



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

To provide direction on petty cash and change funds, and to clarify appropriate uses and oversight of such funds.

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: Petty Cash/ Change 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, Change Fund or Research Compensation Fund](#) form and a letter of explanation addressing the need for the fund, including an analysis justifying the dollar amount requested, the anticipated date of closure, and any other UGA employees that will have access to use the fund. 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 University (institutional) petty cash account. The entire Petty Cash or Change Fund authorized to the custodian 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 certain circumstances, the actual handling of the funds may be delegated to another UGA employee, but the responsibility of the funds remains with the custodian (this delegation is subject to review and approval by Bursar and Treasury Services). Anyone handling petty cash and/or change funds is considered to be in a "position of trust" and must follow Human Resources policy 3.2.3 for background and credit check requirements.

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

- Custodian
- Reconciler (may not be the custodian of any petty cash account or have any access to the funds except during the reconciliation process)
- Director/Department Head
- Chief Business Officer (if request is less than \$10,000) or Dean/Vice President (if request is above \$10,000 or provides funds in excess of \$10,000 for multiple requests to one custodian)

*Note: All study away applications must also be reviewed by the International Finance Office in the Office of Global Engagement prior to submission to Bursar and Treasury Services.

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

Research Participant Compensation Fund:

To establish a Research Participant Fund, which is a Petty Cash fund, a requesting department must complete and submit to Bursar and Treasury Services the [Application for Petty Cash, Change Fund or Research Compensation Fund](#) and letter of explanation addressing the need for the fund, including an analysis justifying the dollar amount requested, the anticipated date of closure, and any other UGA employees that will have access to use the fund. Upon approval, Bursar and Treasury Services will make arrangements to prepare a check payable to the custodian or order the appropriate number gift cards. Gift cards refer to a prepaid stored-value money card, usually issued by a retailer or bank, to be used as an alternative to cash for purchases within a particular store or related businesses. These gift cards can be given to research participants in exchange for their participation as approved by the affiliated grant.

Designated amounts per gift card are determined by the principal investigator and grant.

This initial issue is not charged to your departmental account, but is maintained as part of the overall University (institutional) petty cash account. The entire fund authorized to the custodian 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

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 certain circumstances, the actual handling of the funds may be delegated to another UGA employee, but the responsibility of the funds remains with the custodian (this delegation is subject to review and approval by Bursar and Treasury Services). Anyone handling petty cash and/or change funds is considered to be in a "position of trust" and must follow Human Resources policy 3.2.3 for background and credit check requirements.

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

- Custodian
- Reconciler (may not be the custodian of any petty cash account)
- Director/Department Head
- Chief Business Officer (if request is less than \$10,000) or Dean/Vice President (if request is above \$10,000 or provides funds in excess of \$10,000 for multiple requests to one custodian)

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

Operating and Managing a Fund

Custodian Responsibilities:

- The custodian is fully responsible for the safekeeping of the entire fund and for its proper usage. The custodian must exercise caution in the administration and protection of the fund in his/her possession.
- 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. Authorized users must be employees of the University of Georgia and custodians should maintain a current list of those authorized users. This designation should be limited and have Chief Business Officer approval prior to initiating. Designated individual must not be custodians or reconciler of any other account. Any exceptions must be submitted in writing and approved by Bursar and Treasury Services. Anyone handling petty cash and/or change funds is considered to be in a "position of trust" and must follow Human Resources policy 3.2.3 for background and credit check requirements.
- Petty cash funds must not be commingled with any other funds (including but not limited to personal funds) or used for any purpose than described on the application.
- Any discrepancies in the fund are the responsibility of the custodian and/or the Dean/Vice President/Chief Business Officer or Director/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 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 or disbursements to participants should be logged and maintained as the expenses occur. Receipts should be submitted on a payment request in the Financial Management System 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', 'Your Name, Change Fund', or 'Your Name, Gift Cards', depending on which type of fund you are utilizing.
- 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. Excess funds should be returned to Bursar and Treasury Services to reduce the outstanding balance.
- Any overage and shortage should be reported to Bursar and Treasury Services immediately.
- Loss or Theft of Funds: If a loss or theft occurs, notify Bursar and Treasury Services immediately. This includes any suspicious activity associated with a petty cash account.
- Losses 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.
- Bank overdraft fees are the sole responsibility of the petty cash custodian and may not be submitted for reimbursement. Also, if excessive overdraft fees are incurred the petty cash account will be closed by Bursar and Treasury Services immediately.
- All petty cash expenses funded by a source that ends on June 30, must be reimbursed within the same fiscal year-end in order to use the same funding source.

Reconciling a Fund

Reconciler Responsibilities:

- An internal departmental monthly reconciliation is required for all fund types. These reconciliations should be independently reviewed within the responsible department. Both reconciler and reviewer should sign off on the reconciliation. All bank reconciliations must be completed in accordance with Finance and Administration Policy 1.1 Financial Review and Analysis.
- Reconciler should not have access to the funds or handling of funds except during the reconciliation process.
- The total of all paid receipts, disbursements to participants, reimbursements in transit and cash and/or gift cards 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/research participant compensation funds and March and October for change funds). Upon the request of Bursar and Treasury Services and/or Internal Audit Division, reconciliations 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. Bursar and Treasury Services will notify Chief Business Officers of the fund accounts and balances from their respected area during these required months. Any unresponsive reconciliation requests will be sent to the CBO of the respected area for assistance and awareness.
- It is recommended that the appropriate reconciliation form be used in the reconciling process.
 - [University of Georgia Gift Card Reconciliation Form](#)
 - [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](#)

Approved Bank Accounts

In certain circumstances, a petty cash account may require its own bank account. Any reoccurring program requesting a custodial responsibility of \$2,500.00 or more on one application, or for total funds entrusted to custodian on multiple applications, will be required to request a UGA bank account through Bursar and Treasury Services. Each additional request or multiple activity requests will be assessed on a case-by-case basis for a UGA bank account by Bursar and Treasury Services. Upon approval, Bursar and Treasury Services will work with the custodian to set up the account with the University's authorized bank. The approval process to open these accounts begins with Bursar and Treasury Services.

Bank account creations and modifications can take up to two months, as all UGA bank accounts require approval institutionally and by the University System of Georgia per policy 7.5.1. This timeframe should be considered when requesting a petty cash account which may require establishment of a bank account. When requesting a bank account, please specify the custodian as signer on the account and if a debit card will be required on the account for the custodian. The custodian/authorized signer must be a current fulltime UGA employee.

Any exceptions must be submitted in writing and approved by Bursar and Treasury Services.

- If adjustments need to be made to who is an authorized signer on 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 notate that on the request form.

Online “view only” access to bank accounts will be granted to the custodian and reconciler of petty cash accounts using a bank account. Bank statements will not be mailed and can only be accessed via the banking portal which will be provided when access is provisioned. Any transactional adjustments or questions must still be sent to Bursar and Treasury Services

Any change requests needed for the account to include but are not limited to email change, check limit increase, stop payments, and concerns with online banking should be routed to the Bursar’s office. Wells Fargo will not complete any changes requested by a custodian or reconciler.

The direct deposit of petty cash reimbursements, in place of a paper reimbursement check, is a recommended option for petty cash accounts using a bank account. To request this option, please email Bursar & Treasury Services at bursar@uga.edu. Such communication will be maintained with your application file.

Any activity utilizing a Non-Wells Fargo ATM and/or international transactions will incur processing fees. These fees should be included in the reimbursement process as a cost to the program or project.

Authorized signers must work with Accounts Payable to adhere to UGA's [17.2 1099 Reporting Policy](#) for non-employee compensation, rents, royalties, and certain other vendor payments to the Internal Revenue Service. The Accounts Payable office is responsible for issuing all Forms 1099 on behalf of the University of Georgia. Signers should contact Accounts Payable to disclose any 1099 reportable payments for the previous calendar year by January 15th of the following year.

Modifying a Fund

- Transfer of custodian and/or reconciler
 - When requesting a transfer of custodian and/or reconciler for petty cash or change fund, departments must complete the [Transfer of Custodian or Reconciler for Petty Cash and/or Change Fund](#) 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.
 - Once approved, Bursar and Treasury Services will modify the petty cash or change fund to reflect this change.
 - 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
 - To increase a petty cash fund a new [Application for Petty Cash, Change Fund or Research Compensation 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
 - 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.

- Reducing a fund
 - Receipts should be submitted on a payment request in the Financial Management System. 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', 'Your Name, Change Fund', or 'Your Name, Gift Cards', depending on which type of fund you are utilizing. The accounting detail for this request would be that of expense account associated to the project or department expense account.
 - Any excess cash and/or Wal-Mart gift cards (bought from Bursar and Treasury Services) should be returned directly to Bursar and Treasury Services.

Closing a Fund

The custodian should fully reimburse the fund by submitting all receipts for reimbursement in the Financial Management System using the process [Creating a Payment Request](#). 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', 'Your Name, Change Fund', or 'Your Name, Gift Cards', depending on which type of fund you are utilizing. All remaining cash and/or Wal-Mart gift cards (initially purchased from Bursar and Treasury Services) should be returned directly to Bursar and Treasury Services. All funds should be closed out within 45 days of a study or program ending.

For reoccurring programs with funds with an approved bank account, once the program is complete for the year, 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 cycle of the program, the bank account will need to be closed. Even when the program is not running, all bank reconciliations must be completed in accordance with Finance and Administration Policy 1.1 Financial Review and Analysis.

Audit of a Fund

All petty cash and change funds are subject to unannounced audits and/or cash counts by Bursar and Treasury Services 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 than described on the application(s).

Official Code of Georgia Annotated (O.C.G.A.), sections 50-5-50 through 50-5-81 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, payment 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 law, and thus, any misuse, including inadvertent use (such as mistakenly using Petty Cash for a personal purchase) constitutes a violation of such law and must be reported.

Forms/Instructions

[Application for Petty Cash, Change Funds or Research Compensation Fund](#)

[Transfer of Custodian or Reconciler for Petty Cash and/or Change Fund](#)

[Request to Add or Remove Authorized Signers](#)

[Petty Cash Deadline Extension Request](#)

[University of Georgia Gift Card Reconciliation Form](#)

[University of Georgia Petty Cash Fund Reconciliation \(with UGA approved BankAccount\)](#)

[University of Georgia Petty Cash Fund Reconciliation \(No Bank Account\)](#)

[University of Georgia Change Fund Reconciliation Form](#)

[Petty Cash Purchases](#)

[Creating A Payment Request](#)

[17.2 1099 Reporting Policy](#)

Additional contacts

Debora "Casey" Chitwood, Senior Operations
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(706) 542-6047

Policy definitions

Fund: A sum of money or other resources set aside for a specific purpose. Different established funds can be in the form of petty cash, research participant compensation, and/or change funds.

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.

Gift Cards: Gift cards refer to a prepaid stored-value money **card**, usually issued by a retailer or bank, to be used as an alternative to cash for purchases within a particular store or related businesses. These gift cards can be given to research participants in exchange for their participation as approved by the affiliated grant. Designated amounts per gift card are determined by the principal investigator and grant.

Research Participant Compensation Fund: Established for the purpose in the operation of a research study to compensate research participants. 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 Payment Request) cannot be used.

Special Purpose Fund: Established for short term needs. The project or program must be one that due to the location or type of need, the normal university purchasing procedures (e.g. Procurement Card, Purchase Request, or Payment Request) cannot be used.

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

Authorized Signer: An individual on a bank account that has the authority to spend funds from the account and verify the account balance. In order for an employee to have access to a debit card, they must be an authorized signer on the bank account.

Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Associate Vice President – Finance Division

Policy Owner: Bursar and Treasury Services

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

[3.2.3 Background Investigations](#)

[Reconciliation Procedures](#)

[1. Petty Cash Purchases](#)

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[3.2.13 Background Checks of Supplier and Contractor Employees](#)

[3.1.4 Research Participants](#)

Policy Dates

Effective Date: 1/11/2021

Date Last Updated: 12/16/2021

Date of Last Review: 12/16/2021

Date of Approval:

Previous Version of Policy: Added
requirement for 1099 reporting