



Georgia State University

Petty Cash and Change Fund Accounts

Policy Statement

A petty cash fund is established through an advance of funds by the Office of Accounting Services. Departments can seek approval to establish a petty cash fund to handle small, unanticipated purchases from vendors when immediate payment is required and the formal Georgia State University purchasing procedures are impractical or cannot be used.

Types of Petty Cash Funds

- Change Fund: established for the sole purpose of making change for customers. The authorized amount should not exceed what is needed to support required cash drawers.
- General Petty Cash Fund: established for departmental use for emergency purchases where alternative means are not feasible. The authorized amount will be limited to one month's purchases.

Petty cash funds may not be used for the following type of transactions: travel expenses; salaries and wages; transactions that have reportable services rendered; prizes and awards and gifts; memberships; food, beverages or catering; refunds of tuition or class fees; making loans; cashing checks or personal reasons; departmental coffee supplies and bottled water; items covered by State or University contracts; and any other item prohibited by University Policy.

Procedures

Establishing a Petty Cash Fund

To establish a petty cash fund, a requesting department must complete and submit to the Director of Accounting Services the Petty Cash Change Fund and General Fund Request Form and a letter of explanation addressing the specific nature of the fund, the reason it is needed and the amount requested. Upon approval, the Director of Accounting Services will make arrangements with the Cashier's Office to secure the needed funds. The fund must remain intact either in cash or in cash and authorized receipts purchases.

The Custodian must be a full-time employee of Georgia State University. The Custodian must accept personal responsibility for the safety, proper usage and return of the funds entrusted. In rare circumstances the actual handling of the funds may be delegated but the responsibility of the funds remains with the Custodian.

The form must be signed by the Custodian, the appropriate Dean, Director or Department Head and the individual responsible for reconciling the funds (Reconciler). The Reconciler and the Custodian cannot ever be the same individual. The Custodian and the Dean, Director and Department Head can never be the same individual. The form must be completed in its entirety to be processed.

Operating a Fund

Custodian Responsibilities

- The Custodian of the fund is fully responsible for the safekeeping of the fund and for its proper usage. The custodian must exercise caution in the administration and protection of the fund in his/her possession.
- Ensure that appropriate receipts are obtained to support all disbursements, are appropriate in nature and reconciled at all times. Receipts should be logged and maintained as the expenses occur. Receipts should be submitted to the Cashier's Office in a timely manner for reimbursement.
- Petty Cash change funds should be counted daily.
- Access to the fund should be limited to the Petty Cash Custodian.
- Petty cash funds must not be commingled with any other funds (including but not limited to personal funds) or used for any purpose other than what was requested on the application.
- Any discrepancies in the fund are the responsibility of the Custodian and/or the Dean, Director or Department Head that approved the request.
- It is the responsibility of the Custodian to follow current University policies and procedures in maintaining the petty cash fund.
- The funds should be in a locked office safe, file safe or reinforced lockable file or desk with padlock that secures all drawers at all times and the key should be kept in the Custodian's possession. At no time should the funds be left in unlocked desk drawers or cabinets.
- If a Custodian is going to be out for an extended period of time, a temporary Custodian should be assigned by submitting a Petty Cash Change Fund and General Fund Request Form. Once the permanent Custodian returns, a revised Petty Cash Change Fund and General Fund Request Form should be submitted.
- Loss from Theft of Funds or any significant shortage: If a loss or theft occurs, it must be reported immediately to the immediate supervisor for reporting to the Unit Head and University Police if appropriate. If it is determined the Custodian might have been negligent in their duty to safeguard the petty cash, the Custodian may be held liable for replacement of the funds or subject to disciplinary action up to and including termination.
- Any overage and shortage should be reported to the immediate supervisor immediately.

Reconciling a Fund

Reconciler Responsibilities

- Ensure that the amount of the Petty Cash Change Fund or the Petty Cash General Fund agrees with the amount recorded in the general ledger.
- A monthly reconciliation is required for all general petty cash funds. This cash count should always be done in the presence of the Custodian and when completed should be documented and signed by the reconciler as well as the Custodian.

- The total of all paid receipts and cash on hand must agree with the authorized amount of the funds at all times.
- Signed reconciliations are required to be turned into the Director of Accounting Services twice per year (December and June) although upon the request of the Office of Accounting Services and/or University Auditing and Advisory Services, they may be requested throughout the year.
- It is recommended that either the Georgia State University Change Fund Count Sheet or the General Fund Count Sheet form be used in the reconciling process depending on the type of fund you have.

Modifying a Fund

There are a few reasons a petty cash fund would need to be modified including a change in Custodian when the current Custodian leaves the University or unit due to promotion, transfer or resignation or an increase in the amount of the fund.

Change of Custodian

- When changing the Custodian a reconciliation of the fund must be provided to the Director of Accounting Services. This must be reviewed and signed by the current custodian and the Dean, Director or Department Head.
- A new Petty Cash Change Fund and General Fund Request Form establishing the new custodian must be completed and submitted to the Director of Accounting Services and a memo indicating the reason for the change.

Request for increase in fund

- To increase a petty cash fund a new Petty Cash Change Fund and General Fund Request Form must be completed and submitted to the Director of Accounting Services along with a letter of explanation addressing the need for the increase in the fund, including an analysis justifying the dollar amount requested.

Closing a Fund

- The Custodian should take all remaining cash and any unreimbursed receipts to the Cashier's Office along with Petty Cash Closing Form and send a copy to the Director of Accounting Services.

Audit of a Fund

- Petty Cash funds are subject to surprise audits and must be made available upon request of the University Auditing and Advisory Services and external auditors who may make periodic audits to aid the department in proper handling of the funds.
- The Supervisor of the Petty Cash Custodian should periodically conduct surprise audits to assure that all funds are accounted for by the total of cash and documentation supporting disbursements. Supervisor audits should be conducted at least twice a year and every time there is a change in Custodian.

Misuse of Petty Cash Funds

- Petty cash funds must not be commingled with any other funds (including but not limited to personal funds) or used for any purpose other than what was requested on the application.
- House Bill 1113 establishes that any person who uses resources or methods such as purchase orders, government contracts or credit cards (P-cards) for personal benefit will face civil and criminal penalties. Common examples of purchasing methods at Georgia State University include, but are not limited to purchase orders, check requests, petty cash accounts/advances, government contracts, credit cards, charge cards or debit cards. This also includes the submission of fraudulent requests for expense reimbursement. Any person, including but not limited to a supervisor, who knowingly assists another person in violating this law will be subject to the same criminal charges and penalties. There is no gray area under this new law, and thus, any misuse, including inadvertent use (such as mistakenly using Petty Cash for a personal purchase) constitutes a violation of HB 1113 and must be reported.