



Policy Number:	2.025
Originating Office:	Financial Affairs
Responsible Executive:	Vice President for Financial Affairs
Date Issued:	12/12/2011
Date Last Revised:	12/12/2011

Petty Cash

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I. REASON FOR THIS POLICY

Establish guidelines for petty cash funds held within departments across the University of South Dakota (USD) campus.

II. STATEMENT OF POLICY

In general, establishment of petty cash funds within departments is discouraged. However, there are cases where a petty cash fund is necessary to the efficient and effective functioning of the department.

Written approval from the department Dean and the USD Comptroller is required to establish a petty cash fund. The department Dean must document justification for the fund and retain this documentation and approval on file in the department.

Petty cash funds should be used for the purpose of money exchange only and should not be used for purchases of any kind. Reimbursement for incidental purchases should instead be requested from the Permanent Incidental Fund.

Once a petty cash fund has been established within a department, the department is responsible for appointing a custodian of the fund to monitor its use and replenishment. A custodian cannot appoint himself/herself. It will be the responsibility of the custodian to ensure the fund is being used properly and within the intended guidelines for which the fund was originally set up.

Physical security of all cash funds must be sufficient to reasonably minimize the risk of unauthorized access to the funds.

1. When not in use, the fund must be locked in a drawer, cabinet or safe acceptable to the University Accounting Office.
2. Possession of the key or knowledge of the combination must be limited to the custodian, with a duplicate secured in the office of the dean.
3. When in use, the fund must be accessed exclusively by the custodian.

All petty cash funds will be subject to audit by the Accounting office at least one time per year.

III. DEFINITIONS

PETTY CASH: A small amount of discretionary funds in the form of cash used for money exchange.

PETTY CASH CUSTODIAN: The employee in a department who has been authorized to make payments from a petty cash fund and who is directly responsible for the administration of the fund.

IV. PROCEDURES

Properly approved on-site petty cash funds must be established and maintained with the special controls as follows:

1. There must be a named custodian responsible for the fund. All transactions to remove or return cash must occur through this individual.
2. When the fund is used to establish multiple cash boxes for an event or activity, each time cash is removed from the fund or returned to it, a prenumbered receipt should be prepared and signed by the custodian and receiver of the cash. This procedure documents the transfer of accountability for the cash. These receipts must be used in sequence and retained as a record of activity in the fund. Alternatively, each removal or return of cash could be entered in a log and evidenced by the signatures of the custodian and receiving party.
3. The fund must be counted by an independent party monthly, accounting for all prenumbered receipts (if used), and that count must be documented in writing.

V. RELATED DOCUMENTS, FORMS AND TOOLS

Permanent Incidental Funds Policy 2.010 - <http://www.usd.edu/policies/>