

## **Petty Cash Guidelines**

### **Purpose**

The Petty Cash Fund Guidelines have been created to provide guidelines for the appropriate establishment, use, and accountability of petty cash funds. Procedures have been established to encourage effective administration and internal control of cash handling operations throughout Gettysburg College. Requests for the establishment of a petty cash fund must be approved by the Director of Financial Services/Controller.

### **Summary**

The majority of petty cash funds are used as the establishment of change funds for departments that collect cash receipts on behalf of the College and require change to appropriately complete the cash transactions. The amount of the petty cash fund is established at the time the fund is approved.

Any individual handling petty cash is responsible to Gettysburg College for proper security and accountability. Employees are required to appropriately safeguard, account for and document all cash maintained on behalf of the College. The cash must be maintained in a secure, locked device or some other location appropriately approved by the Financial Services Office.

### **Applicability**

Employees with any type of cash handling function are required to be familiar with the requirements of this policy.

### **Authority and Responsibility**

Gettysburg College has delegated the authority and responsibility for establishing policies and procedures for all cash handling activities to the Financial Services Office. In carrying out this duty, the Financial Services Office is responsible for:

1. Establishing and enforcing policies and procedures governing the receipt, handling, custody, and disbursement of funds.
2. Requiring the establishment and maintenance of records accounting for funds received and paid by the College.
3. Performing periodic audits of departments with cash handling operations.
4. Establishing and authorizing banking depositories to be used for College funds.
5. Establishing and authorizing procedures for granting, maintaining, and terminating departmental petty cash funds.

## **Segregation of Duties**

Cash handling operations must be subject to daily supervisory review and management. To minimize the potential for mistakes or misappropriation of cash, the segregation of cash handling duties is recommended. The duties of collecting cash, maintaining documentation, preparing deposits, and reconciling records must be separated among different individuals. In departments where the separation of duties is not feasible, strict individual accountability and thorough management supervision and review is required.

## **Written Departmental Procedures**

In addition to the cash handling procedures established in this document, it is highly recommended that each department that manages a significant amount of cash, have its own specific procedures. Written procedures should minimally include authorization of person(s) to act as custodian, guidelines for the safekeeping of funds, procedures for usage of funds, steps for reimbursement of funds, and procedures for handling overages and/or shortages including instructions on notifying the appropriate campus authority in the event of a loss.

## **Safekeeping**

Departments handling cash are responsible for the safekeeping of these College assets. The following general guidelines must be followed to maintain the integrity of the cash handling process:

- Unauthorized persons are not allowed in areas where cash is handled.
- Doors must be locked at all times in areas where cash is handled. Safe doors should be kept closed during working hours and locked at times when it is not necessary to be in and out of the safe.
- Large sums of cash must be counted and handled out of sight of the general public.
- Departments must keep working funds to a minimum at all times. Excess funds should be in a locked device or deposited in the Financial Services Office.
- Cash must never be left unattended. This applies to cash registers, desk tops, and cash drawers. If an employee leaves his or her work station for any reason, regardless of how briefly, cash must be appropriately secured in a locked place.
- For overnight storage and during other periods when cash is not being used, cash must be kept in a safekeeping device, either a safe or locked container.
- Under no circumstance is an individual to keep College cash with their own personal funds, deposit College funds in a personal bank account or take College funds to one's home for safekeeping.

## **Refunds**

Refunds cannot be made directly through the use of petty cash funds, change funds, nor funds received from cash receipts *unless specifically authorized by the Director of Financial Services/Controller*. All refunds must be processed through appropriate procedures as

established by the Financial Services Office, depending upon the type of transaction involved. These funds are not to be used to reimburse employees for out-of-pocket expenditures.

### **Petty Cash Guidelines**

- The following expenditures from petty cash accounts are prohibited:
  - Travel-related expenses (e.g., parking)
  - Sales Tax
  - Alcoholic Beverages
  - Donations
  - Tips or Gratuities
- A petty cash fund may be revoked at the discretion of the Director of Financial Services/Controller.
- The amount of the petty cash fund may be reduced or increased at the discretion of the Director of Financial Services/Controller.

### **Duties of Petty Cash Custodian**

Each petty cash fund established is specifically assigned to one department that is designated as the fund custodian. It is the department's responsibility to understand and follow the procedures below:

1. Petty cash funds must be properly safeguarded. The department is responsible at all times for the appropriate and adequate safekeeping of these funds. The money should be kept in a secured, locked location and must never be commingled with an individual's personal funds or any other College funds.
2. The department is responsible for keeping accurate records of the fund. A petty cash log should be completed each time there are funds removed from the fund or returned to the fund.
3. Departments are required to reconcile daily, weekly, or monthly, depending upon the amount of activity involved and the dollar amount of the fund.
4. The department must maintain appropriate records on a daily basis, as this petty cash fund is subject to audits at any time by the Financial Services Office or the College Auditors.

### **Establishing a Petty Cash Fund**

- Complete a Petty Cash Request Form. This form identifies the type of petty cash account requested and other necessary information such as department, requested amount, and departmental account number.
- Forward the form to the Financial Services Office.
- Once the form has been reviewed and approved by the Financial Services Office, the funds will be issued to the appropriate individual in the department.

### **Closing a Petty Cash Fund**

If it is determined that an existing petty cash fund is no longer needed the department must close the fund. The remaining cash should be taken to the Cashier's Office for deposit.

### **Overages and Shortages**

Both overages and shortages should be noted and tracked by the department and then reviewed and certified by a department supervisor. Significant amounts should be immediately reported to the Department Head and the Financial Services Office. If there appears to be a growing pattern or anything unusual or strange about the overages and shortages, that information must be disclosed immediately.