Petty Cash and Change Funds

Developed by
The University of Texas at Dallas
Office of Budget and Finance

The UTD Departmental Petty Cash Fund Procedure is based on UTS166; Cash management and Cash handling Policy.
Purpose of this Training

• UT Dallas must follow state laws and UT System policies regarding the proper use of state and university resources.

• Of all resources, cash is one of the most liquid and easily misused, because of this UT Dallas requires all petty cash/change fund custodians to complete this training module.

• You have been identified as the custodian of a petty cash or change fund by the UT Dallas Treasury Department.

• This training covers the UT Dallas petty cash policies and your responsibilities as a fund custodian.

• Any employee who will be handling petty cash must complete petty cash training beforehand.
To establish a petty cash/change fund:

- A request for establishment of a Petty Cash/Change fund must be submitted to Treasury on the Petty Cash/Change Fund Authorization form. This form must include:
  - Justification and planned duration of the fund with a pre-established closure date
  - Dollar amount to be maintained in the fund
  - Name and job classification of the fund’s designated custodian and alternate custodian(s)
  - Location and planned securitization of the fund
  - General Ledger cost center from which the fund will be funded
  - Process for the maintenance of the fund
  - Signatory approval of the department head
  - Individual petty cash transactions may not exceed $50 unless approved by Treasury
  - After Treasury approves a department’s Petty Cash/Change fund request, the department may submit a check request to Accounts Payable

Please note: To provide reimbursements over $50 per vendor/person, you must first get approval from the Treasury Manager.
Petty Cash/Change funds are to be established only by check from Accounts Payable; not from budgeted funds. No petty cash or change funds are to be established from cash receipts by any department. Treasury will provide initial approval for the fund.
Petty cash – How it works

Petty Cash funds are to be established for the purpose of reimbursing employees for non-recurring, unexpected expenditures up to $50 for any one transaction. Ultimate fiduciary responsibility for the fund shall reside with the Unit Department head under which the fund is established.

Before making a purchase:
• The requestor must have a tax exemption certificate. This form can be obtained from Procurement Management (extension 2300).
• The purchase reimbursement should be approved by the petty cash custodian.

After the purchase has been approved:
• The requestor uses personal cash to make the purchase and submits the original receipt.
  ❖ Remember to use the tax exemption certificate. Sales tax will not be reimbursed.
• The petty cash custodian reimburses the requestor. This reimbursement must be made in person. Funds must never be sent through the mail (including campus mail).

Keep in mind: Reimbursement is limited to a maximum of $50.00 per day per vendor, unless approved in advance by the Treasury Department.
Replenishing the Petty Cash Fund

Petty cash funds should be replenished regularly so they are never depleted.

To replenish the petty cash fund:

- The purchaser/requestor must provide a legible original receipt/invoice, signed by the purchaser/requestor.
  - Receipts must show:
    - Vendor’s name
    - Date
    - Price
    - Description of expenditure
    - A cash register validation or paid stamp

Please submit the following to the Accounts Payable Department:

- An approved Purchase Voucher
- All necessary receipts/invoices
  - Invoices must show:
    - Unit prices
    - Extensions
    - Description of the goods or services being purchased
      - Packing lists will not be accepted.
- The reimbursement will be made payable to the petty cash custodian or alternate
Petty Cash Rules

**Petty cash funds MUST be:**

- Kept on Campus
- Kept in a secure location, such as a safe or locked file cabinet accessible only to the official custodian and alternate, as designated on the Petty Cash/Change Fund Authorization form
- Secured in a locking cash bag or cash box when in use (and never left unattended)
- Reconciled at all times
- Used only when it’s not practical to use the Purchasing Card or other means, such as:
  - Miscellaneous office supplies that cannot be immediately obtained using SciQuest.
Petty Cash Rules (Continued)

Petty cash MUST NOT be:
- Used to bypass our normal purchasing procedures
- Used for financing IOUs/loans
- Used to cash personal checks
- Deposited into a bank account
- Mixed with personal/private money
- Mixed with other, miscellaneous cash receipts
- Used to buy:
  - Items available through existing state contracts
  - Alcoholic beverages
  - Travel expenses
  - Postage
  - Gasoline
Cashier/Change Funds Rules

Change funds are used for cashiering operations in authorized departments.

They must follow the same rules as other petty cash funds, such as:

• Cash must be kept in a secured location, accessible only by the fund custodian and alternate, in a locked box, locked cash bag, or locked cash register.

• No IOUs, loans, check cashing, or petty cash reimbursements are allowed from the change fund.

In Addition, change funds must:

• **Always** be equal to the approved amount of the fund
• Be closed out and balanced at the end of each day
Petty cash/change funds must be available for auditing

- Petty cash and change funds should be accessible for audit by authorized persons at any time during regular business hours.

- When petty cash/change funds are counted by an auditor or other authorized person, the custodian of the fund must remain present.

- For petty cash funds, the custodian will be held personally liable for any shortages reported.

- For change funds, the department has the option to replenish the fund by charging an expense to their cost center, or increase/reduce the fund by the amount of the overage/shortage.

- Petty cash and change fund custodians should notify the Treasury Department immediately of any change of custodian, alternates, or location of the fund.
Reporting Overages/Shortages or Losses

Cash overages and shortages must be accounted for immediately. In addition, shortages and overages of $25 or more in a single incident or in aggregate during a one-month period must be reported to Treasury.

• Losses involving possible theft or burglary should be reported to Treasury who will report the loss to the University Police, Vice President for Budget & Finance and Office of Internal Audit immediately upon discovery.

• If the theft or burglary occurs outside of normal business hours, notify University Police immediately, and inform Treasury on the following business day.

• Any shortage or overage should be posted to the departmental cost center using the Cash Over/Short financial account.
Things to Remember!

- Petty Cash funds are to be established for the purpose of reimbursing employees for non-recurring, unexpected expenditures up to $50 for any one transaction.
- Change funds are to be established for cashiering purposes in order to make change for sales transactions.
- A department’s request for establishment of a Petty Cash/Change fund must be submitted to Treasury on the Petty Cash/Change Fund Authorization form.
- Cash funds should not be accessible to anyone except the custodian and alternate custodians as designated in writing on the Petty Cash/Change Fund Authorization form.
✓ Change funds must always be reconciled to the approved amount of the fund

✓ Cash overages and shortages must be accounted for immediately

  ❑ shortages and overages of $25 or more in a single incident or in aggregate during a one-month period must be reported to Treasury

  ❑ Cash overages and shortages of less than $25 should be posted to a departmental cost center

✓ The custodian and alternate custodian(s) have direct responsibility for complying with the Petty Cash Fund Procedure and should notify Treasury immediately of any change of custodian or location of the fund
For more information

This training module is always available at the UT Dallas Office of Institutional Equity and Compliance website.

If you have questions

Contact: Treasury Manager

Phone: 972-883-6231

Email: FMS-Treasury@utdallas.edu

Policies: UTBBP3042 - Bursar Petty Cash Procedures

Forms: Petty Cash/Change Fund Authorization form