Participant study
A petty cash fund established for qualifying payments to human participants engaged in research activities.

Contacts
Treasury Services officially interprets this policy. Treasury Services is responsible for obtaining approval for any revisions as required by the policy Creating and Maintaining Policies and Procedures through the appropriate governance structures. Please direct policy questions to Treasury Services and the assistant director for Treasury Reporting.

Policy Specifics and Procedures
The Treasury Reporting office within Treasury Services is responsible for the establishment and oversight of department petty cash funds. The petty cash custodian has sole responsibility for the safekeeping, maintenance and proper usage of funds. Funds are subject to unannounced cash counts and verification by Treasury Reporting and Audit and Compliance Services.

1. Use of Departmental Petty Cash Funds:

Petty cash funds are issued to custodians justifying the need for cash to be held in the department for change funds or participant studies that require the ability to immediately pay study participants and/or maintain confidentiality of the participant receiving payment. Certain grandfathered petty cash funds may be used for small dollar (under $100) unanticipated business expenses. The custodian is responsible for ensuring that all expenditures made from the fund are reasonable and meet any internal or external restrictions placed on the Banner organization that will be charged.

The petty cash fund must be maintained at the authorized amount at all times, which can be a combination of cash and any unreimbursed receipts.

Petty cash funds cannot be used to cash checks.

No purchases can be made from petty cash change funds.
2. **Establish, Increase, Decrease, Close, Change Custodian or Location of a Petty Cash Fund:**

   Requests to establish, increase, decrease, close, change custodian or location of a petty cash fund are documented by completing a Request for Petty Cash or Change Fund form along with the appropriate attachment.

   Requests for new funds require the completion of the Request for Petty Cash or Change Fund form and Attachment A, which documents the use of the fund and method for safeguarding the fund.

   Requests for an increase or decrease in funds require the completion of the Request for Petty Cash or Change Fund form and Attachment A, which documents the use of the fund and method for safeguarding the fund.

   Requests to close the fund or change custodians also require the completion of the Petty Cash or Change Fund Reconciliation form and Attachment B.

   Requests to change the physical location of a fund require the completing of the Petty Cash or Change Fund form and Attachment A.

   Forms must be sent to Treasury Reporting for processing and are subject to approval by the assistant director for Treasury Reporting.

3. **Safekeeping of Petty Cash Funds:**

   The custodian identified for the funds is solely responsible for the safekeeping and maintenance of the fund, and is the only individual with access to the fund. The custodian is not permitted to delegate this responsibility to another without prior written approval from the assistant director for Treasury Reporting. The fund must be properly secured at all times and segregated from all other funds maintained by the department.

4. **Petty Cash Fund Reconciliation:**

   The custodian is required to prepare a written monthly reconciliation of petty cash funds for internal records. Reconciliations may be done more frequently, depending on the operating cycle of the department and/or the size of the fund.

   Written reconciliations must be reviewed and approved in writing by the department head, dean or designee. The Monthly Petty Cash/Patient Study Fund Reconciliation form is recommended. Any overage or shortage in the fund must be reported immediately to the assistant director for Treasury Reporting.

   Treasury Services requires a formal reconciliation each fiscal year end in order to verify the petty cash fund. All discrepancies must be resolved prior to the end of the fiscal year (June 30). Both dean or department head and Audit and Compliance Services are notified if the annual reconciliation is more than 30 days past due.
5. **Petty Cash Reimbursement:**

Employees are responsible for knowing and complying with established university and state policies and procedures for business expenditures. A Direct Pay / General Encumbrance form must be utilized for a petty cash reimbursement. The petty cash custodian must be the vendor. Expenditures less than $25 should be consolidated and reimbursed quarterly. Expenditures equal to or greater than $25 must be reimbursed monthly at a minimum.

6. **Loss or Theft of Petty Cash Funds:**

Any loss or theft from the petty cash fund must be reported to the VCU Police and Treasury Reporting as soon as it is discovered.

In the event of a loss or theft, the department is responsible for reimbursing or replacing the fund from one of its local Banner orgs. Departments with a significant loss or theft could be reimbursed by filing an insurance claim. Departments should contact the manager of Insurance and Risk Management for any questions related to filing the insurance claim.

Any suspected misuse of a petty cash fund must be reported to the assistant director for Treasury Reporting.

7. **Suspension or Termination of Petty Cash Funds:**

Failure to comply with the requirements established for the petty cash fund may result in the suspension or termination of the fund. If one or more of the following conditions are identified during an audit by Treasury Reporting or Audit and Compliance Services, the fund may be suspended up to 6 months. Multiple occurrences of conditions below may result in longer suspension or immediate termination based upon treasury management review:

- Funds not maintained at the appropriate level
- Change of custodian forms not submitted
- Monthly reconciliations not completed
- Monthly reconciliations not appropriately reviewed
- Annual reconciliation not completed by June 30

If one or more of the following conditions occur during an audit by Treasury Reporting or Audit and Compliance Services, the fund may be immediately terminated and any missing funds will be charged to the department:

- The money in the petty cash fund has not been secured in a locked cash box, locked file cabinet or safe.
- There has been inappropriate or unauthorized use of the petty cash fund (including but not limited to check cashing, personal loans to staff or personal use).
- The money in the petty cash fund has been commingled with personal or other departmental funds.
The money in the petty cash fund is missing.
The fund has been inactive for more than six months.
There has been a recurrence of a condition that led to a previous suspension of the fund.

8. Petty Cash Training:

Petty cash training is offered as a Blackboard course. The custodian and the dean or department head must complete the mandatory training and test annually. New custodians and the dean or department head must complete the training and test prior to receiving a petty cash fund.

Forms

1. Request for Petty Cash or Change Fund
2. Petty Cash Attachment A
3. Petty Cash Attachment B
4. Monthly Petty Cash/Patient Study Fund Reconciliation
5. Direct Pay / General Encumbrance

Related Documents

1. Petty Cash Training Course
2. Replenish a Department Petty Cash Fund
3. Compensate a Research or Survey Participant
4. VCU Policy: Cash Receipting
5. VCU Policy: Reimbursable Business Expenses
6. Allowable Business Expenditure Chart

Revision History

This policy supersedes the following archived policies:

Undated    Treasury Services, Policies and Procedures
FAQ

There are no FAQ associated with this policy and procedures.