

Radford University Petty Cash/Change Funds Procedures

Petty cash/change funds are requested by departments for use as a petty cash/disbursement fund (for payments to participants in research projects) or as a change fund (used to make change for business sales transactions). All funds handling activities must be conducted in compliance with the University's Funds Handling Policies and Procedures.

INTERNAL CONTROL RESPONSIBILITIES

Departmental Responsibilities

A. Basic Controls for Petty Cash/Change Funds

1. Establishment:

- The person requesting the petty cash/change fund is referred to as the fund custodian and must be a faculty member or classified staff employee. The fund custodian is responsible for the proper use of the fund and for the repayment of the fund.
- For new petty cash/change fund accounts, the fund custodian must seek approval to establish from the appropriate Department Head, Controller's Office and Office of Sponsored Programs and Grants Management (if applicable). The request will be reviewed and will be analyzed based on the purpose/justification for the request, the amount of the fund, the planned safeguarding of the fund, any past due or outstanding petty cash balances owed in the fund custodians name, or any past due balances owed the University by the fund custodian. If a request is denied for any reason, a representative from the Controller's Office will notify the individual requesting the fund.
- New written requests should be submitted to the Controller's Office at least 7-10 business days prior to the date the fund is needed. Once a request has been approved, a check will be forwarded to the Office of the Bursar, and the fund custodian will be notified. Direct deposit is not allowed.
- The request should state the need for such a fund and why normal procedures (e.g., departmental purchase order, small purchase charge card) do not meet the department's requirements. The request should also state the account number to which the petty cash expenditures will be charged and the time period for which the fund will be needed.
- Petty cash/change funds issued for a specific function cannot be transferred or reassigned for another use.
- Upon termination of the need for a petty cash/change fund, the fund must be reconciled and returned to the Office of the Bursar.
- An audit of a petty cash/change fund may be conducted at any time by a representative of the Controller's Office, Audit & Advisory Services, or external auditors. Fund discrepancies or misuse of the fund will be the sole responsibility of the fund custodian. Fund irregularities may result in revocation of petty cash/change fund privileges.

2. Safekeeping:

- The fund custodian must ensure that the responsibility of safeguarding the funds is clearly defined and documented. The petty cash/change fund must be kept in a safe, secure place in a lockable container, such as a cash box, and stored in an area not visible to unauthorized personnel. The container should not be left unattended and must be kept in a secured (locked) storage area, such as a file cabinet or safe, at night.

The fund custodian is responsible for maintaining the fund in an accurate manner and keeping the cash box secured in a safe place. A backup custodian should also be designated to ensure timely access to the fund. Generally, the fund custodian and backup custodian must be full-time salary employees.

- If a petty cash/change fund custodian is added, changed, or replaced, the responsible individual should notify the Controller's Office.
- The fund custodian should verify funds on hand at least weekly. The total of the documented disbursements plus cash on hand must always equal the original petty cash/change fund amount.

3. Transactions:

- When petty cash is disbursed to individuals, certain information should be collected and placed with the cash box to document every transaction. All transactions must comply with the restrictions at the end of this document. The disbursement documentation, which may be recorded in the form of a log, may include the following:
 - Recipient's printed name
 - Recipient's signature
 - Amount disbursed to recipient
 - Date disbursed to recipient
 - Purpose of the disbursement
 - Statement notifying recipients that their signature acknowledges the disbursement may have tax implications.
 - Fund Custodian's signature
- When research participant confidentiality is governed by the Institutional Review Board, the fund custodian must maintain a separate key with ID or code numbers and participant names to support the amount and date funds were dispersed to the exact number of participants for the named study.
- A sample disbursement log that can be utilized for confidential and non-confidential payments can be found on the Accounting Services website under Forms and Resources.

4. Reconciliation/Replenishment:

- The change fund must be reconciled routinely in a documented format.
- The petty cash fund must be replenished when the supply of cash runs low. Total all disbursements and remaining cash on hand. Reconcile this amount to the authorized amount of the petty cash fund. Document this reconciliation and any corresponding overage or shortage in a log.
- Complete the appropriate disbursement log for the total amount of the disbursements.
- Disbursement documentation should be maintained in the department in accordance with Records Retention Policy.
- In the event that the fund custodian suspects irregularities (e.g., theft, embezzlement) in the handling of funds, the event must be reported in accordance with the Fraud, Waste and Abuse Policy.

5. Separation or Termination:

- If the petty cash fund is not reimbursed prior to leaving employment with the university, the fund custodian agrees to have the amount of the funds withheld from their final paycheck.
- If the petty cash fund is not reimbursed within 30 days from the end date indicated on the petty cash request form, the fund custodian agrees to have the amount of the funds withheld from their paycheck.
- Any fund amount deducted from an employee's paycheck will result in forfeiture of the privilege to use petty cash funds in the future.

Accounting Services Responsibilities

A. Establishment of Original Petty Cash/Change Fund

1. Issue a check to establish the original petty cash/change fund, upon receipt of the approved Petty Cash/Change Fund Request Form from the Controller's Office.
2. Forward the check to the Office of the Bursar and notify the fund custodian. The fund custodian may pick up and cash the check at the Office of the Bursar.

B. Replenishment of Petty Cash Fund

1. Issue a subsequent check after receipt of the petty cash fund disbursement log.
2. Forward the check to the Office of the Bursar and notify the fund custodian. The fund custodian may pick up and cash the check at the Office of the Bursar.

Controller's Office Responsibilities

1. Provide approval and account information for all new petty cash/change funds. The Controller's Office may use existing account numbers that do not have current activity, however, multiple petty cash funds can not be in one account concurrently.
2. Perform periodic procedural analysis to determine reasonableness and compliance.

RESTRICTIONS AND UNALLOWABLE EXPENSES

Petty cash funds are subject to the following:

- Petty cash funds can only be used for approved cash disbursements. This fund should not be used when disbursements can be made through the normal payment process.
- Petty cash funds cannot be used as a check cashing resource; IOUs are also prohibited.
- Petty cash funds cannot be used to reimburse travel expenses.
- Petty cash funds cannot be used to pay for services of an individual.
- Petty cash funds cannot be used to purchase alcoholic beverages or any other expenditure for which the use of state funds is prohibited.