Petty Cash and Change Fund

Policy Statement
A petty cash fund is established through an advance of funds by the Bursar and Treasury Services. Departments can seek approval to establish a petty cash fund to manage 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 the Bursar and Treasury Services to make 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 while ensuring compliance with all state, Federal, and BOR requirements.

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, the Bursar and Treasury Services will prepare an ACH payment to a designated Wells Fargo account or an Accounts Payable check for a Change Fund account request. 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 always accounted for in one or more of the following formats:

- Funds on hand
- 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 the Bursar and Treasury Services). Anyone handling petty cash and/or change funds is in a “position of trust” and must follow applicable Human Resource policy.

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

Custodian (may not be a reconciler of any other petty cash account)

Reconciler (may not be the custodian of any petty cash account or have any access to the funds except during the reconciliation process)
Direction/Department Head

Chief Business Officer (if the request is less than $10,000)

Dean/Vice President (if the request is above $10,000 or provides funds more than $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 before submission to Bursar and Treasury Services.

*Note: All field study applications must be reviewed by the OVPI Finance office before submission to Bursar and Treasury Services.

*Note: Payments to or on behalf of Foreign Nationals may be subject to federal tax withholding and reporting. This includes gift cards and per diem payments. Further information may be required for these payments by contacting Susan Caldwell (susanc@uga.edu) before submitting a Petty Cash application.

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

Research Participant Compensation Fund/Human Subject Participants:

To establish a Research Participant Compensation Fund, which is considered a Petty Cash fund, a requesting department must complete and submit to the Bursar and Treasury Services an Application for Petty Cash, Change Fund or Research Compensation Fund 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 UGA employees who will have access to the funds.

Please refer to the ClinCard Policy for requirements and procedures for that specific payment method.

Approved Payment Methods for all Research Participant Compensation Funds:

A. Payment via UGA ClinCard (prepaid VISA debit card) Follow ClinCard Policy and Procedures

B. Payment via Accounts Payable Check (payable to each participant registered)

C. Payment via non-monetary item (Please refer to UGA Compensation of Research Subjects)

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 UGA employee, 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 the Chief Business Officer's approval before initiation. Designated individuals must not be custodians or reconcilers of any other account. Any exceptions must be submitted in writing and approved by the Bursar and Treasury Services. Anyone handling petty cash and/or change funds is considered a "position of trust" and must follow applicable Human Resources policy.

Petty cash funds must not be commingled with non-petty cash funds (including personal funds) or used for any purpose outside that 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.
• Receipt requirements and guidelines can be located within the Accounts Payable Policies. 
  University of Georgia Finance & Administration Policies
• The custodian is responsible for following current University policies and procedures in maintaining the petty cash fund.
• If the funds are not maintained in an approved bank account, they should be in a locked office safe or desk with a padlock that always secures all drawers, and the key should be kept in the custodian’s possession. Funds should never be left in unlocked desk drawers or cabinets.
• Any Petty Cash/Change Fund where cash is kept on premises should include internal departmental cash handling procedures that address security safety situations and responses. These procedures should be reviewed with the University of Georgia Police Department to ensure adequate coverage and training upon completion and in regular intervals as directed by UGA Police.
• 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 promptly. 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 as ‘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 the 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 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 the 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 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 department responsible. Both the reconciler and reviewer should sign off on the reconciliation. All bank reconciliations must be completed per Finance and Administration Policy Financial Review and Analysis.

A reconciler should not have access to the funds or handling of funds except during the reconciliation process.

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.

Signed reconciliations must be turned into Bursar and Treasury Services twice per year (March and October for all accounts).

Upon the request of the Bursar and Treasury Services and/or Internal Audit Division, reconciliations may be requested throughout the year. Copies of bank statements, if applicable, must 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
Effective 2024, new banking regulation requirements for bank accounts require applicable adjustments.

If adjustments need to be made to an authorized signer on an existing bank account, please contact Bursar and Treasury Services.

Effective 2024, new banking regulation requirements for bank accounts require in-person forms and communications to make changes.

Approved Bank Accounts:

UGA will no longer be issuing bank accounts to be used for any participant payments. Please refer to the ClinCard Policy for assistance with these types of requests.

Effective November 2023, any bank account approved will require the signature authority requesting debit card issuance to present identification and personally identifiable information (PII) in person at the Bursar and Treasury Services departmental office. This information includes Date of Birth, SSN, address, and two approved forms of identification. These requirements are part of federal banking regulations.

In certain circumstances, a petty cash account may require a bank account. Any recurring program requesting a custodial responsibility of more than $2,500.00 on one application, or for total funds entrusted to a custodian on multiple applications, will be required to request a UGA bank account through Bursar and Treasury Services unless Bursar and Treasury Services provides other direction. Each additional request, or multiple requests, will be assessed on a case-by-case basis for a UGA bank account by the 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. At no time should anyone outside of the Bursar and Treasury Services department request changes or modifications to any UGA Petty Cash bank account.

Bank account creations and modifications can take up to three (3) months, as all UGA bank accounts require approval institutionally and by the University System of Georgia per policy 7.5.1. This time should be considered when requesting a petty cash account which may require the establishment of a bank account. When requesting a bank account, please specify the custodian as the 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 full-time UGA employee.

All monies funded to a Wells Fargo petty cash bank account should remain in the account only to be withdrawn in small increments as needed. Under no circumstances should a Wells Fargo petty cash account be completely withdrawn of funds, especially in instances of travel. The establishment of a petty cash bank account is to ensure the safety of UGA employees and the security of funds. All accounts will be subject to periodic reviews in addition to the required reconciliations. Any account found operating outside of UGA policy will be subject to immediate closure.

Traveling with large sums of cash is subject to confiscation at the discretion of authorities.

Custodians are responsible for any funds confiscated, lost, and/or stolen.

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

If adjustments need to be made to an authorized signer on an existing bank account, please contact Bursar and Treasury Services.

Effective 2024, new banking regulation requirements for bank accounts require in-person forms and communications to make changes.

Approved Bank Accounts:

- 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
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 be sent to the 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 required option for petty cash accounts using a bank account.

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 1099 Reporting Policy.

Modifying a Fund:

Transfer of custodian and/or reconciler, request for change in the fund, and/or request for extension of close out date should complete the necessary selections in the Application for Petty Cash, Change Funds, and Research compensation Form.

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 System 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 an expense account associated with 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 of 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 as ‘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. All accounts with a Wells Fargo bank account must send an email to the Bursar’s office to say that the account is ready for closure.

Foreign currency should always be exchanged before returning to the US and all Petty Cash accounts must be closed out in full upon the closeout date requirement. Funds cannot be rolled from one year to the next or one program to the next.

For recurring programs with funds from 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, it must be closed. Even when the program is not running, all bank reconciliations must be completed by 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 funds.

Misuse of Petty Cash Funds:

Petty cash funds must not be combined with any other funds (including personal funds) or used for any purpose other 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 purchase orders, payment requests, petty cash accounts/advances, government contracts, cards, charge cards, or debit cards. This also includes the submission of fraudulent requests for expense reimbursement. Anyone, including 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 Bank Account)
University of Georgia Petty Cash Fund Reconciliation (No Bank Account)

Additional Contacts

pettycash@uga.edu

Definitions

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

Change Fund: Established for the sole purpose of change for customer purchases and payments. 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.
**Research Participant Compensation Fund**: Established for the purpose of the operation of a research study to compensate research participants.

**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, which 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. 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  
**Policy Contact**: pettycash@uga.edu  
**Phone Number**: 706-542-2965

---

**Record Retention**

**Citation or Reference**: USG Records Retention Schedules  
**Number**: 0472-03-001  
This series includes bank statements, purchase requests, purchase orders, requisitions, financial reports, accounts payable and receivable records, write-off records, discrepancy, payment schedules, operating statements, year-end projections, reconciliation and expenditure reports, cancelled checks, check stubs, moving expenses records, cost accounting reports, refund/dischursement request records, returned checks, deposit slips, travel records, credit voucher requisition records, cash balances and reconciliations, sales and cash reconciliation records, journal entries, outstanding obligations, refund/disbursement requests, receipts, and invoices. For expenditures processed with grant funding, all documentation should be retained for the life of the grant.

**Retention**: Final research report: PERMANENT; All other records: 7 years after the end of the grant period.  
**Retention**: Monthly and quarterly reports: 1 year; All other records: 5 years.

---

**Appendices**

**FAQs**

**Related information**

---

**Policy Dates**

**Effective Date**: 01/01/2024  
**Date of Last Review/Update**: 11/17/2023  
**Previous Version of Policy**: Contact Policy Owner for previous versions of this policy.