St. Bonaventure University Petty Cash Policy

Policy Statement

St. Bonaventure University permits departments to maintain a petty cash fund, as described by this policy.

Departments are responsible for adequate security and control of their petty cash funds. The fund should be secured at all times in a locked container such as a fire-proof file cabinet, safe, or other suitable device to which unauthorized access is difficult. Theft and any other losses of petty cash are the responsibility of the department. The petty cash fund is an asset of the University and maintained in a separate General Ledger account number. These funds belong to SBU and should be kept on University property at all times. The initial establishment of the fund is not charged to the department. Departments are charged directly, through replenishment of the fund, as properly documented expenses are presented to the Business Office for reimbursement.

Purpose and Use

A petty cash fund may be established in a department to improve the efficiency of departmental operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods. Petty cash can be used to reimburse individuals for emergency out-of-pocket expenditures. Petty cash can sometimes be used in place of the university purchasing process where appropriate, for example, as reimbursement for small, incidental department expenses when it is not possible to use normal purchasing means. **Petty cash should be used in this manner only when absolutely necessary.**

Due to the inherent risks of cash, whenever possible, departments should limit use of petty cash funds and use normal purchasing methods such as the University Purchasing Card or purchase orders. A petty cash fund can also be used as a "change fund" in the department for handling ticket sales, fundraisers, etc., where expenses are not incurred.

Prohibitions

Petty cash should not be used for the following:

- Payment for items that are to be purchased through the purchasing system according to the university purchasing policy;
- Payments to vendors for invoices submitted directly to the department where a purchase order was issued;
- Payments to independent contractors, consultants, awards, etc., to non-university employees;
- Payments to employees for services, awards, bonuses, etc.;
- Payments of a taxable or non-taxable benefit to an individual;
- Sales tax on purchases;
- Personal borrowing.
Initiating a Petty Cash Fund
A University employee, in coordination with the budget officer of that department, should complete a petty cash request form (PCR) and send it to the Senior Accountant in the Business Office. The form will detail the purpose and use of the fund, identify the custodian and their supervisor, and request an amount for which the fund will be established. The dollar limit for each use of the fund is set at the department's discretion, usually between $25 and $300, though individual departmental circumstances may dictate a need for a higher limit. In all cases, the Business Office will review each request for appropriateness based on documentation provided at the time of the request.

Petty Cash Custodian

Security of Petty Cash Fund
The petty cash fund should be secured at all times. The department is responsible to appoint a custodian, who is a member of the faculty or staff, to monitor its use and replenishment. The department supervisor should perform periodic counts. The custodian is responsible for ensuring the cash on hand and receipts equal the authorized amount of the fund at all times. Petty cash funds must be kept separate from change funds, cash drawers, personal funds, and any other collected revenue. Appointment and approval should be made by the budget officer. A custodian cannot appoint or approve himself/herself. In addition, the petty cash custodian is personally responsible for the cash which was specifically issued to him/her. Therefore, access to the fund must be limited to the custodian.

The Senior Accountant in the Business Office must be notified if there is a change in the petty cash custodian. Specifically, if the current custodian terminates employment with the University, in order to ensure accountability to the new custodian, the Business Office will audit and document the fund at the time of the change.

Responsibilities
It will be the responsibility of the custodian to ensure that this fund is used to cover only those expense reimbursements for which it is not possible, or is infeasible, to use normal purchasing methods such as the University Purchasing Card or purchase order. In addition, the custodian will ensure that fund use is consistent with the manner described in the documentation that initially established the fund. The petty cash custodian is also responsible to enforce university policy regarding sales tax, which is not reimbursable. The custodian also handles fund replenishment (see the section on Reimbursement Process). Reimbursement should be made during the fiscal year in which the expense was incurred and should be reimbursed at least weekly. The Business Office reserves the right to not reimburse requests over 90 days old. The custodian is responsible for reporting all instances of loss of funds to the Senior Accountant in the Business Office, including filing a report with Campus Security, as soon as the loss is discovered. Mishandling of funds may result in dismissal and/or prosecution of the involved employees and/or relinquishment of the fund by the department. Overage in the fund must be deposited with the Bursar’s Office; shortages are to be repaid by the department’s funds. Shortages must be fully documented in writing.
Reimbursement Process
Replenishment of the petty cash fund should be done on a timely basis and should be processed at least weekly. Before being submitted, this reimbursement request must be approved by the budget officer of the account being charged. Budget officer approval should be in accordance with University policy which requires Dean/Director or Executive Officer approval when an employee is seeking reimbursement to themselves. Disbursements from petty cash funds must be properly documented and for a valid University business purpose. The Business Office will audit the request to ensure that proper documentation has been provided. It should be further noted that reimbursements will not be made for the items detailed in the prohibitions section.

Once the audit is completed and the reimbursement request approved, cash will be prepared for fund replenishment and turned over to the fund custodian.

Changing the Fund Amount
If there is a situation where it is determined that the size of the petty cash fund should be increased or decreased, an email should be forwarded to the Senior Accountant in the Business Office, requesting this change. This should be done prior to requesting a replenishment of funds. An increase to a petty cash fund is subject to the approval of the Business Office, as well as the department budget officer, similar to when the fund is initially established.

Closing a Petty Cash Account
The petty cash fund should be closed with the Business Office when the purpose for which the fund was established has been completed, as determined by either the department budget officer or the petty cash custodian. In addition, the Business Office reserves the right to conduct periodic usage reviews and unannounced random counts, and based on the results, can request closure or reduction of the fund. When closing the fund, the custodian should deposit all remaining funds with the Business Office completing a cash deposit form, and being sure to credit the petty cash account. Along with the final reconciliation of expenses, this will relieve the balance in the petty cash fund as established for this use. See the section entitled “Security of Petty Cash Fund” regarding closing the petty cash account due to change of custodian or termination of employment of custodian.

Audit
The Business Office will perform periodic unannounced random audits of the petty cash fund to ensure proper control is maintained. Recurring audit findings may result in the petty cash fund being revoked.

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