

## **THE TEXAS A&M UNIVERSITY - COMMERCE**

### **PETTY CASH FUND PROCEDURES**

#### **GENERAL**

The Assistant Controller must grant approval to establish a new petty cash fund, or to increase an existing fund. A petty cash fund may be used to make change or pay for items which cannot be expeditiously handled through regular disbursement procedures. Petty cash funds may only be used for their designated purposes and may not be used to cash checks or make advances.

#### **ESTABLISHING THE FUND**

Submit an Authorization for Petty Cash Fund request through Laserfiche which will route through the Department Head to the Financial Services office, and includes the following:

- purpose for the fund,
- internal controls,
- security arrangements,
- physical location of the fund,
- account(s) to be used to replenish the fund,
- amount being requested with justification, and
- name of primary custodian.

Upon approval, the Financial Services office will prepare a voucher to generate the beginning or increased petty cash fund balance from the departmental working fund account. The resulting check will be given to a Financial Services staff member, who will take the check to the bank to obtain cash or will be sent with Noble Security. An authorized member of the requesting department must count and sign for the cash from the Financial Services office. The cash must be secure at all times.

#### **DISBURSEMENTS**

SAGO Rule 21.0103S1 “Disbursements from petty cash funds for goods and services are subject to the same certification, approval, and documentation requirements as disbursements made through regular voucher procedures.”

After the cash is spent, the original receipt from the transaction, plus any change remaining, should be placed into the cash box. At all times, the sum of the following should equal the total petty cash fund balance:

- Cash
- Receipts

Reimbursements to petty cash fund account shall be made as necessary to maintain the efficiency of the account. To reimburse the petty cash fund, receipts along with the petty cash slip should be submitted to Financial Services.

## **ACCOUNTABILITY FOR THE FUND**

1. Full accountability for the petty cash fund shall be maintained at all times by one primary custodian within the department or auxiliary unit. The primary custodian must ensure that the receipts, vouchers submitted for processing, and cash equal the current petty cash balance at all times.
2. The Financial Services department may make periodic audits of the petty cash fund.
3. At each fiscal year end, departments must provide copies of year-end reconciliations for the petty cash funds in their custody. The custodian is required to verify the petty cash balance and return the reconciliation to Financial Services by the 5<sup>th</sup> working day of each new fiscal year.
4. If the primary custodian changes, submit a Laserfiche form to confirm both the new and previous custodians have verified funds and receipts. The reconciliation of funds must also be submitted at this time.
5. Proper cash handling training and accounting procedures must be observed. Refer to System Regulation *21.01.02, Receipt, Custody and Deposit of Revenues*, for additional information on cash handling procedures.
6. Departments are responsible for maintaining the official records of the working funds they have been assigned. These records include:
  - a. An authorization for working funds used by the department. The fund must be approved by the Assistant Controller.
  - b. Records indicating who have been assigned custody of departmental working fund(s) and all other correspondence and documentation related to departmental cash handling and cash controls, including cash handling procedures.
  - c. Cash transfer logs, documenting all changes in custody of the working fund(s).
  - d. Internal records showing transaction flow (i.e., money in, money out), including copies of reimbursement vouchers with corresponding required documentation and reconciliation work papers.

## **CLOSING A PETTY CASH FUND**

When an existing petty cash fund is no longer needed, submit the following to the Financial Services office:

- Total cash balance of fund
- Laserfiche form to close the fund

All receipts must be submitted through Laserfiche for reimbursement. The petty cash fund must be returned in its entirety.