

Georgia State University

Petty Cash and Change Fund Accounts

Procedures

(Updated February 28, 2019)



A petty cash fund is established through an advance of funds by the Office of Accounting Services. Faculty and staff 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

Petty Cash 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.

(see procedures for project advance and imprest funds here: [insert link](#))

The authorized amount of advance funds will be limited to **one month's** expenditures. 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, or
- any other item prohibited by University Policy.

Exceptions for food and travel are made on a limited basis and must be obtained from the Assistant Comptroller or Comptroller in the Office of Accounting Services in advance of fund establishment. If an exception is needed a detailed explanation of the types of expenses and why these expenses could not be paid through other means must be sent to the Assistant Comptroller for review and approval prior to submission of the Petty Cash Imprest Fund Request Form.

Establishing a Petty Cash Fund

1. To establish a petty cash fund, a requesting faculty or staff member must complete and submit the Petty Cash Imprest Fund Request Form to the Office of Accounting Services via interoffice mail box 4030 or via e-mail at advanceimprestfund@gsu.edu.
2. The Custodian of the fund must be a full-time faculty or staff member at Georgia State University. The Custodian must accept personal responsibility for the safety, proper usage and return of the funds entrusted.
3. In certain circumstances the actual handling of the funds may be delegated but the responsibility of the funds remains with the Custodian. Custodians must follow cash handling procedures when delegating disbursement responsibilities and remain responsible for all activities of delegates.
4. The Fund Custodian is required to sign a Petty Cash Imprest Fund Request Form, taking personal responsibility for the Fund. The responsibilities include:
 - a. the use of the funds only for approved and allowable purposes
 - b. maintenance of accurate records that meet all requirements
 - c. security of the funds and records in the approved location listed on the Form
 - d. accountability for all sums/documentation at all times
 - e. ensuring the availability of funds in the funding source budget to cover expenses.
5. The form must be signed by the Custodian and the appropriate Director, Department Head or Dean's Office Official as an approver. The Custodian and the approver cannot be the same individual and the approver cannot be a subordinate of the Custodian. The form must be completed in its entirety to be processed.
6. If fund handling duties will be delegated, a completed Delegate Disclosure Form must also be submitted.
7. If a request package is e-mailed the approver must be copied on the e-mail.
8. Upon approval, the Office of Accounting Services will coordinate with the Office of Disbursements to deposit the funds into the Custodian's bank account. The fund must remain intact either in cash or in cash and authorized receipts for purchases.
9. Funds are advanced to the Custodian and are not expensed to the funding source until documentation is provided to show the funds were spent on allowable expenses at the time of replenishment or closure.

If incomplete or invalid receipts are presented the custodian will be personally responsible for returning the funds related to those expenses to the university via cash, personal check or money order.

Replenishing a Fund

1. The Custodian must e-mail a completed Currency Request Form to the Cashier's Office at cashier@gsu.edu 2 business days prior to replenishment.
2. Complete the Petty Cash Imprest Fund Replenishment form and take it to the Cashier's Office along with valid original vendor receipts. Custodian should retain copies of the completed form and accompanying receipts for at least 5 years after replenishment.
3. The cashier will provide a receipt which **must** be kept by the Custodian, along with all receipts, for at least 5 years after replenishment.
4. Petty Cash funds may be replenished as often as needed but must be replenished no less frequently than every 60 days.
5. If a receipt is lost a replacement should be requested from the vendor or a memo explaining why a valid receipt is not being provided must accompany the Replenishment Form. The memo must be signed by a Director, Department Head or Dean's Office Official. A signed memo must also accompany any receipts dated more than 60 days from the replenishment date.

Responsibilities and Procedures for 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 their possession.
- Ensure that appropriate receipts are obtained to support all disbursements, that disbursements are always appropriate in nature and reconciled. Receipts should be logged and maintained as the expenses occur.
- Petty Cash change funds should be counted daily.
- Access to the fund should be limited to the Petty Cash Custodian. Delegated access must be documented on the Delegate Disclosure Form and cash handling procedures must be followed.
- Petty cash funds must not be commingled with any other 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 Director, Department Head, or Dean's Office Official 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. All cashiering tills must have locked tops. Custodians, not delegates, are responsible for aggregating and locking tills at the close of each business day.
- 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 Custodian Change Form. Once the permanent Custodian returns, a revised Petty Cash Custodian Change 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 and booked via journal entry to the over/short expense account (704100) or added as a line to the over/short expense account (704100) on the Deposit Remittance Form and **not** adjusted to sales revenue.

Reconciling a Fund

Reconciler Responsibilities

- Count cash and verify receipts to 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 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. Monthly reconciliation count sheets must be kept for 2 fiscal years and provided upon request. Failure to properly conduct reconciliations and retain documentation may result in termination of the fund.
- The total of all paid receipts and cash on hand must always agree with the authorized amount of the funds.
- Signed reconciliations and updated Delegate Disclosure Forms are required to be turned into the Office of Accounting Services quarterly (September 30, December 31, March 31, and June 30) at a minimum. Although they may be requested by the Office of Accounting Services and/or University Auditing and Advisory Services, at any time throughout the year.

- The Change Fund Count Sheet or the General Fund Count Sheet should 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 Office of Accounting Services. This must be reviewed and signed by the current Custodian and Director, Department Head, or Dean's Office Official.
- A Petty Cash Imprest Fund Change Request Form establishing the new custodian must be completed and submitted to the Director of Accounting Services along with a memo indicating the reason for the change.

Request for increase in fund

- To increase a petty cash fund a Petty Cash Imprest Fund Change 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

- To close a fund, the Custodian must submit the following to the Cashier's Office:
 - A complete and approved Petty Cash Closing Form
 - All unspent cash (currency or a check made payable to Georgia State University)
 - All receipts from expenditures since the last replenishment
 - A copy of the fully executed original Petty Cash Imprest Fund Request Form
- The cashier will provide a receipt which **must** be kept, along with all receipts, by the Custodian for 5 years after fund closure.

Audit of a Fund

- Petty Cash funds are subject to surprise audits and must be made available upon request of 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. Documentation evidencing the surprise audits should be maintained with the monthly reconciliation. 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 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.

Forms

- [Petty Cash Imprest Fund Request Form](#)
- [Petty Cash Delegate Disclosure Form](#)
- [Petty Cash Imprest Fund Replenishment Form](#)
- [Petty Cash Imprest Fund Change Request Form](#)
- [Petty Cash Count Sheet-General Fund](#)
- [Petty Cash Count Sheet-Change Fund](#)
- [Petty Cash Closing Form](#)
- [Deposit Remittance Form](#)

Fillable PDF versions of the forms can be found by searching the Finance and Administration Forms site: <https://finance.gsu.edu/forms/>.