

Responsible University Officials:

- Vanderbilt University Controller
- Vanderbilt University Assistant Controller

Responsible Offices:

University Finance

Date: March 2015

Petty Cash – Policy and Procedure

Contents

1.	Policy Statement	1
2.	Scope	1
3.	Definitions	1
4.	Policy.....	2
5.	Procedure	2
6.	Appendix A: Application Form	3
7.	Appendix B: Reconciliation Worksheet.....	3
8.	Appendix C: Revision Form	3
9.	Appendix D: Close Form.....	3

1. Policy Statement

The goal of this document is to provide the governance framework for a standard and consistent process for establishing, maintaining, and closing petty cash, change fund, or subject participation accounts across the enterprise.

2. Scope

This policy applies to all Vanderbilt personnel responsible for the initiation, execution, and authorization of petty cash, change fund, and subject participation accounts including the processing of all associated adjusting journal entries to the General Ledger.

3. Definitions

Petty Cash – A petty cash fund is cash loaned for the purpose of making small purchases where it is not sensible to make a disbursement by check and purchases are impractical or unavailable through Procurement and Disbursements (p-card or Concur expense reimbursement). Vanderbilt establishes petty cash funds for a fixed amount. Central finance restores funds to authorized levels or fixed amounts at periodic intervals by replenishing the cash in an amount equal to the expenditures made from the fund.

Change Fund – An amount of cash held by a department or office and used to give change to customers when they are paying for goods or services. No purchases can be made from these funds.

Subject Participation – A petty cash fund established for qualifying payments to human participants engaged in research activities.

Custodian – The department requesting a petty cash or change fund must appoint a custodian who is

responsible for safeguarding and maintaining the petty cash fund. Maintaining the fund consists of disbursing funds, obtaining receipts, reconciling, and replenishing the fund. When the petty cash or change fund is no longer necessary, the Custodian is responsible for ensuring that it is reconciled and closed.

4. Policy

Establishing petty cash/change fund/subject participation fund

- a) A department must request a petty cash fund by first completing the *Application Form* (Appendix A).
- b) A Dean, Director, or Department head must approve the request and forward to Central Finance.
- c) Either the Assistant Controller or Controller must approve all requests.
- d) Once approved, the department should prepare a check request for the amount on the application.

Responsibilities of Custodian

- a) **Safeguarding the funds** - The fund should be the responsibility of one person, the Custodian, and secured in a locked location at all times. At no time should the Custodian keep the fund in their personal possession, deposit in their personal bank account, or take to their home for safekeeping. In case of theft, please notify campus security immediately.
- b) **Accounting for transactions** – Custodians must support all disbursements with proper documentation, i.e. an original invoice or register receipt, with a written notation clearly indicating the business purpose of the purchase. Petty cash expenditures are subject to all university policies and procedures related to proper expenses, authorization, accounting, and documentation.
- c) **Reconciling the funds** – The Custodian must reconcile the petty cash or change fund utilizing the *Reconciliation Worksheet* (Appendix B) before replenishing, changing the Custodian or amount, and closing the fund.
- d) **Replenishing the funds** - When cash in the fund is low, the Custodian should submit a check request to replenish the fund.

Revision of fund or Change in Custodian – Submit form *Revision Request* (Appendix C) to Central Finance for review and approval. Funds must be completely reconciled and accounted for before Central Finance will approve any changes.

Review of Petty cash or Change Funds

- a) **Audits** - All petty cash funds are subject to periodic audits. Central Finance will send a letter to the Custodian each year requiring that the Custodian conduct a self-audit of the fund. The Custodian and one of the following must sign the letter: the Dean, Director, or Department head. Finance and Internal Audit reserve the right to conduct surprise, onsite audits at any time.
- b) **Revocation of Funds** - Misuse or improper accounting of the fund will, at a minimum, result in closing the fund.

Closing the Petty Cash or Change Fund

If a department no longer requires a petty cash or change fund, complete the form *Close Form* (Appendix D) including departmental approvals and submit to Central Finance.

5. Procedure

Determine the type of fund needed – Select petty cash, change fund, or subject participation fund on the *Application Form* (Appendix A).

Justify the need for the fund – State the purpose of the fund, describe or list the types of purchases, and state the reason that a p-card cannot be used as an alternative for the purchases.

Select a Custodian – Select an employee of the department to safeguard and account for the fund. The Custodian remains accountable for the fund until custody is formally transferred to another employee by completing the *Revision Request* (Appendix C).

Determine the size of fund needed – The dollar amount of the fund requested must be entered on the *Application Form* (Appendix A). This amount should be enough cash to require replenishment of the fund at least once per quarter and no more than twice per quarter.

Maintain the fund – The custodian is required to maintain the fund by performing the following functions:

- a) Account for transactions by obtaining receipts and recording expenditures,
- b) Reconcile the fund before replenishing, changing the Custodian or amount, or closing the fund by utilizing the *Reconciliation Worksheet* (Appendix B)
- c) Replenish the fund by submitting a check request to Disbursement Services when needed. The amount requested should equal the total dollar amount of the receipts. Prepare the check request and indicate the Custodian’s name followed by “Petty Cash” for the payee and indicate “reimbursement of petty cash funds” for the description.

Close the fund – If the fund is no longer necessary, complete the *Close Form* (Appendix D). After the fund is reconciled, the remaining cash should be deposited with the cashier. Attach a copy of the Cashier’s receipt and the unreimbursed cash disbursement receipts to the form. Obtain the signatures as noted on the form and submit it to Finance.

Appendix A: Application Form



Application Form

Appendix B: Reconciliation Worksheet



Reconciliation
Worksheet

Appendix C: Revision Request



Revision Request

Appendix D: Close Form



Close Form

