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Responsible Official: Assistant Vice President, Finance

BFGuide

Responsible Office: University & Student Business Services

Purpose

This procedure establishes guidelines for requesting and managing a disbursement/petty cash fund. With the availability of the University's Purchasing Card, the need for a department to operate a disbursement/petty cash fund is rare. In addition, the USBS cashiers or the Accounting Office may reimburse individuals for authorized University related expenses.

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Definitions

Disbursement/Petty Cash Fund A pre-determined amount of cash provided by the USBS Office for departments to make frequent and small dollar purchases

Procedures

Requesting a Disbursement/Petty Cash Fund Department or activity heads who wish to establish or increase a petty cash fund must submit a Request for Petty Cash Fund form to the USBS Office.

Securing the Petty Cash Fund The custody and access of a petty cash fund will be limited to one person at a time; however, accountability and responsibility for proper use and care of funds remains with the designated department or activity head.

Facilities for safekeeping commensurate with the size of the fund must be approved by the USBS Office with approval maintained in the USBS Office. Petty Cash funds must remain at the department and not taken to employee or custodian's home.

Issuing Payments from the Petty Cash Fund Personal checks may not be cashed from the petty cash fund.

No temporary loan or IOU's will be permitted.

No part of the petty cash fund may be held in the form of postage.

Reconciling the Petty Cash Fund Petty cash funds must be maintained at the established amount. The petty cash custodian is responsible to ensure that the amount of cash plus any paid expenses is equal to the established amount. Any differences must be reported as an overage or shortage.

Replenishing the Petty Cash Fund Whenever the cash in the Petty Cash Fund is depleted to an extent requiring replenishment (or at least monthly), a Petty Cash Replenishment Request is submitted to the Accounts Payable Section of the Accounting Office. On June 30 of each

fiscal year, a Replenishment Request must be submitted for all paid receipts on hand.

Each Replenishment Request shows the requesting department's budget account number; however, a summary sheet containing the signature of the department head will be sufficient authorization for payment.

Transferring or Closing the Petty Cash Fund

When the custodian of a petty cash fund is changed, whether on a permanent basis or for a temporary period (such as during a vacation); a Request to Change Custodian of a Petty Cash Fund form is required. This written record should include:

1. The individuals involved in the shift of responsibility
2. The effective date of the change
3. The amount of funds involved
4. The signatures of both individuals and management involved in the shift of responsibility

This record should be maintained by the department head or other official who is not the fund custodian with a copy provided to each individual involved in the change in responsibility. A copy of the record of the change in custodian should be provided to the USBS Office if the change is permanent.

Petty Cash funds will be verified in writing by both parties when responsibility and custody for a fund is being changed. Departments closing a Petty Cash fund will need to take the money to the USBS Office to deposit the funds and obtain a receipt from the cashier.

Verifying the Petty Cash Fund

The designated custodian of the petty cash fund should verify funds at the conclusion of each transaction and at least on a monthly basis. The verification should be documented. Someone within the department should verify the petty cash fund on a routine basis, documenting the process upon verification. Petty cash funds are subject to audit at any time by University or State auditors or University Finance personnel.

Reporting Overages/Shortages

Petty cash funds must be maintained at the established amount. Operating cash overages or shortages must not be carried in the petty cash fund and should be reported. During the verification

of the Petty Cash fund, if an overage or shortage is reported, then the petty cash custodian must complete an Overage/Shortage Report and submit to the Bursar's Office for processing to restore the fund to its proper balance.

1. Overages or shortages should be reported on the next Petty Cash Replenishment Request, or Deposit Transmittal Sheet, and the amount of the replenishment or transmittal should be adjusted to reflect the variance. The expense account number of the responsible department is used to record over/short transactions; account code 74910 is used.
2. In the event a shortage of funds occurs, a Report of Cash Shortage form must be completed and delivered to the USBS Office. If the shortage is \$500.00 or more, the report must be filed within two (2) hours of knowledge of the shortage; if the shortage is less than \$500.00, the report must be filed within 24 hours.

**Reimbursing by USBS
Cashier for Authorized
University Expense**

The USBS cashier may reimburse individuals for authorized University expenses as follows:

1. Cash disbursements under \$250 may be reimbursed by the USBS Office using a Request for Cash Reimbursement Form. This form must be filled out completely, including account number and authorizing signature, with original receipts attached. The form must then be taken by the claimant to any Window Teller in the USBS Office for reimbursement or submitted to Accounting for direct deposit to the requestor.
2. USBS cashiers cannot reimburse for flowers, travel, personal services, contractor services, or dues or subscriptions. Meal reimbursements must be handled in the Accounting Office. The reimbursement is sent by direct deposit to the requestor.
3. An original paid receipt must accompany the cash reimbursement form.
4. Cash disbursements under \$1,000.00, otherwise covered by University Operating Procedures-Petty Cash Funds, may be reimbursed by the Accounting Office through direct deposit to the requestor. The Request for Cash Reimbursement form is again used, and original receipts must be attached.

Contacts

USBS Office

<https://www.memphis.edu/usbs/staff.php>

Revision Dates

Revised May 2021