

BSR-5-03 Petty Cash advance procedures and guidelines

BSR-5-03.01 Introduction

This policy establishes procedures and guidelines for obtaining a petty cash advance through The University's Office of Student Accounts/Bursar as well as the use of departmental petty cash and change funds.

A recommended alternative to a petty cash fund is a procurement VISA card. This may be obtained through the Department of Purchasing.

BSR-5-03.02 Approved Uses

1. Miscellaneous office supplies.
2. Supplies needed for departmental operation.
3. Postage for departments outside of metered mail.
4. Group travel advances.
5. Business expenses as authorized by The University's expenditure policies.

BSR-5-03.03 Prohibited Uses

1. Personal or third-party check cashing.
2. Individual travel advances to employees.
3. Moving expenses.
4. Payment of payroll stipends.
5. Business expenses not authorized by The University's expenditure policies.

BSR-5-03.04 General information

1. Definitions
 - (a) Petty cash fund: A set amount of money held by a department and used to make small, incidental purchases (for emergencies and purchases requiring cash) of not more than \$50 from a local vendor where the normal route of payment is not cost effective or appropriate.
 - (b) Change fund: A set amount of money used by a department to make change for customers who are purchasing goods or services. The selling of such goods or services must have been previously approved through appropriate channels.
 - (c) Temporary petty cash advance: A set amount of money to be used for a one-time event or for a short period of time.
 - (d) Fiduciary: The department head or budget manager who is authorized to approve expenditures from the department's account(s).
 - (e) Custodian: The department employee who is appointed to operate and maintain the fund.
 - (f) Backup custodian: A second department employee who is responsible for the funds when the original custodian is unavailable.

BSR-5-03.04 General information (continued)

2. General Guidelines

- (a) To obtain a petty cash advance, the Petty Cash Request Form must be completed and sent to the Director of Student Accounts/Bursar at least seven days prior to the date that the money is needed.
- (b) A petty cash advance can be for a temporary purpose or for long-term departmental needs.
- (c) The persons who will serve as fiduciary and custodian must be designated in advance of the fund being distributed.
- (d) Agreed physical safeguards must be in place before the fund is released to the department.
- (e) Advances from sponsored program (grant) funds must be approved by the Controller's Office.
- (f) You will receive notification when the advance has been approved and will be available for pick up.
- (g) Departments will be reimbursed by Accounts Payable.
- (h) It is the responsibility of the employee making the purchase to inform vendors of The University of Akron's sales tax exempt status. An Ohio Sales Tax Blanket Exemption Certificate may be used for this purpose.

BSR-5-03.05 Operation and reimbursement of petty cash funds

1. Temporary petty cash advance

- (a) When the custodian is finished with a temporary advance, any remaining cash must be returned to the Office of Student Accounts/Bursar. A cashier's receipt will be given for the returned cash.
- (b) The custodian must complete a Travel Expense Report, **in the name of the custodian**, and attach a copy of the original advance along with all original receipts for the items purchased with the advance. The expense report must be signed by the authorizing department head, and sent to Accounts Payable. Please make sure that the expense report is completed in the same name as the custodian that requested the petty cash advance.
- (c) Once the expenses are verified, a check will be issued and sent to the Office of Student Accounts/Bursar to pay off the balance of your advance. The custodian will be sent a receipt for the check payment at that time and the advance will be closed.

2. Continuing departmental petty cash funds

- (a) A departmental petty cash fund may be used to make small incidental purchases (for emergencies and purchases requiring cash) of not more than \$50 from a local vendor where the normal route of payment is not cost effective or appropriate.
- (b) The total of remaining cash and original itemized receipts for purchases in these funds should remain at the established amount at all times.
- (c) The fund should be balanced at least monthly and records kept.
- (d) This fund should only be used for making purchases. It should never be used for collecting money or making change for sales, paying for services, cashing checks, giving loans, or for travel advances.

BSR-5-03.05 Operation and reimbursement of petty cash funds (continued)

2. Continuing departmental petty cash funds (continued)

- (e) Petty cash funds can be replenished by submitting a Direct Payment Form (be sure to specify which account to charge for each purchase), with original itemized receipts attached, to Accounts Payable. Accounts Payable will issue a check to the department, in care of the custodian, that may be cashed at the Cashier's window in Simmons Hall.
- (f) The fiduciary has sole responsibility for this fund. Any unexplained discrepancies will be resolved through the fiduciary.

3. Change Funds

- (a) The cash in these funds should remain at the established amount at all times.
- (b) The fund should be balanced each day of use, but at least once per week, and records kept.
- (c) This fund should never be used for making purchases, cashing checks, giving loans, or for travel advances.
- (d) The fiduciary has sole responsibility for this fund. Any unexplained discrepancies will be resolved through the fiduciary.

4. Segregation of funds

Each petty cash fund and each change fund should be segregated from all other cash funds. These funds are intended to stand alone; **do not** combine them with other cash.

BSR-5-03.06 Maintenance of petty cash funds

1. Continuing petty cash funds

- (a) All petty cash funds should be balanced at least monthly, and records kept. The table below shows the formula for balancing petty cash funds (line A should equal line E, otherwise there is a shortage or overage in the fund):

A.	Established amount:	
B.	Cash on hand:	
C.	Original itemized receipts on hand:	
D.	Replenishments in transit:	
E.	Total (B+C+D):	
F.	Overage (if E > A) or (Shortage) (if E < A)	

- (b) The petty cash fund should remain at the established amount. A log should be kept of shortages and overages, and all shortages and overages should be reported to Accounts Payable, for resolution, on the next Direct Payment Form submitted to replenish the fund.

BSR-5-03.06 Maintenance of petty cash funds (continued)

2. Change funds

- (a) All change funds should be balanced each day of use, but at least once per week, and records kept. The table below shows the formula for balancing change funds (line A must equal line E, otherwise there is a shortage or overage in sales):

A.	Established amount:	
B.	Cash on hand:	
C.	Checks on hand:	
D.	Sales:	
E.	Total (B+C-D):	
F.	Overage (if E > A) or (Shortage) (if E < A)	

- (b) The change fund should remain at the established amount. Any overage or shortage should be reflected in the department's next sales deposit. This is accomplished by either increasing or decreasing the deposit amount by the amount of the shortage or overage. A log should be kept of daily shortages and overages so that when audits are performed, overages and shortages can be reviewed. Chronic overages or shortages are an indicator of possible internal control deficiencies.

BSR-5-03.07 Responsibilities and Audit

1. The custodian is responsible for the operation and maintenance of the fund and for reporting any unusual activity to the Office of the Associate Vice President/Controller or the University Internal Audit Department.
2. A back up custodian is recommended for times when the custodian and fiduciary are unavailable. The back up custodian's duties and responsibilities are the same as the custodian's when they are unavailable.
3. The fiduciary is responsible for insuring that the funds are physically secure, reporting any unusual activity to the Office of the Associate Vice President/Controller or the University Internal Audit Department, and ultimately has the financial responsibility for them. This includes the fiduciary conducting unannounced counts of the fund.
4. The fiduciary and custodian (back-up when not available) should be the only persons with access to the fund.
5. Any changes to an existing fund (including custodian, fiduciary, location of fund, increase or decrease of amount, etc.) should be submitted to the Office of Student Accounts/Bursar, on a Petty Cash Request Form.
6. The Associate Vice President/Controller (or designee), Office of Student Accounts/Bursar, and the Internal Audit Department reserve the right to inspect and audit any petty cash or change funds at any time.

BSR-5-03.08 Closing Departmental Petty Cash or Change Funds

- If a departmental petty cash fund or change fund should be closed, contact the Director of Student Accounts/Bursar for instructions.