

McNeese State University

Administrative Accounting Policies and Procedures

Revised/Approval Date: April 2004

SECTION 2 -- CASH HANDLING 2.5 -- ESTABLISHMENT & ADMINISTRATION OF PETTY CASH FUNDS

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The Vice President for Business Affairs and the Comptroller determine and publish the criteria for establishing petty cash funds and any rules and procedures necessary for their use, safeguarding, and reimbursement.

GENERAL

Upon occasion it may be necessary for staff of departments which do not have a petty cash fund to make cash purchases from personal funds. Such expenditures will be reimbursed if proper receipt is obtained and presented for reimbursement in accordance with the procedures set forth herein.

Departmental reimbursements of cash purchases from personal funds will be processed through the Cashiers Office Petty Cash Fund located in Smith Hall. The department will have 7 business days from date of receipt to turn in the petty cash voucher for processing.

PURPOSE

To ensure that an adequate system of internal control over the petty cash funds is maintained by the departmental custodians of those funds.

SCOPE

These policies and procedures are applicable to all McNeese employees that maintain petty cash funds.

OBJECTIVE

- To safeguard McNeese State University accounts against waste, fraud, and inefficiency.
- To ensure a high level of accuracy and reliability in the accounting records.
- To reduce the opportunity for errors or losses without incurring unreasonable additional costs for the increments of internal controls established.

AUDIT

Petty cash funds are subject to an audit anytime by the Internal Auditor.

DEFINITIONS

Petty cash fund -- a fund established for the purpose of making immediate and/or emergency cash payments not exceeding \$100.

Change fund -- a fund established for the specific purpose of making change and from which no expenditures are to be made.

Receipt -- a legible invoice, cash receipt, or cash register tape signifying the purchase of goods or service.

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Petty cash fund custodian -- a specific individual appointed by name to assume legal responsibility for and operation of a specific petty cash fund.

ESTABLISHMENT OF PETTY CASH FUND

The unit custodian of the petty cash fund submits an authorized Request for Petty Cash or Change Fund Advance form (page 5) to the Comptroller's office requesting a petty cash fund.

EXPENDITURES FROM FUNDS

No single purchase may exceed \$100. Simultaneous purchases (stringing) may **not** be made to circumvent these limitations.

Petty cash may **not** be used for:

- Payment for services performed by employees or non employees
- Personal expenses
- Personal loans and cashing personal checks
- Travel
- Gifts
- Buying hazardous materials
- Faculty dues
- Social or travel club dues
- University parking permits (personal expense)
- Traffic citations
- Interest charges
- Alcoholic beverages may not be reimbursed by federal or state government either directly on a contract or grant account, or indirectly through the indirect cost rate calculation
- Amounts over \$100

CASH REIMBURSEMENT

1. The employee receives permission from the Budget Unit Head (Administrator, Dean, or Department Head) to make a cash purchase from personal funds.
2. The employee makes the purchase.
3. The employee completes the Petty Cash Voucher (page 6) by entering the following: date of purchase, vendor name, item description, amount, department name, expenditure code, cost center, person to be reimbursed and total reimbursement amount.
4. The employee submits the petty cash voucher with the proper receipt to the Budget Unit Head for the signature and date.
5. Deliver the completed petty cash voucher form with receipts to the Accounts Payable Supervisor for audit and approval.
6. Deliver the completed petty cash voucher to the accounting office cashier for reimbursement to the employee.
7. The cashier has the employee sign and date the petty cash voucher to indicate that the employee received the money.
8. The cashier signs and dates the voucher to indicate that it was paid.
9. The cashier retains the petty cash voucher and receipt.

Section 2.5

Establishment & Administration of Petty Cash Funds

CHANGES TO FUND

Funds are not increased, decreased, permanently transferred, or closed except by formal action of the unit and the Cashier's Office. If a fund is not being used, the custodian should reduce or return the fund.

FUND CUSTODIAN

Units receiving petty cash funds designate one employee as custodian of the fund. The custodian is responsible for safekeeping and proper use of the fund. An alternate custodian must be assigned to perform necessary duties in the absence of the custodian.

Loss of funds -- Money lost because the custodian has failed to safeguard the fund or allowed it to be improperly used is the custodian's liability and must be repaid by the custodian. Money lost due to circumstances beyond the control of the custodian is repaid from the unit's budget or other available operating funds.

Overages and shortages -- Overages in the fund must be deposited with the Cashier's Office located in Smith Hall. Shortages are personally paid by the custodian subject to the same conditions as indicated under "Loss of Funds" in this section.

Segregation -- Petty cash funds are kept separate and not commingled with any other funds.

CUSTODIAN RESPONSIBILITY

The cash must be stored in a secured (locked) cabinet or safe, with limited access to the area where the fund is located. The petty cash fund custodian is responsible for the cash accountability, its safekeeping, proper usage, and knowledge of these instructions.

The custodian:

- Does not permit access to the cash in the fund by anyone for any reason, under any circumstances.
- Keeps the fund intact, physically separate, and does not mix it with any other funds.
- Keeps the fund under lock and key at all times, with the key in the custodian's possession.
- Does not use petty cash funds as change funds.
- Does not use petty cash funds for wages, personal services, cashing checks, meals, or travel.
- Exercises caution in the administration and protection of the fund.
- Is required to notify the Cashier's Office immediately upon being relieved of responsibility or of a change in office address.
- Is personally liable for cash losses and discrepancies in the fund.
- Does not conduct any transactions that are more than \$100.
- Does not make simultaneous purchases to circumvent the \$100 limitation.
- Secures a receipt for each expenditure. Receipts should show the date, amount, and description of the purchase, the signature of the person being reimbursed for the purchase (if someone other than the custodian), and be on the vendor's form or stationery.
- Reimburses only for funds actually expended.
- In case of theft or mysterious disappearance, notifies the McNeese Police, the Comptroller's office, and the Internal auditor as soon as the loss is discovered. A copy of the police report should be included with the petty cash receipts when reimbursement is requested.

Change of Fund Custodian – A change of custodian will require that the petty cash fund is turned in and a new fund created for the new custodian. The new custodian will submit an authorized Request for Petty Cash or Change Fund Advance form to the Comptroller's Office requesting a petty cash fund.

Reconciliation of Funds -- The custodian maintains the petty cash fund in a constant state of reconciliation; therefore, the total cash on hand plus the total receipts should equal the original amount of the petty cash fund. The Petty Cash and Change Fund Reconciliation (page 7) must be completed quarterly and submitted to the Internal Auditor. If the fund does not balance, the Cashier's Office should be contacted for assistance. A petty cash fund should always be balanced before a request is made for replenishment.

Overages in petty cash funds are deposited to the over/short object code in each individual department, and are deposited at the time of the reimbursement request. Shortages are personally repaid by the custodian subject to the same provision.

At fiscal year end, the Change/Petty Cash Verification form (page 8) is sent to each fund custodian by the Accounts Receivable Supervisor. This form must be completed and returned within 10 business days for year end reconciliation.