



## OBJECTIVE

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To define the process for establishing petty cash funds and change funds.

## POLICY

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Applies to: All university personnel and departments who handle and manage petty cash or change funds.

Issued: 06/1991

Revised: 09/2011

Edited: 11/2012

### I. Overview

- A. The Office of Financial Services is responsible for approving all petty cash and change fund requests. In general, use of petty cash funds is discouraged and should be used only when necessary.
- B. A petty cash fund is a limited dollar fund used to purchase goods when the university's present procurement system is not cost effective and when the dollar amount is low.
- C. The maximum expenditure amount for petty cash is \$50.00 per expenditure unless otherwise approved by the Office of Financial Services.
- D. A change fund is used exclusively to provide money for making change for university approved department sales, and is reconciled on a daily basis.

### II. Uses of a Petty Cash Fund

- A. A petty cash fund may be used for:
  - 1. Miscellaneous office supplies needed for departmental operation
  - 2. Postage for departments outside the meter mail program
  - 3. Business expenses as authorized by university expenditure policies, Office of the Controller
- B. Prohibited uses of a petty cash fund are:
  - 1. Personal or third-party check cashing
  - 2. Travel advances to employees



3. Moving expenses
  4. Payment of payroll stipends
  5. Business expenses not authorized by university expenditure policies. The policies may be accessed on the [Office of Business and Finance](#) web site.
- C. An alternative to a petty cash fund is the procurement MasterCard.
- D. A Tax Exemption Form should be used for all purchases, as the university is exempt from paying sales tax. Forms may be accessed through the [Office of the Controller web site](#).

## PROCEDURE

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Applies to: All university personnel and departments who handle and manage petty cash or change funds.

Issued: 06/1991

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- I. Establishing and Funding a Petty Cash or Change Fund
  - A. To establish a petty cash or change fund a department completes the following steps:
    1. Download and complete a [Fund Information Sheet](#). The form must be signed by the department head and senior fiscal officer or his/her designee.
    2. Indicate the type of fund requested, either petty cash or change fund.
    3. Return the form to Treasury Administration for review and approval by the Director of Financial Services – Treasury & Debt Management.
    4. After the request is approved and returned to the department unit, the requesting unit will process an online payment request using the Payment Request Entry Pages (PREP) in the Financials system. Accounts Payable will issue a check to establish the fund.
  - B. The source of funding for a petty cash or change fund is provided by the department.



C. Reference the appropriate General Ledger organization, fund and account on the Fund Information Sheet.

1. The petty cash account for General Ledger is 11150.
2. The change fund account for General Ledger is 11160.
3. It is not permissible to use general funds (010xxx) or general budget fund (011xxx) for either a petty cash or change fund.

## II. Fund Custodians for Petty Cash or Change Funds

A. The fund custodian should be the head of the department or his/her designee. A back up custodian should also be appointed as applicable.

B. Access to the fund(s) should be limited to the fund and back up custodians.

C. The duties of the fund custodian are to:

1. Maintain and balance the fund(s).
2. Report any unusual activity, change in custodian, or change in fund status to Treasury Administration.
3. Physically secure the fund and the receipts reimbursed. Funds should be kept in a secure location away from high traffic areas. The preferred location is a locked safe. If this is not possible, then funds should be kept in locked drawer that is accessed only by the fund custodian or back up custodian.
4. Maintain appropriate documentation pertaining to the transfer of the proper fund balance to the new custodian.
5. Assure that funds are not commingled with other funds (e.g., change funds).

D. The duties of the back up custodian are to assist in the responsibilities listed above in the event of an emergency or when the primary custodian is on leave.

E. If a change of custodian is required, the department head will notify Treasury Administration in writing referencing the former and new custodian of the fund.

## III. Reimbursement

A. Reimbursement Procedures - With Receipt

1. Obtain the approval of the fund custodian prior to incurring expense.



2. Review the validity of the vendor receipt.
3. Reimburse the purchaser for the exact amount of the vendor receipt.
4. Have the purchaser sign and date the vendor receipt and the custodian initial the receipt after reimbursement is disbursed.
5. Maintain the receipt with the fund until submitted for fund replenishment.
6. The custodian cannot reimburse him/herself.

B. Reimbursement Procedures - Without Receipt

1. Obtain the approval of the fund custodian prior to incurring expense.
2. Prepare a facsimile receipt.
3. Reimburse the purchaser for the exact amount of the facsimile receipt.
4. Have the purchaser sign the facsimile and indicate that an original receipt was not available.
5. Maintain the facsimile receipt with the fund until submitted for fund replenishment.
6. The custodian cannot reimburse him/herself.

C. Reimbursements Greater than \$50

1. Complete a payment request using PREP in the Financials system
2. Print a copy and attach all original receipts. The reimbursement must comply with university expenditure policies. The policies may be accessed on the [Office of Business and Finance](#) web site.
3. Calculate the receipts twice to ensure that receipts to be reimbursed equal the amount requested to be reimbursed.
4. Accounts Payable will issue reimbursement to the individual listed on the payment request.

IV. Balancing a Petty Cash or Change Fund

- A. To balance the fund:

1. Count the cash on hand.
  2. Calculate total of receipts to be reimbursed.
  3. Identify any reimbursements in transit.
- B. The total of the cash, receipts on hand, and replenishments in transit should equal the total fund.

#### V. Fund Balancing Schedule

- A. A petty cash fund should be balanced at least one each week, and more often depending on the frequency of replenishment.
- B. For the protection of the department, the fund and custodians, the fund should be balanced quarterly in the presence of the custodian but by someone other than the fund custodian or backup custodian.
- C. Change funds must be balanced on a daily basis by the custodian.
- D. If a change fund is transferred from one cashier to another, it must be balanced before being transferred.

#### VI. Fund Shortages and Overages in Petty Cash Funds

- A. A log should be maintained to track all shortages and/or overages of the fund.
- B. Management, other than the fund custodian, should periodically review the fund records and log to identify any inconsistencies or trends.
- C. Discovered inconsistencies or spending trends should be reported to Treasury Administration by management.
- D. If the fund has a shortage, the following documentation is required:
  1. A memo is written detailing the shortage and indicating the account control to be charged.
  2. The department head will review, initial, and date the memo.
  3. The memo, along with the other receipts, are submitted for reimbursement when the fund needs to be replenished.
- E. When a fund is in need of replenishing, the following steps are taken:



1. The department should set a dollar level at which the fund is to be replenished (usually when one-fourth of the fund remains).
2. If a fund does not required replenishment at least every 60 days, the fund should be reduced or eliminated.
3. Balance the fund prior to it being replenished.
4. Calculate the total twice to ensure receipts to be replenished equal the amount requested.
5. Process an online payment request using PREP and indicate the correct General Ledger organization, fund and account for each reimbursed expenditure.
6. Print a copy of the payment request and attach the appropriate receipts.
7. Maintain all original receipt documentation in the department.
8. Accounts Payable will generate a check to the department in care of the fund custodian.
9. Allow a minimum of ten days from submission for the replenishment check to be issued.

#### VII. Fund Shortages and Overages in Change Funds

- A. If a shortage or overages is discovered in the daily balancing or transfer of a change fund, the custodian should immediately recount the fund.
- B. If the difference continues, another employee should immediately perform the count in the custodian's presence.
- C. When a true difference has been determined, it should be properly recorded as follows:
  1. Shortages and overages should be identified by each cashier.
  2. A daily log should be maintained identifying the reason for the shortage or overage. Management should periodically review this log.
  3. Any recurring exceptions should be reviewed and discussed with the cashier and Treasury Administration if applicable.



4. The net difference (shortage or overage) per day should be recorded on an OSU Deposit Record (see Section F) in the appropriate revenue account.
5. The account to be used to identify the net difference (shortage or overage) is 41067. The shortage or overage will be identified with either the credit or debit entry that is made on the deposit record.

#### VIII. Closing or reducing a Petty Cash or Change Fund

The following steps are taken to close or reduce a fund:

1. Balance the fund.
2. Inform Treasury Administration that the cash fund is closing or being reduced.
3. Prepare the daily deposit journal entry in General Ledger and print the deposit slip.
4. Follow deposit procedures to make a deposit at the nearest deposit center. Please refer to the [Financial Resources Manual](#) available on the Office of the Treasurer web site for deposit procedures.
5. The applicable General Ledger organization and fund code should be used when depositing the petty cash fund under account 11150.
6. A photocopy of the deposit ticket is sent to Treasury Administration.
7. Treasury Administration will reconcile the photocopied deposit ticket to the referenced general ledger account and change the status of the department's petty cash fund.

#### IX. Audits and Physical Cash Counts

- A. The Department of Internal Audit performs unannounced physical counts of petty cash and change funds.
- B. A report of these audits is submitted to the department, applicable dean or vice president, and Treasury Administration for review in order to identify any control weaknesses and to improve management of the funds.



## **RESOURCES**

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### **Treasury Administration**

2020 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, Ohio- 43210-4016  
(614) 688-3659

### **Accounts Payable**

2010 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, Ohio 43210-4016  
(614) 292-6831

### **Office of the Controller**

2040 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, OH 43210-4016  
(614) 292-6220

[University Expenditures Policy](#), Office of Business and Finance