### 5.4 Petty Cash and Change Funds

#### Policy Statement
A petty cash fund is established through an advance of funds by Bursar and Treasury Services. Departments can seek approval to establish a petty cash fund to handle small, unanticipated purchases from vendors when immediate payment is required and the formal University of Georgia purchasing and billing processes are impractical or cannot be used.

A change fund is established through an advance by Bursar and Treasury Services for the purpose of making change for customers.

#### Reason for Policy
Petty cash must not be used to pay vendors when a University of Georgia Procurement Card, Purchase Order, or Electronic Payment can be used. All Petty Cash purchases and reimbursements must adhere to University of Georgia Purchasing Policies and Procedures.

#### Procedures

**Establishing a Petty Cash Fund (excluding Research Participant Fund):**

To establish a Petty Cash or Change Fund, a requesting department must complete and submit to Bursar and Treasury Services the Application for Petty Cash or Change Fund form and a letter of explanation addressing the need for the fund, including an analysis justifying the dollar amount requested and the anticipated date of closure. Upon approval, Bursar and Treasury Services will prepare a check payable to the petty cash or change fund custodian. This initial issue is not charged to your departmental account, but is maintained as part of the overall petty cash account of Bursar and Treasury Services. The entire fund must be accounted for at all times in one or more of the following formats:

- Cash
- Authorized receipts of purchases

*The custodian must be a full-time employee of the University of Georgia. The custodian must accept personal responsibility for the safety, proper usage, and return of the funds entrusted. In rare circumstances the actual handling of the funds may be delegated, but the responsibility of the funds remains with the custodian.*

Due to separation of duties, each required signature on the application must come from a different individual in the following categories:

- Custodian
- Reconciler
- Director/Department Head
- Dean

The application must be completed in its entirety to be processed.

**Establishing a Research Participant Compensation Fund:**

To establish a Research Participant Fund, a requesting department must complete and submit to Bursar and Treasury Services the Application for Research Participant Compensation Fund form and a letter of explanation addressing the need for the fund, including an analysis justifying the dollar amount requested. Upon approval, Bursar
and Treasury Services will make arrangements to prepare a check payable to the custodian or order the appropriate number of gift cards. This initial issue is not charged to your departmental account, but is maintained as part of the overall petty cash account of Bursar and Treasury Services. The entire fund must be accounted for at all times in one or more of the following formats:

- Cash
- Gift cards
- Authorized receipts of purchases
- Signed participant log

A custodian must be a full-time employee of the University of Georgia. The custodian must accept personal responsibility for the safety, proper usage, and return of the funds entrusted. In rare circumstances the actual handling of the funds may be delegated, but the responsibility of the funds remains with the custodian.

Due to separation of duties, each required signature on the application must come from a different individual in the following categories:

- Custodian
- Reconciler
- Director/Department Head
- Dean

The application must be completed in its entirety to be processed.

**Operating a Fund**

**Custodian Responsibilities:**

- The custodian of the fund is fully responsible for the safekeeping of the fund and for its proper usage. The custodian must exercise caution in the administration and protection of the fund in his/her position.
- Access to the fund should be limited to the custodian or the person(s) that the custodian has designated as an authorized user of these funds.
- Petty cash funds must not be commingled with any other funds (including but not limited to personal funds) or used for any purpose than requested on the application.
- Any discrepancies in the fund are the responsibility of the custodian and/or the Dean, Director, or Department Head that approved the request.
- It is the responsibility of the custodian to follow current University policies and procedures in maintaining the petty cash fund.
- If the funds are not maintained in an approved bank account, the funds should be in a locked office safe, file safe, or reinforced lockable file or desk with padlock that secures all drawers at all times, and the key should be kept in the custodian's possession. At no time should the funds be left in unlocked desk drawers or cabinets.
- Receipts should be logged and maintained as the expenses occur. Receipts should be submitted to Accounts Payable in a timely manner. When submitting expenses for reimbursement using the Financial Management Systems process [Creating A Payment Request](#), please be aware that the Supplier ID name on the payment request should be listed ‘Your Name, Petty Cash’ or ‘Your Name, Change Fund’
- Reimbursement checks received (or ACH transactions to petty cash account) are used to replenish the petty cash fund. This avoids the need to request additional amounts from Bursar and Treasury Services. Excess funds should be returned to Bursar and Treasury Services to reduce the outstanding balance.
- Loss or Theft of Funds: If a loss or theft occurs, such loss must be refunded to the University of Georgia. As the petty cash or change fund custodian is responsible for the safeguarding of these funds, loss from negligence will be the custodian’s personal responsibility.
- Overdraft fees are the sole responsibility of the petty cash custodian and may not be submitted for reimbursement. Also, if overdraft fees are incurred the petty cash account will be closed by Bursar and Treasury Services immediately.
- Any overage and shortage should be reported to Bursar and Treasury Services immediately.
• All petty cash expenses, where funding account ends at June 30, must be reimbursed within the same fiscal year-end.

Reconciling a Fund

Reconciler Responsibilities:

• An internal departmental monthly reconciliation is required for all petty cash and change fund accounts. These reconciliations should be independently reviewed within the responsible department. Both reconciler and reviewer should sign off on the reconciliation.
• The total of all paid receipts, reimbursements in transit and cash on hand must agree with the authorized amount of the funds at all times.
• Signed reconciliations are required to be turned into Bursar and Treasury Services two times per year (December and June for petty cash funds and March and October for change funds) although upon the request of Bursar and Treasury Services, Fiscal Compliance Office and/or Internal Audit Division, they may be requested throughout the year. Copies of bank statements, if applicable, will be required to be submitted along with the reconciliation. These reconciliations should be independently reviewed and signed off by the reconciler, custodian, and the appropriate Department Head/Director.
• It is recommended that the appropriate reconciliation form be used in the reconciling process.

Approved Bank Accounts

In special circumstances, a petty cash account may require its own bank account. Bursar and Treasury Services must approve for the custodians to hold the funds in a bank account. Upon approval, Bursar and Treasury Services will work with the custodians to set up the account with the bank the University of Georgia has contracted for services. The approval process to open these accounts begins with Bursar and Treasury Services.

• If a department is requesting a bank account at the time they are requesting new petty cash, please note on the application that this is being requested. If any of the signers on the account need access to a debit card, this needs to be requested at the time of application.
• If adjustments need to be made to an existing bank account, please complete and submit the Request to Add or Remove Authorized Signers form to Bursar and Treasury Services. If a new authorized signer needs access to a debit card, please note that on the request form.

Direct Deposit of Petty Cash - Direct deposit of petty cash reimbursements is an option for petty cash accounts with a bank account. Should you want to utilize this option, please email Bursar & Treasury Services. Such communication will be kept with your application file.

Modifying a Fund

• Change of custodian
  o When requesting a change of custodian for petty cash or change fund, departments must complete the Petty Cash or Change Fund Change of Custodian form in its entirety and submit it to Bursar and Treasury Services. In addition to this form, a reconciliation of the fund must be provided.
  o Once approved, Bursar and Treasury Services will modify the petty cash or change fund to reflect this change.
  o Changes to authorized signers on petty cash bank accounts, if applicable, will need to be modified using the Request to Add or Remove Authorized Signers form.
• Request for increase in fund
  o To increase a petty cash fund a new Application for Petty Cash or Change Fund must be completed and submitted to Bursar and Treasury Services along with a letter of explanation addressing the need for the increase in the fund, including an analysis justifying the dollar amount requested.
• Request for an extension of fund
  o In the event that the dates of research for a study are modified, the Petty Cash Deadline Extension Request form must be completed and submitted to Bursar and Treasury Services along with a letter of explanation addressing the need for an extension of the fund. Extensions may be approved
when there is sufficient documentation supporting a change made to the original research dates and applicable funding sources.

**Closing a Fund**

The custodian should fully reimburse the fund by submitting all receipts to Accounts Payable for reimbursement in the Financial Management System using the process [Creating a Payment Request](#). Excess funds need to be returned directly to Bursar and Treasury Services. All funds should be closed out within 45 days of a study or program ending.

For funds with an approved bank account - Once the research study or the study abroad trip is complete, a balance of $50.00 will be kept in the bank account to maintain an open status with the bank. If the bank account is not used within one year, the bank account will need to be closed. All reconciliation procedures will still apply.

**Audit of a Fund**

All petty cash or change funds are subject to unannounced audits and/or cash counts by Bursar and Treasury Services, Fiscal Compliance Office and/or Internal Audit Division. At the time of the audit, custodians must provide a full accounting of the fund.

**Misuse of Petty Cash Funds**

Petty cash funds must not be commingled with any other funds (including but not limited to personal funds) or used for any purpose other than requested on the application.

House Bill 1113 establishes that any person who uses resources or methods such as purchase orders, government contracts, or credit cards (P-Cards) for personal benefit will face civil and criminal penalties. Common examples of purchasing methods at UGA include, but are not limited to purchase orders, check requests, petty cash accounts/advances, government contracts, credit cards, charge cards, or debit cards. This also includes the submission of fraudulent requests for expense reimbursement. Any person, including but not limited to a supervisor, who knowingly assists another person in violating this law will be subject to the same criminal charges and penalties. There is no gray area under this new law, and thus, any misuse, including inadvertent use (such as mistakenly using Petty Cash for a personal purchase) constitutes a violation of HB 1113 and must be reported.

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**Forms/Instructions**

- [Application for Petty Cash or Change Funds](#)
- [Application for Research Participant Compensation Fund](#)
- [Petty Cash or Change Fund Change of Custodian](#)
- [Request to Add or Remove Authorized Signers](#)
- [Petty Cash Deadline Extension Request](#)
- [University of Georgia Petty Cash Fund Reconciliation (with UGA approved Bank Account)](#)
- [University of Georgia Petty Cash Fund Reconciliation (No Bank Account)](#)
- [University of Georgia Change Fund Reconciliation Form](#)
- [Creating A Payment Request](#)

**Additional contacts**

Tiffany Payne, Senior Operations Specialist

tepayne@uga.edu

(706) 542-6047
Policy definitions

Change Fund: Established for the sole purpose of making change for customers. The authorized amount should not exceed what is needed to support required cash drawers.

General Petty Cash Fund: Established for departmental use for emergency purchases where alternative means (e.g. Procurement Card) are not feasible. The authorized amount will be limited to one month's purchases.

Special Purpose Fund: Established for the purpose in the operation of research (research participation) or studies abroad program. The project must be one that due to the location or type of research the normal university purchasing procedures (e.g. Procurement Card, Purchase Request, or Check Request) cannot be used. The authorized amount will be limited to one month's transactions or in certain cases, the length of the program.

- Research Participant
- Studies Abroad or Field Study

Reconciler: An independent reviewer, other than the custodian of the fund, that is responsible for reviewing and signing off on the accuracy of reconciliations.

Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Associate Vice President and Controller

Policy Owner: Bursar and Treasury Services

Policy Contact: Lisa McCleary

Phone Number: 706-542-2727

Responsibilities: The custodian is responsible for the safekeeping and reconciling of the fund once approved by Bursar and Treasury Services. It is the responsibility of each department to ensure the reimbursements are processed and that the funds are repaid to Bursar and Treasury Services in a timely manner.

Record Retention

Description: The composition of a Petty Cash Fund usually includes but is not limited to cash, petty cash vouchers representing disbursements from the funds, and recipient signed receipts acknowledging receipt of funds and checks.

Retention: 5 years, BOR 0472-03-001

Related information

http://busfin.uga.edu/bursar/bursar_forms/

Credit/Debit Cards | Short-Term Investments

Policy Dates

Effective Date:

Date Last Updated: 06/27/2018

Date of Last Review:

Date of Approval:

Previous Version of Policy: