Policy and Procedure
Petty Cash Funds

The purpose of a petty cash fund is to provide cash to business units sufficient to cover minor expenditures. The use of petty cash funds should be limited to reimbursement of staff members and visitors for small expenses, generally not to exceed $25, such as taxi fares, postage, office supplies, etc. Wherever possible, local units should use the PCard instead of petty cash.

Petty Cash Fund Criteria/rules:
- Generally petty cash funds for orgs (local units) should be set up in amounts ranging between $50 to $100 per fund. Petty cash funds for tub centrals may be set up in amounts exceeding $100 per fund.

- Petty cash funds are not to be used as an operating fund (e.g. petty cash funds should not be used to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans).

- When petty cash funds are replenished the total of the receipt report should never exceed the total dollar value of the fund.

- Petty cash funds should be active. Inactive funds should be terminated by local units. Funds are considered inactive if they have no activity during a six-month period.

- Local petty cash custodians are responsible for safeguarding petty cash funds and maintaining receipts and detail records to support all transactions.

- New petty cash funds, fund closings, and/or any fund changes are maintained by AP Customer Service, Procurement, OFS.

- Only Customer Service will be allowed to add Custodians to the vendor file.

Petty Cash Fund Requests: Business units are responsible for submitting the initial request to open a petty cash account. Each fund must have a custodian approved by their financial dean or equivalent. Subsequent changes of a custodian must go through the same process.

Petty Cash Fund Disbursement and Recording Procedures: The local business unit custodian is responsible for maintaining a Petty Cash Log including receipts for each transaction. Receipts will be subject to review by Risk Management and Audit Services.
Replenishing Petty Cash Funds: The petty cash custodian is responsible for replenishment when a petty cash fund runs low.

Petty Cash Fund Termination: Local units should close petty cash accounts when they fall into disuse.

Petty Cash Security: Petty cash funds should be maintained in a secure area such as a locked drawer or small safe. In the event of theft, the custodian should notify his/her immediate superior as well as the University Police. A letter should be sent to the Petty Cash Administrator at 380 Holyoke Center that states the amount of money stolen as well as a local unit coding against which to charge the missing funds. Enclose a copy of the police report or indicate the policy file number in this letter. A copy of the report should also be sent to the Financial Dean or equivalent. See ABLE for more detailed processing instructions or to obtain the petty cash log form.

Source: FAD/ACTTS