

Responsible University Officials:

- Vanderbilt University Controller
- Vanderbilt University Assistant Controller

Responsible Offices:

University Finance

Date: May 2017

Petty Cash – Policy and Procedure

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1. Policy Statement

The goal of this document is to provide the governance framework for a standard and consistent process for establishing, maintaining, and closing petty cash, change fund, or subject participation accounts across the enterprise.

2. Scope

This policy applies to all Vanderbilt personnel responsible for the initiation, execution, and authorization of petty cash, change fund, and subject participation accounts including the processing of all associated adjusting journal entries to the General Ledger.

3. Definitions

Petty Cash – A petty cash fund is cash loaned for the purpose of making small purchases where it is not sensible to make a disbursement by check and purchases are impractical or unavailable through Procurement and Disbursements (p-card or Concur expense reimbursement). Vanderbilt establishes petty cash funds for a fixed amount. Central finance restores funds to authorized levels or fixed amounts at periodic intervals by replenishing the cash in an amount equal to the expenditures made from the fund.

Change Fund – An amount of cash held by a department or office and used to give change to customers when they are paying for goods or services. No purchases can be made from these funds.

Subject Participation – A petty cash fund established for qualifying payments to human participants engaged in research activities.

Custodian – The department requesting a petty cash or change fund must appoint a custodian who is

responsible for safeguarding and maintaining the petty cash fund. Maintaining the fund consists of disbursing funds, obtaining receipts, reconciling, and replenishing the fund. When the petty cash or change fund is no longer necessary, the Custodian is responsible for ensuring that it is reconciled and closed.

4. Policy

Establishing petty cash/change fund/subject participation fund

- a) A department must request a petty cash fund by first completing the *Application Form* (Appendix A).
- b) A Dean, Director, or Department head must approve the request.
- c) The Chief Business Officer (CBO) for the area must approve the request.
- d) Either the Assistant Controller or Controller must approve all requests.
- e) Once approved, the department should prepare a check request for the amount on the application.

Responsibilities of Custodian

- a) **Safeguarding the funds** - The fund should be the responsibility of one person, the Custodian, and secured in a locked location at all times. At no time should the Custodian keep the fund in their personal possession, deposit in their personal bank account, or take to their home for safekeeping. In case of theft, please notify campus security immediately.
- b) **Accounting for transactions** – Custodians must support all disbursements with proper documentation, i.e. an original invoice or register receipt, with a written notation clearly indicating the business purpose of the purchase. Petty cash expenditures are subject to all university policies and procedures related to proper expenses, authorization, accounting, and documentation.
- c) **Reconciling the funds** – The Custodian must reconcile the petty cash or change fund utilizing the *Reconciliation Worksheet* (Appendix B) before replenishing, changing the Custodian or amount, and closing the fund.
- d) **Replenishing the funds** - When cash in the fund is low, the Custodian should submit a check request to replenish the fund.

Revision of fund or Change in Custodian – Submit form *Revision Request* (Appendix C) to Central Finance for review and approval. Funds must be completely reconciled and accounted for before Central Finance will approve any changes.

Review of Petty cash or Change Funds

- a) **Audits** - All petty cash funds are subject to periodic audits. Central Finance will send a letter to the Custodian each year requiring that the Custodian conduct a self-audit of the fund. The Custodian and one of the following must sign the letter: the Dean, Director, or Department head. Finance and Internal Audit reserve the right to conduct surprise, onsite audits at any time.
- b) **Revocation of Funds** - Misuse or improper accounting of the fund will, at a minimum, result in closing the fund.

Closing the Petty Cash or Change Fund

If a department no longer requires a petty cash or change fund, complete the form *Close Form* (Appendix D) including departmental approvals and submit to Central Finance.

5. Procedure

Determine the type of fund needed – Select petty cash, change fund, or subject participation fund on the *Application Form* (Appendix A).

Justify the need for the fund – State the purpose of the fund, describe or list the types of purchases, and state the reason that either pre-paid gift cards (for subject participation) or Vanderbilt One Cards (for small purchases) cannot be used as an alternative for the purchases.

Select a Custodian – Select an employee of the department to safeguard and account for the fund. The Custodian remains accountable for the fund until custody is formally transferred to another employee by completing the *Revision Request* (Appendix C).

Determine the size of fund needed – The dollar amount of the fund requested must be entered on the *Application Form* (Appendix A). This amount should be enough cash to require replenishment of the fund at least once per quarter and no more than twice per quarter.

Maintain the fund – The custodian is required to maintain the fund by performing the following functions:

- a) Account for transactions by obtaining receipts and recording expenditures,
- b) Reconcile the fund before replenishing, changing the Custodian or amount, or closing the fund by utilizing the *Reconciliation Worksheet* (Appendix B)
- c) Replenish the fund by submitting a check request to Disbursement Services when needed. The amount requested should equal the total dollar amount of the receipts. Prepare the check request and indicate the Custodian's name followed by "Petty Cash" for the payee and indicate "reimbursement of petty cash funds" for the description.

Close the fund – If the fund is no longer necessary, complete the *Close Form* (Appendix D). After the fund is reconciled, the remaining cash should be deposited with the cashier. Attach a copy of the Cashier's receipt and the unreimbursed cash disbursement receipts to the form. Obtain the signatures as noted on the form and submit it to Finance.

Appendix A: Application Form

Vanderbilt University Finance

Petty Cash/Change Fund/Subject Participation Application Form

(See form instructions below or see policies and procedures for more information)

Date: _____ Amount Requested: \$ _____

Department Name: _____ Center #: _____

Request for: Change Fund OR Subject Participation OR Petty Cash Fund

Duration of Fund: Permanent OR Temporary Date to be returned: _____
(NOTE: All Subject Participation Funds MUST be Temporary and contain a date to be returned.)

Purpose of Fund: _____

Type of disbursements that will be made from the fund: _____

Reason for the fund and the dollar amount requested. Indicate why either prepaid gifts cards for subject participation or Vanderbilt One Cards for small purchases cannot be used. (Attach a memo if more space is needed):

Custodian and Location of Fund:

Name of Custodian: _____ Title: _____

Location of Fund: _____ Telephone Number: _____
Building, Floor, & Room number

This fund is issued to the named custodian above and cannot be transferred to another department or custodian without prior approval of Vanderbilt University Finance. If for any reason a fund is no longer needed, this fund must be turned in to the University Cashier and a completed Close Form submitted to Vanderbilt University Finance, thereby terminating the responsibility of the custodian.

I accept responsibility for safeguarding the above stated cash fund. Additionally I have read and understand the policies and procedures regarding the petty cash /cash fund located on the Vanderbilt University Finance website.

Signature of Custodian _____ Date _____

Dept Approval: _____ Date _____
Signature of Dean, Director, or Department Head (or designee)

Business Officer Approval _____ Date _____

Approved by: _____ Date: _____
Assistant Controller or Controller

Appendix B: Reconciliation Worksheet

Vanderbilt University Finance Petty Cash/Change Fund/Subject Participation Reconciliation Worksheet

Date: _____

Department: _____

Reconciliation:

- a) Cash amount \$ _____
- b) Receipts \$ _____ (for Petty Cash fund only)
- c) Total (a + b) \$ _____
- d) Imprest Amount \$ _____
- e) Difference (c- d) \$ _____ (Provide explanation, if difference does not equal zero)

f) Signature of Custodian _____ Date _____

g) Dept Approval: _____ Date _____
Signature of Dean, Director, or Department Head (or designee)

Instructions for: Petty Cash/Change Fund/Subject Participation Reconciliation Worksheet

The purpose of this form is to assist the Custodian in determining whether the petty cash or change fund is in balance. This is performed through a reconciliation process. Use this form to reconcile the petty cash and change fund. Maintain the completed form at the department.

Line a) Count the currency remaining in the fund and input dollar amount counted.

Line b) Total the dollar amount of receipts and input this amount on line b. Note that this line pertains to the Petty Cash fund only. Purchases from a Change Fund are prohibited.

Line c) Total lines a and b and input the sum on line c.

Line d) Input original amount advanced, that is, the fixed amount that the fund is replenished to when a check request is submitted.

Line e) Subtract line c from line d. If this line has a zero, then the fund is in balance. If this line has an amount other than zero, then the account is not in balance. If the account is not in balance, attach a memo explaining why a difference exists.

Line f) Custodian must sign and date worksheet.

Line g) The worksheet should also be signed and dated by one of the following authorized signers: Dean, Director or Department Head (or designee). Their signature signifies agreement with the count and reconciliation conducted by the Custodian.

Appendix C: Revision Request

Vanderbilt University Finance

Revision Request for Petty Cash/Change Fund/Subject Participation

(See form instructions below or see policies and procedures for more information)

(1) Date: _____

(2) Department Name: _____ Center # _____

(3) Request for (check one): Change Fund OR Subject Participation Fund OR Petty Cash Fund

(4) Change Requested:

A. Change fund amount: From \$ _____ To \$ _____

B. Change in Custodian:

From: _____
Name Title Phone #

To: _____
Name Title Phone #

C. Is the fund reconciled per the Reconciliation Worksheet? Yes
No

(5) Reason for requested change:

I accept responsibility for safeguarding the above stated cash fund. Additionally I have read and understand the policies and procedures regarding the petty cash /cash fund located on the Vanderbilt University Finance website.

Signature of Custodian _____ Date _____

Dept Approval: _____ Date _____
Signature of Dean, Director, or Department Head (or designee)

Business Officer Approval _____ Date _____

For Vanderbilt University Finance Use:

Approved by: _____ Date: _____
Assistant Controller or Controller

Appendix D: Close Form

Vanderbilt University Finance

Close Petty Cash/Change Fund/Subject Participation Fund Form
(See below for instructions by line or policies and procedures for more information)

- (1) Date: _____
- (2) Department Name: _____ Center #: _____
- (3) Request for (check one): Change Fund OR Subject Participation OR Petty Cash Fund

(4) Reconciliation:

- a) Cash amount \$ _____ (should agree to line 5 below)
- b) Receipts \$ _____ (for petty cash fund only)
- c) Total (a) & (b) \$ _____
- d) Imprest Amount \$ _____
- e) Difference =
line c minus d \$ _____ (explain difference, if line "e" does not equal zero)

(5) Input cash dollar amount deposited at the Cashier's Office Cash Deposit: _____ G/L Account: 11240 Center #: 1-97-004-0000

Signature of Custodian _____ Date: _____

Department Approval _____ Date: _____
Signature of Dean, Director, or Department Head (or designee)

Business Officer Approval _____ Date _____

For Vanderbilt University Finance Approved by: _____ Date: _____
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