

ADMINISTRATIVE POLICY

Petty Cash

Approval Authority: Vice Chancellor for Finance, Information Technology and CFO**Responsible Administrator:** Controller**Responsible Office:** Finance**Policy Contact:** Director of Accounting and Financial ReportingOriginally issued:
January 1, 2018Current version
effective as of:
July 2023

POLICY STATEMENT/REASON FOR POLICY

The goal of this document is to provide the governance framework for a standard and consistent process for establishing, maintaining, and closing petty cash and change funds across the university.

THIS POLICY APPLIES TO

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

POLICY**A. Establishing Petty Cash/Change Fund**

1. Request for a Petty Cash Fund must be completed via a requisition in Oracle.
2. The requisition should have attached a completed Petty Cash/Change Fund Application Form (Appendix A).
3. The application fund must be signed by the Custodian accepting responsibility for the fund as well as the Financial Unit Manager and Business Entity Approver indicating their approval for the requested Petty Cash/Change Fund.
4. The Controller must approve all Petty Cash Fund requests electronically through Oracle.

B. Responsibilities of Custodian

1. 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.
2. 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.

3. Reconciling the funds – The Custodian must reconcile the petty cash or change fund utilizing the Reconciliation Worksheet (Appendix A) before replenishing, changing the Custodian or amount, and closing the fund.
4. Replenishing the funds - When cash in the fund is low, the Custodian should submit a Non-PO request to replenish the fund. See referenced procedures below.

C. Revision of Existing Fund or Change in Custodian

1. Submit form Revise Existing Petty Cash/Change Drawer Fund (Appendix A) to the Controller's Office for review and approval.
2. Funds must be completely reconciled and accounted for before the Controller's Office will approve any changes.

D. Review of Petty Cash or Change Funds

1. All petty cash funds are subject to periodic audits. The Controller's Office will send a letter to the Custodian each year requiring that the Custodian conduct a self-audit of the fund. The audit form must be signed by the Custodian, Financial Unit Manager and Business Entity Approver.
2. Finance and Internal Audit reserve the right to conduct surprise, onsite audits at any time.

E. Closing the Petty Cash or Change Fund

1. If a department no longer requires a petty cash or change fund, funds must be deposited at the bank.
2. A completed Close Form (Appendix A) including Financial Unit Manager and Business Entity approvals should be submitted to Finance along with a copy of the external cash spreadsheet reflecting accounting for the deposit of funds back with University Bank.

DEFINITIONS

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.

Custodian – The financial unit 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.

Petty Cash – A petty cash fund is cash loaned for the purpose of making small purchases where it is not reasonable to make a disbursement by check and purchases are impractical or unavailable through Procurement and Disbursements (One Card or expense reimbursement). Vanderbilt establishes petty cash funds for a fixed amount.

CONSEQUENCES OF NON-COMPLIANCE

Misuse or improper accounting of the fund will, at a minimum, result in closing the fund.

PROCEDURES

Instructions and forms for requesting, revising or closing a Petty Cash/Change fund are located on the Finance website at <https://finance.vanderbilt.edu/procedures-forms/index.php>.

ADDITIONAL CONTACTS

Subject	Contact	Office	Phone
Account Reconciliations	Finance	Accounting	(615) 343-6601

RELATED POLICIES/DOCUMENTS

[Subject Participation](#)

HISTORY

Issued: January 1, 2018

Reviewed: June 2023

Amended: June 2023