Radford University  
Petty Cash Procedures

Revised: November, 2006

A petty cash fund may be provided to a campus department as a cash resource to satisfy a department’s requirement for immediate cash disbursements (e.g., human subject payments, cash awards) that cannot be satisfied by normal procedures (e.g., departmental purchase order, small purchase charge card).

INTERNAL CONTROL RESPONSIBILITIES

Departmental Responsibilities

A. Basic Controls for Petty Cash Funds

1. Establishment:
   • For new petty cash fund accounts, the responsible individual (person making the request) should seek approval to establish a petty cash fund from the Associate Vice President for Finance & Administration/Controller. The written 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 funds issued for a specific function cannot be transferred or reassigned for another use. Upon termination of the need for a petty cash fund, the fund must be reconciled and returned to the Cashier’s Office.
   • An audit of a petty cash fund may be conducted at any time by a representative of Financial Services and/or Audit & Advisory Services. Fund discrepancies or misuse of the fund will be the sole responsibility of the responsible individual. Fund irregularities may result in revocation of petty cash privileges.

2. Safekeeping:
   • Ensure that responsibility of safeguarding the funds is clearly defined and documented. The petty cash 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 responsible individual may designate a petty cash fund custodian. The 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 fund custodian is added, changed, or replaced, the responsible individual should notify the Associate Vice President for Finance & Administration/Controller and Audit & Advisory Services. Financial Services and/or Audit & Advisory Services will conduct a cash count of the petty cash fund.
• 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 fund amount.

3. Transactions:
• Petty cash transactions, generally, should not exceed $100 for any one item. For transaction disbursements greater than $100, seek approval from the Associate Vice President for Finance & Administration/Controller.
• When petty cash is disbursed to individuals, certain information should be collected and placed with the cash box to document every transaction. The disbursement documentation, which may be recorded in the form of a log, must include the following:
  ➢ Recipient’s printed name
  ➢ Recipient’s signature
  ➢ Recipient’s RUID number
  ➢ Recipient’s address
  ➢ Amount disbursed to recipient
  ➢ Date disbursed to recipient
  ➢ Purpose of the disbursement
  ➢ Statement notifying recipients that their signature acknowledges the disbursement is taxable to them.
  ➢ Custodian’s signature
• All transactions must comply with the restrictions at the end of this document.

4. Reconciliation/Replenishment:
• The petty cash fund must be reconciled and 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 a check request form (copy attached) for the total amount of the disbursements. If there is an overage or shortage, adjust the amount of the disbursements by subtracting any overage from the total of the disbursements, or adding the amount of any shortage; whichever is applicable. Document these adjustments on the check request form.
• The check request should be made payable to Radford University; include the purpose (to replenish the petty cash fund) and the account number to be charged.
• The check request must be signed by the fund custodian and countersigned by the responsible individual if different person than the fund custodian.
• Attach all original disbursements documentation to the check request and forward to Accounting Services. Copies of the request and disbursements should be maintained in the department.

• Overages, shortages, or theft must be handled on an individual basis. The responsible individual should investigate and document the reasons, if known, for any overages or shortages that equal or exceed $10 in value or that are recurring. Overages/shortages of any amount may be investigated at the discretion of the responsible individual.

• In the event that the responsible individual suspects irregularities (e.g., theft, embezzlement) in the handling of funds, the Radford University Police, Associate Vice President for Finance & Administration/Controller, and the Office of Audit & Advisory Services must be contacted immediately.

**Accounting Services Responsibilities**

**A. Establishment of Original Petty Cash Fund**

1. Issue a check to establish the original petty cash fund, upon receipt of the approved request from the Associate Vice President for Finance & Administration/Controller.
2. Forward the petty cash check to the Cashier’s Office, along with a copy of the petty cash procedures.
3. Notify the fund custodian the check has been forwarded to the Cashier’s Office. The fund custodian or designee (with fund custodian’s written approval) may pick up and cash the check at the Cashier’s Office.

**B. Replenishment of Petty Cash Fund**

1. Issue a check approximately three days after receipt of the petty cash fund reimbursement request.
2. Forward the check to the Cashier’s Office, along with a copy of the approved check request form.
3. Notify the fund custodian the check has been forwarded to the Cashier’s Office. The fund custodian or designee (with written approval of the fund custodian) may pick up and cash the check at the Cashier’s Office.

**Associate Vice President for Finance & Administration/Controller Responsibilities**

A. Provide approval and account information for all new petty cash funds.

B. Perform periodic procedural analysis to determine reasonableness and compliance.
RESTRICTIONS AND UNALLOWABLE EXPENSES

Petty cash funds are subject to the following:

- 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.
- 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.