



Petty Cash and Change Funds (Domestic) Administrative Procedure

Effective Date : March 1, 2013
Approval Date: February 27, 2013
Version: v1.20130227
Administrative Procedure Number: F_FAR_3.6.04
Responsible Office: Financial and Accounting Services
Authority: Associate Vice President, Finance and Controller

Purpose

The purpose of this procedure is to establish guidelines for the appropriate use of domestic petty cash funds and change funds while establishing internal controls to minimize the University's risk of financial loss. International locations operate under a separate administrative procedure (add reference and provide link once available).

General

Wake Forest University allows departments to have petty cash and change funds where needed for the convenience of paying for incidental expenses or making change in departments where cash is regularly received from customers. Petty cash and change funds received by a department are considered loans from the general fund of the University and must be properly safeguarded by an established fiduciary and returned when the fund is no longer being used and/or closed.

This procedure provides guidance for the authorization, establishment, replenishment, modification, and closure of petty cash funds and change funds, including appropriate uses, safeguarding, and internal control standards. This administrative procedure describes the use of petty cash and change funds for appropriate business transactions with adherence to internal controls and University policies (see Primary Guidance) necessary to minimize the University's risk of financial loss.

Petty Cash Fund

The University maintains petty cash funds to allow for small dollar purchases or incidentals that cannot be transacted with procurement card or other approved methods in an efficient and cost effective manner. The preferred procurement method for small business expenses is the University's procurement card. The University provides a petty cash fund that is located in the Cashier's Office at 107 Reynolda Hall to reimburse for appropriate business expenses that cannot be readily secured through normal University

procurement methods. Departments must limit reimbursement from these funds to staff, faculty, or students for qualifying, small dollar expenses, or reimbursements. The limit for reimbursement through the petty cash fund is \$50 or less per transaction.

Departmental petty cash funds will be established on the basis of demonstrated need and should not be used to in a manner that circumvents the University's procurement procedures. Financial and Accounting Services authorizes or modifies the establishment of all University petty cash funds. Each approved petty cash fund will be assigned a Fiduciary, who is responsible for reconciling the fund on a regular basis, maintaining required records for all disbursements that have been made from the fund, and replenishing the fund within approved levels.

Change Fund

The University maintains change funds for departments or offices that are required to provide change to customers who pay for goods or services with cash. Change funds are used in cash drawers to make change for on-going business such as retail outlets or sales (e.g. Reynolda Hall Cashier's Window, Deacon Shop, Athletics Ticket Office, Benson Ticket Office). Many times this fund may be referred to as "the till." Funds from cash drawers are not to be used for reimbursement of small dollar purchases, incidentals, or emergency business expenditures (see Petty Cash Fund).

Responsibilities

Primary Guidance

F_AP_01 Travel, Meals, and Entertainment Policy
<http://www.wfu.edu/fas/ap/index.html>

F_AP_02 Business Expense Policy <http://www.wfu.edu/fas/ap/index.html>

Fraud Prevention, Awareness, and Importance of Internal Controls
Policy (under review)

Statement on Auditing Standards (SAS) No. 112: *Communicating Internal Control Related Matters Identified in an Audit*
<http://www.aicpa.org/download/members/div/auditstd/AU-00325.PDF>

Responsible University Office or Officer

Assistant Vice President for Finance & Controller

Who is Governed by This Administrative Procedure

All University faculty, staff, and students

Who Should Know This Policy

All faculty, staff, and students involved with petty cash funds and/or change funds, specifically:

- Petty Cash Fiduciaries
- Change Fund Fiduciaries

Finance Division administrators and staff
University Business Administrators
Office of Assistant Provost, Budget and Planning

Exclusions & Special Situations

None

Highlights of Revisions, by Date

None

Fiduciaries' Responsibilities for Handling Petty Cash and Change Funds

The following procedures must be followed for each fund. The fiduciary of the fund is responsible for ensuring that these procedures are followed. In the event of non-compliance with these procedures, the fund will be subject to immediate dissolution.

Petty cash funds serve as an important payment vehicle in certain circumstances, but are frequently not the most cost effective way to make payment for goods or services. The total cost of a transaction should be considered before electing to use petty cash funds. The University's procurement card is typically more effective and efficient. In addition, management of cash funds requires significant administrative effort to ensure the proper safeguarding of University assets and the prevention and/or detection of fraudulent activity. In most cases, use of the procurement card, expense reimbursement, or payment by check is more efficient when considering the administrative burden for maintaining petty cash funds. This administrative procedure outlines the internal control procedures that must be followed for all approved petty cash funds.

Change funds are for making change to customers paying cash for goods or services. Change funds are not used to cash personal checks for employees or students; pay individuals for work performed or services rendered; or for any type of loan to any person. The Fiduciary must count and balance the fund twice each day – when the day's operations begin and again when the day's operations close. Secure all funds in the vault at the end of each business day.

Establishment of a New Fund

The establishment of or increases to existing petty cash funds and/or change funds must be authorized by Financial and Accounting Services (FAS). Any department or business unit that wishes to establish a petty cash fund or change fund must demonstrate a need to do so and must obtain approval from the appropriate financial manager prior to submitting to FAS. Once established, a petty cash fund or change fund must be used only for the approved purpose. The request should include the following:

- Purpose of fund
- Name of Fiduciary who will be responsible for the fund
- Financial manager who will be responsible for the fund
- Fund and Org Code (FOAPAL) that will assume responsibility for expenses
- Amount of request
- Maximum single disbursement amount (\$50 or less for WFU campus funds) for petty cash
- Security procedures for safeguarding the cash
- Specific location of fund (building, room no., etc.)
- Anticipated frequency of use and examples of use

The Fiduciary should not also have responsibility for accounting records. Once the petty cash fund or change fund is approved, FAS will notify the department or business unit and provide the general ledger account for the fund(s). Funding of the account(s) should be coordinated by the Fiduciary and Accounts Payable.

Safeguarding

Fiduciaries and Financial Managers are responsible for the safekeeping of the funds under their control. All petty cash and change funds and supporting documentation (receipts) must be stored in a secured device (e.g. safe, vault, drawer) that is locked and must not be commingled with any other funds. Funds should never be left unattended and unsecured. In the event that funds are lost or stolen, the Fiduciary must contact University Police to file a police report and must immediately notify FAS. Any funds missing from petty cash or change funds will be charged to the responsible department or business unit. The Fiduciary should count and reconcile the fund each week. The financial manager must complete a Monthly Petty Cash or Change Fund Reconciliation Form on the last day of the month. The documented reconciliation should be forwarded to the General Accounting Manager in FAS with a copy kept in the department or business unit.

Petty cash funds and change funds may be audited (unannounced) at random times throughout the year by the Office of Internal Audit and/or FAS. The Fiduciary should remain with the auditors at all times to observe the counting of funds and examination of records.

Change of Fiduciary

If a change in Fiduciary is required, the responsible department or business unit must notify FAS and complete a Cash Fund Change of Fiduciary Form. The Fiduciary must ensure that the fund is replenished and reconciled before it is turned over to a new Fiduciary.

Closeout

When a petty cash fund or change fund is no longer needed, the following procedures must be followed:

- Notify FAS.
- Prepare full reconciliation of fund with all supporting documentation (receipts) approved by the Fiduciary and appropriate financial manager.
- Deposit the entire amount at the Cashier's window located in 107 Reynolda Hall.

FAS may, at its discretion, close a petty cash fund or change fund in the event of mismanagement, inactivity, misuse of funds, or other violation of this procedure.

Prohibited Purchases

No item that can be readily secured through normal University procurement methods may be purchased using petty cash funds. The Fiduciary of the fund must carefully monitor purchases with petty cash funds to assure that they are appropriate business expenses that comply with this administrative procedure and University policies. The following items, not all-inclusive, are considered unallowable:

- Single purchases in excess of \$50.00 (U.S. only) unless no other procurement method is available
- Capital assets of any kind (equipment, software, etc.)
- Payment to an individual for services rendered
- Alcoholic beverages

- Personal check cashing or personal cash advances; personal expenditures or borrowings from the fund are prohibited
- Items purchased more than 30 days prior to request for reimbursement
- Honorariums, payment of salaries and wages, other payments subject to reporting and withholding as taxable income

Using the Petty Cash Fund

All expenditures, including reimbursements, from petty cash funds are to be pre-approved by one of the department’s authorized approvers. A receipt to verify the purchase(s) and/or payment must support expenditures from the fund. It is the responsibility of the Fiduciary to determine if the transaction meets the requirements as set forth in this administrative procedure. The following information must be obtained to support the purchase:

- Date of purchase
- Name of vendor (supplier)
- Proof or receipt of purchased item(s)
- Amount in U.S. dollars (breakdown of item total, tax total, and grand total required)
- Description of purchase
- Business purpose
- Proof of payment in the case of reimbursement requests

In the event that receipts are lost or missing, a Missing Receipt Affidavit form must be completed and maintained to support the expenditures. At any given time, cash on hand plus receipt documents must equal the authorized amount of the fund. Any differences should be noted on the Petty Cash Replenishment Request Form and is considered a cash overage or shortage. Cash overages/shortages will be posted to the department number indicated on the Cash Over/(Short) section of the Petty Cash Replenishment Request Form. It is the responsibility of the Fiduciary to maintain a current record of the fund’s financial status. The following format is recommended:

<u>MM/DD/YYYY</u>	<u>Description</u>	<u>Purchases</u>	<u>Replenishments</u>	<u>Balance</u>
7/1/xxxx	Beginning Balance			\$100.00
8/1/xxxx	Name of Vendor	\$10.00		90.00
9/1/xxxx	Replenishment		\$5.00	95.00

Replenishment

Petty cash funds will be replenished only in amounts up to the original amount approved for the fund. Petty cash funds should not be funded or replenished by ATM withdrawals. Funds should be replenished monthly or more frequently as needed, using the Petty Cash Replenishment Request Form.

Definitions

Change fund- An asset of the University usually held in the form of currency and coin. Change funds are administered by a change fund fiduciary and are used to make change for departmental cashiering functions.

Petty cash fund- cash funds maintained by a department or business unit for the purpose of small dollar or emergency purchases that cannot be readily obtained by other approved procurement methods (e.g. procurement card, check).

Custodian – A University employee designated as responsible for the management and safekeeping of a petty cash fund.

Reimbursable expense- A University business expense properly substantiated in accordance with University policies.

Contact(s)

General Accounting Manager (http://www.wfu.edu/fas/monthly_reports/index.html)

Director of Accounts Payable (<http://www.wfu.edu/fas/ap/index.html>)

Cashier, Student Financial Services (<http://www.wfu.edu/fas/ar/contact/>)

Web Address for Policy

<http://finance.wfu.edu/policies-and-procedures>

Appendix and Forms

Missing Receipt Affidavit

Cash Fund Change of Fiduciary Form

Cash Fund Action Form

Petty Cash Replenishment Request Form

Monthly Petty Cash Reconciliation Form