

Petty Cash Fund Guidance

Overview

These procedures provide the following guidance to Kennesaw State University departments related to petty cash funds:

- Initial Request
- Types of funds
- Purchases
- Reimbursements
- Replenishment
- Cash Audits
- Criminal and Consumer Credit checks
- Safekeeping
- Closing

Fund Establishment

A petty cash fund is established through an advance of funds by the Bursar's Office. The [Request for Petty Cash Fund](#) form must be completed and submitted to establish the account. The department requesting establishment of a petty cash fund must designate someone within the department as the custodian of the fund. The designated employee must be classified as a permanent employee. Temporary employees or student assistants cannot be custodians. All Petty Cash custodians are required to have a criminal and consumer credit check. The Cashier Supervisor will notify HR of the new custodian to request a background check. HR will confirm once completed or if current background check on file is sufficient.

Upon approval, the Bursar's Office will provide the petty cash fund to the custodian for the approved amount. A KSU ID is required before funds are issued. Upon acceptance of the funds, the custodian will sign the agreement box on the Request for Petty Cash Fund form. The custodian of the fund is responsible for ensuring that expenditures made from the fund within his/her custody are in compliance with all State, BOR and KSU policies and procedures. The custodian of the fund is also responsible for ensuring that funds are adequately safeguarded (refer to Security Guidelines below).

If changes to the established fund amount or custodian become necessary, a new Request for Petty Cash Fund form must be submitted to the Bursar's Office noting the existence of the current petty cash fund and the request for an increase or decrease of funds and/or change of custodian.

Petty Cash Fund Types

A Petty Cash Fund is classified into one of three groups:

1. **Departmental Petty Cash Fund** - Departments may request approval to establish departmental petty cash funds to reimburse allowable petty cash expenditures, which are further defined below.
2. **Departmental Change Fund** - Change Funds are used to give change to customers when they are paying for goods or services. No other activity should take place within change funds.
3. **Bursar's Office Petty Cash Fund** – Fund can be used to fulfill change orders for the departmental change funds; cash department petty cash check reimbursement from KSU (See Replenishment below); or issue salary advances (HR approval required).

Departmental Petty Cash Fund

Purchases

Departmental petty cash is designed to be used for small dollar purchases for which the goods or services are received at the time of purchase. Individual petty cash transactions are limited to \$250. If allowable, a purchasing card is the preferred method for making small purchases.

Petty Cash purchases are subject to State Procurement and University system regulations. It is the responsibility of the department, fund custodian, and employees making such purchases to be familiar with the regulations regarding such purchases. The same purchasing restrictions apply to the use of petty cash as to the use of purchase orders and the University purchasing card with regards to prohibited commodities.

Items that should not be purchased using petty cash include:

1. Payment for Personal Services of any kind
2. Books
3. Alcohol
4. Entertainment
5. Personal-use items, such as coffee pots, refreshments, invitations, greeting cards, radios, holiday decorations, etc.
6. Cut or potted flowers
7. Employee travel reimbursements (meals, lodging, taxi, airfare)
8. Per diem and fees and other service payments
9. Gifts, awards, prizes, including gift cards
10. Memberships/Subscriptions
11. Cell phone or telephone reimbursements
12. Personal check cashing
13. KSU Faculty/Staff expense reimbursement check cashing
14. Loans/Advances
15. Catering (food and beverages may be purchased if in compliance with food policy; see BPM section 19.8; food approval form required)

16. Payment for Personal Services of any kind
17. Rent
18. Sales Tax (tax exemption certificate must be provided to vendor at time of purchase).
19. Fees for conferences, seminars and registrations

Repetitive purchases in the same day from the same supplier totaling more than \$250 will be considered a violation of University procedures. Violations of petty cash procedures may result in non-reimbursement or fund closure.

Payment to Suppliers

Payment to the supplier may be made in cash from funds temporarily withdrawn from a departmental petty cash fund. If required by the vendor, University personnel must provide a tax exemption certificate at the time of the purchase to eliminate sales tax from being charged.

Reimbursements

Petty Cash purchases may be reimbursed to an authorized employee or departmental agent with the submission of an approved petty cash reimbursement request, with the receipts attached. With one exception, (described below) all receipts submitted for reimbursement to the employee (and by departmental petty cash fund custodians for reimbursement to the fund) should have the following characteristics:

1. The receipt should be an original, machine generated receipt; it should not be a carbon copy or a photocopy.
2. The receipt should contain the supplier's name machine printed thereon.
3. The receipt should show the date of the purchase, and the quantity, description, unit price and extension of each item purchased.
4. Receipts should be affixed to a piece of paper for scanning purposes. It is highly recommended that one receipt per page is attached and each page is numbered. The page number should correspond to the summary sheet. The summary sheet should include the following:
 - a. Date of receipt
 - b. Amount
 - c. Account
 - d. Chartstring/speedchart to charge the expense.

Exception: In those instances where the receipt is not machine generated or the supplier's name is not machine printed on the receipt, the receipt should be marked "Paid" and carry the signature of the vendor's representative and the name of the vendor. It should be a formal receipt – not merely a slip of blank paper on which the information has been written.

If the receipt is missing a missing receipt form should be used. This will require a supervisor signature. This method of documentation should be limited.

Replenishments

Replenishment of departmental petty cash funds must be initiated via [Owl Pay](#), by creating a request and selecting KSU Petty Cash Reimbursement as the supplier for payment. Detailed receipts are to be attached to the request as backup. Receipts must be submitted for replenishment monthly, at a minimum. The check is sent to the Bursar's office and the Bursar will notify you once the funds are available for pickup.

Departmental Change Funds

Change fund denominations may be replenished with the Bursar's Office. For larger change funds, change orders from the bank can be coordinated through the Bursar's Office. The request must be submitted 3 days in advance of need.

Petty Cash Audits

Unannounced petty cash counts on all petty cash funds are performed monthly by the Bursar's Office. The Custodian or a delegate must be present when the count is performed by Bursar's Office personnel. Copies of unreimbursed receipts or pending reimbursements must be available to ensure receipts are submitted in a timely matter and all funds are accounted for. Both parties will sign and date the cash count sheet when completed. While the custodian or delegate may request a copy of the count sheet, the original is retained on file at the Bursar's Office.

Criminal and Consumer Credit Checks

Petty Cash Custodians are required to have criminal and consumer credit checks in order to receive and handle cash funds. Employees with an existing criminal check on file will only need a credit check. The Cashier Supervisor will notify HR of the new custodian to request a background check. HR will confirm once completed or if a current background check on file is sufficient.

The department is responsible for the cost of the criminal and/or consumer credit check.

Once the results of the criminal and consumer credit checks have been received by the department, an email should be forwarded to the Bursar's Office. If the employee did not pass the criminal and/or consumer credit check, the department will need to submit a criminal and consumer credit check to Human Resources for the replacement custodian. The Request for Petty Cash Fund form will need to be resubmitted to the Bursar's Office for the new custodian.

Security Guidelines

Petty cash custodians must adhere to the guidelines for safeguarding the petty cash fund:

1. Petty cash must be held in a locked cash drawer or locked cash box. For security reasons, a smooth metal finish box is recommended. A primary key to the drawer or box must be held by the custodian while a secondary key should be held by the department head or delegate for emergency purposes and monthly audits by the Bursar's Office.
2. In the event the authorized custodian has a scheduled or unscheduled absence, a temporary custodian can be assigned by the department head. Funds must be counted in the presence of the custodian or department head (or his/her designee) before the funds are used by the temporary custodian and upon return of the authorized custodian.
3. The total amount of the petty cash fund should always equal the cash on hand plus any unreimbursed receipts. All overages and shortages must be reported to Business Services on the petty cash count sheet. If the Department Head or Business Services feel it is warranted based on circumstances surrounding a shortage, Internal Audit may be contacted to investigate. If Internal Audit determines the custodian was negligent in his/her duty to safeguard the petty cash, the custodian may be held liable for replacement of uninsured losses.
4. Department petty cash "change funds" should be counted daily by the custodian or delegate.
5. Petty cash funds should always be kept separate from other cash receipts. To discourage thefts, avoid dispensing money from the petty cash box in the presence of the person requesting money.
6. Where possible, keep the locked box in a limited access locked drawer, safe, or file cabinet. Funds must be secured each time the custodian leaves the office. The keys to the box and file cabinet, safe, or drawer should be kept in the possession of the custodian, not left in desks or in the office overnight. The custodian and department head may be held jointly liable for uninsured losses that occur as a result of negligence.
7. In the event of a theft of petty cash funds, the custodian should immediately notify the Kennesaw State Police Department and the Bursar's Office. Incident reports from the Police Department will be distributed within three days of the theft to the Department Head and Finance & Accounting.
8. Custody of a petty cash or change fund cannot be transferred. Upon departure/termination of the custodian, keys to the secure petty cash area must be returned to the appropriate personnel and funds returned to Bursar's Office. A final count and submission for replenishment should occur prior to the custodian's termination date. A change of custodian requires submission of a new [Request for Petty Cash Fund](#) form. The new custodian will obtain the fund at the Bursar's Office and sign the agreement box of the Petty Cash Fund Request Form.

Closing a Petty Cash Fund

In the event that a fund is to be closed voluntarily, the following steps must be followed by the custodian:

1. Notify the Bursar's Office of the intent to terminate the account.
2. Prepare final replenishment request.
3. Submit all cash on hand and final cash count to the Bursar's Office.

The Bursar's Office will review the final cash count and close the fund. Termination of the funds will be noted on the original establishment form and a copy will be forwarded to the custodian by mail.