

NUMBER: BUSF 2.18
SECTION: Business and Finance

SUBJECT: Petty Cash

DATE: October 18, 2006

Policy for: All Campuses
Procedure for: All Campuses
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I. Policy

The University establishes petty cash funds to offices to cover large numbers of nominal disbursements when a direct expenditure voucher (DEV) or purchase order is impractical. Any purchase of goods under \$50.00 should be handled with petty cash funds.

II. Procedure

A. Establishment

1. To establish a fund, a supervisory official submits a written request to the University Controller via Internal Audit and the State Auditor containing the following criteria:
 - a. Stated purpose for the petty cash fund, i.e., how will funds be used, and the amount of petty cash needed.
 - b. Explanation of why standard purchasing procedures are inadequate for stated purpose.
 - c. Statement that the petty cash fund being requested and the level requested is necessary.
2. Upon receipt of the approval for the petty cash fund from the State Auditor, the Controller's Office will process a DEV, record the fund and the custodian's name in the General Ledger.
3. The established amount of the fund is limited to the cash requirements for a short period of time.
4. If the need for the fund ceases to exist or, if the fund is handled improperly or not in accordance with written policies and procedures, the fund will be removed.

B. Custodian

1. The custodian's supervisor will ensure that the custodian understands the written procedures for processing petty cash transactions and acknowledges that he/she is responsible for maintaining records to support the amount of the petty cash fund.
2. The custodian's other regular duties may not include the receipt or disbursement of cash, nor the recording of charges or credits to customer's or vendor's accounts.

3. The custodian must keep the fund under lock and key at all times with the key in his/her possession.
4. Control of the fund may never be split between two or more employees a without written authorization from the Controller.
 - a. Each employee will sign a receipt for his/her portion of the fund and the Controller's Office will retain these receipts.
 - b. The custodian will still be solely responsible for the full amount of the fund.
5. To change custodians, send a letter to the Controller's Office. This letter must include:
 - a. authorization from the supervisory official requesting a change and appointing a new custodian, stating the effective date.
 - b. signed acceptance by the new custodian with a statement of the cash on hand plus paid receipts, amounting to the total of the fund.

C. Operation

1. At all times, cash on hand plus paid receipts must equal the original amount of the fund.
2. The fund is subject to random audit by either a representative of the University's Internal Audit Office, or the State Auditor of South Carolina, or an independent auditor.
3. No expenditures for wages, cash advances or loans, or purchase of unallowable commodities may ever be made from petty cash.
4. Disbursements
 - a. To make a disbursement, prepare a petty cash voucher. The form is available at [Http://web.admin.sc.edu/ap/forms.php](http://web.admin.sc.edu/ap/forms.php)
 - b. The supervisor must approve the voucher.
 - c. The voucher must bear an account number and be supported by a paid receipt or signed by the person receiving the cash (a receipt is still required).
5. Reimbursements
 - a. Submit through regular channels a DEV accompanied by the petty cash voucher(s), paid invoice(s) or receipts and a petty cash summary sheet.
 - b. The summary sheet includes a list of disbursements and a summary count indicating vouchers submitted for reimbursement.
 - c. The fund will be reimbursed at least monthly. Each time the custodian will count money in the fund and explain in writing to the Controller any significant shortage (over \$5.00).
6. If a fund is stolen, immediately notify the University Police Department (777-4215) and the supervisory official.

III. Reasons for Revisions

Update requirements for disbursements and provide link to forms.

Send comments to [Pat Lardner](#)

