**William & Mary**

**Financial Operations**

**Policies and Procedures Manual**

Cashiers

Manual Number: C-[Number]

Petty Cash & Audit Policies

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**Revisions/Approvals**

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 WILLIAM & MARY

OFFICE OF THE BURSAR

DEPARTMENTAL PETTY CASH – OPERATIONAL POLICIES

September 2019

Please adhere to the following policies and procedures in the administration of your petty cash fund. This policy will detail the authorized use of petty cash funds and restrictions on purchases.

1. Petty Cash is generally requested and used for two purposes: small purchases of approved miscellaneous expenditures &/or cash drawer change fund activity. A separate Petty Cash Request Change form is required to establish petty cash for each type of account (small purchases versus change fund use) designating a fund custodian and responsible administrator. If you maintain two separate funds, they must be kept separate. A detailed explanation is required as to why the funds are needed. The department is responsible to ensure Petty Cash used for small purchases meets all accounts payable regulations to ensure reimbursement (see below ‘\*\*’). You cannot use the petty cash fund to circumvent accounts payable requirements. We realize that funds used for small purchases may be needed, but it is strongly recommended the department use the small purchase credit card instead; an explanation as to why the SPCC is not adequate for your needs should be explained. The total amount of the petty cash fund must always be equal to the amount of cash on hand plus any unreimbursed expenses or equal funds held in a cash drawer for change activity.
2. Petty cash must be held in a locked cash drawer, a locking cash box or safe. If using a locked box, it should be kept in a locked drawer, safe or filing cabinet. The primary key to the locked storage should be held by the fund custodian. A secondary key to the box should be retained by the administrator in the event of the absence of the fund custodian. Keys to the locked box should be kept in the possession of the custodian at all times and not left unattended in desks or drawers overnight. Funds must always be secured when the custodian leaves the office. Access should be limited to the area where funds are kept. The fund custodian and the administrator can be held jointly liable for uninsured losses that occur as a result of failure to follow these procedures.
3. To discourage theft, avoid dispensing money from the cash box in the presence of persons requesting money for small purchases. Petty cash should be counted daily if transactions to such have occurred. Petty cash used to fund cash drawer activity (a change fund) should be balanced daily (refer to the ‘Deposit and Cash Receipting Procedures’ on the Cashier website: https://www.wm.edu/offices/financialoperations/cashiering). Petty cash used for small purchases should be balanced at the time of the transaction, or at a minimum, twice monthly.
4. When balancing petty cash funds and you discover an overage or shortage, the difference should be identified on the balancing sheet. The balancing sheet details categories for cash/coin when reconciling your petty cash. The balance sheet can be obtained from the Lead Cashier or designed with your specific needs. Please contact the Lead Cashier for assistance &/or to review a balance sheet. Departments should exercise due diligence by reviewing the work to try to resolve any discrepancies. Discrepancies of $20 or more should be directed immediately to the Lead Cashier.
5. Departments who use the petty cash funds as a change fund should refer to the ‘Deposit and Cash Receipting Procedures’ on the Cashier website: *https://www.wm.edu/offices/financialoperations/cashiering* on handling overages and shortages.
6. Those that use petty cash for small purchases should try to resolve the discrepancy. If the error cannot be identified**,** both the custodian and administrator should sign off on the balance sheet as reviewed. If an overage, complete a deposit transmittal and credit funds to the designated index-over/short account. Attach the balance sheet and explanation and take it to the Cashier’s Office for depositing. If there is a shortage, attach the balance sheet with an explanation to the vendor request form to replenish the fund. You will charge the departmental index-over/short account.
7. If you do not know the over/short account and/or need help in completing the forms, please contact the Lead Cashier for assistance.
8. In the event of a theft of the petty cash funds, the custodian should immediately notify the Campus Police Department first. Then notify the Lead Cashier and Internal Audit.
9. In the event of the departure of the fund custodian or administrator assigned to a petty cash fund, the keys to the secure cash box must be returned to the appropriate departmental authority. Please contact the Lead Cashier and request a Petty Cash Request Change form as well as to schedule an audit. The appropriate person, usually from the Cashier’s Office, should conduct a final count of the petty cash funds and the change form should be completed and signed before a new custodian assumes control of the funds. This same process should be used in the event of an extended absence by either the fund custodian or administrator and again when that person returns to duty.
10. All petty cash funds are subject to random, unannounced audits by the Lead Cashier, Internal Audit or State Auditors. All petty cash administrators will receive quarterly petty cash balance statements from the Lead Cashier. Attach a detailed balancing report showing breakdown of cash/coin and pending expenses (if applicable for small purchases). The fund must be counted and confirmed by the administrator. The completed forms must be returned to the Cashier’s Office in a timely fashion and a copy retained for your records at the department level.
11. **Any** change in petty cash, i.e. increase/decrease funds, change in fund custodian/administrator, a Petty Cash Request Change form needs to be completed and the Lead Cashier notified.

\*\* An employee who makes authorized purchases on behalf of the College may be reimbursed for the purchase from the petty cash small purchase funds. Please adhere to the following policies and procedures on the authorized use of your petty cash for purchases:

1. Typical allowable transaction types include office supplies, lab supplies, local parking reimbursements, mailing services, copy services and photo services.
2. Without prior approval from the Bursar’s Office no single transaction is to exceed $200.00.
3. The following types of transactions are **NOT** generally allowable (not an inclusive list):
	1. Payment of sales or excise taxes on any purchases made in Virginia since the College is a tax-exempt organization.
	2. Cashing of any personal checks and or personal loans.
	3. Purchases required to be reported in specific manner such as personnel services, travel expenses, payroll advances and business meals. These types of expenditures need to be reimbursed through the Accounts Payable Office.
	4. Meals or entertainment greater than $5.00.
	5. Advertising
	6. Alcoholic beverages or tobacco of any kind or any type of controlled substance.
	7. Chemicals or other types of hazardous materials.
	8. Donations, flowers, letterhead, business cards, or envelopes
	9. Professional services.
	10. Telephones or cell phones.
	11. Weapons and ammunitions
4. Financial Operations has the authority to make exceptions to the above list when special circumstances apply. Approval for the exceptions must be received from the AP Manager PRIOR to making the purchase. Violation of these policies may result in non-reimbursement &/or closure of the fund.
5. Once the purchase has been made the employee should submit the original receipt for the purchase to the fund custodian. This receipt should include the vendor’s name, the date of the purchase, the items purchased, the price per item and the total price. If the purchaser has lost the original receipt, a Petty Cash Fund Missing Receipt Form can be obtained from the Manager of the Cashier’s Office. The purchaser should sign the receipt when submitting it to the fund custodian.
6. The fund custodian should submit to the Accounts Payable Department a vendor payment request to replenish the fund with a check payable to the College C/O the Fund Custodian-Petty Cash. This process should be handled in a timely manner and should allow ample time for processing so that funds are not depleted before the reimbursement arrives. When processing the check request, ORIGINAL receipts must be attached to the Vendor Payment Request Form. Copies need to be kept by the custodian until reimbursed. Once processed the Accounts Payable Department will return a check to the department for the request. Checks can be cashed at the Cashier’s Office to replenish the fund.

If the administrator determines that the petty cash fund is no longer needed, notification should be made to the Lead Cashier for a Petty Cash Request Change form. Final reimbursement requests should be processed and received from Accounts Payable. Once the checks have been received, the check along with any remaining cash on hand should be brought to the Cashier’s Office and receipted by the Cashier’s into the Banner fund. We encourage all departments to take advantage of the College wide purchase card program. Information about that program can be obtained from the Office of Procurement and the Accounts Payable Department in Financial Operations.

Should you have any questions about these procedures, please contact the Lead Cashier or the Cashier Manager. Copies of these procedures and specific forms can be found on the Financial Operations website under the Cashiering section.

Petty Cash Audit Policies

Annually

At the beginning of the new FY the lead cashier will send to all the Petty Cash Administrator the Annual Department Petty Cash Advance Form. It will list both the Administrator and the Fund Custodian’s names; each will need to verify the accounting information and the petty cash funds assigned to their department are correct. They will then sign the form and return it to the lead cashier. If there are any changes the lead cashier must be notified immediately.

Quarterly

Before quarter end the Administrator must perform an audit of his or her assigned petty cash. The lead cashier will send via inner office mail or e-mail a Quarter Ending Petty Cash Balance Sheet. The administrator will count the cash on hand, sign and return to the lead cashier by the dated required on the attached letter.

Semi Annually

The lead cashier will go to each location to count and verify the petty cash. It must be a surprise to the fund custodian, so working with the Administrator is the best way to make sure the custodian is in the office.