



Accounts Payable; MSN 3C1;
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Departmental Petty Cash Fund Procedures

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Petty Cash Fund Policy Statement

Petty cash funds are established to handle emergency purchases or utilized as a change fund for cash registers. Section 20330 of the Commonwealth Accounting Policies and Procedures (CAPP) Manual provides authority for the university to establish petty cash funds. Petty cash funds may not be established to circumvent the state purchasing guidelines. Petty cash funds must adhere to Commonwealth of Virginia policies and procedures. It is unlawful to misuse or abuse state funds. The university strongly encourages departments to consider obtaining the P-Card for small purchases of goods and services before requesting a petty cash fund.

Definitions

P-Card: Commonwealth of Virginia small purchase charge card program designed to assist departments in the acquisition of small dollar value goods and services.

Change fund: A specific amount of money placed in the custody of an individual for the purpose of maintaining a cash register. These change funds do not require replenishment; therefore, the amount on hand should remain constant at all times.

Custodian: An employee of the university responsible for maintaining the security, accountability, and replenishment of the petty cash fund.

Emergency purchases: Purchases of material, supplies, equipment, and services to meet needs requiring immediate payment that cannot be processed using the P-Card.

Expenditure fund: A supply of cash necessary to make immediate payments for the purchase of authorized items. This fund requires replenishment every month.

Petty Cash Officer: An accountant at the University who holds the position of Petty Cash Officer in the Purchasing and Accounts Payable department. This person has been given the authority to disburse petty cash and administer the fund according to the policies and procedures established by the Controller. This person is accountable for overseeing that the cash, receipts, and expenditures for all petty cash funds reconcile to the total authorized amount for the University as a whole. The Petty Cash Officer is a staff member of Accounts Payable, which is under the authority of the Associate Vice President and Controller. The Associate Vice President and Controller must approve issuance of all Petty Cash funds.

P-Card Purchasing Card

Departments should consider obtaining a P-Card prior to requesting a petty cash fund. The P-Card is a Commonwealth of Virginia program that allows departments to make purchases of goods and services within established dollar limits. Vendors that accept the card receive immediate payment. Departments using the P-Card in lieu of maintaining a petty cash fund will reduce cost, eliminate the risks associated with securing petty cash funds, and eliminate the paperwork required for reimbursements of petty cash funds. For additional information on the P-Card, please contact the Purchasing Department at 993-2580.

Establishing a Petty Cash Fund (Change or Expenditure)

Departments wishing to establish a Petty Cash fund should contact the Petty Cash Officer at 993-2580 to discuss its need for a Petty Cash Fund. Petty Cash Forms can be found at <http://fiscal.gmu.edu/forms/index.html>. The department should complete the **Petty Cash Request Form**. The form should be submitted along with a written request to Beth Brock, Associate Vice President and Controller, MSN 4B2. The written request should provide the following information:

1. The purpose of establishing a Petty Cash fund and reason why the P-Card will not meet departmental needs.
2. Expected frequency of use of the fund.
3. An indication of whether the fund is needed on a temporary basis or indefinitely. If the fund is to be temporary, indicate the anticipated date the fund will be returned.

After the request has been received and approved, the Petty Cash Officer will request a disbursement check made payable to the person listed as the custodian of the fund. When the check is ready, the Petty Cash Officer will contact the custodian. The custodian must pick up the check in person at the Petty Cash Office, Purchasing and Accounts Payable, Commerce I, Room 400. The custodian should bring a University photo ID. Upon receipt of the check, the custodian will sign a **Petty Cash Receipt of Funds and Certification of Responsibility**. The custodian may then cash the check and hold the funds in a secure location at the University.

Responsibilities of Custodian

The custodian's responsibilities are as follows:

- Maintaining accountability for the cash
- Performing periodic reconciliations of the fund
- Replenishing expenditure funds
- Securing the fund

Maintaining accountability and performing reconciliations

The amount received from the Petty Cash Officer should be verifiable at all times. All expenditures made from the fund should be recorded on the departmental Petty Cash Expenditure Log (PCLG). Custodians should verify and reconcile petty cash funds on a daily basis. The total of receipts and cash on hand, plus any pending reimbursement requests should equal the total authorized amount of the Petty Cash fund. Any discrepancies found must be reported immediately to the Petty Cash Officer. In addition, discrepancies due to theft must be reported to the University Police. The department is responsible for funding replacements of any petty cash fund shortages.

Replenishing Expenditure Funds

Reimbursements for expenditure funds should be requested as needed. The custodian must complete the **Petty Cash Reimbursement Request** form (PCRR), and sign, date, and attach all receipts to the request for reimbursement. The form should be submitted to the Petty Cash Officer, Accounts Payable, MSN 3C1. Allow three business days to process reimbursement requests.

Security of the Fund

The custodian **MUST** keep the Petty Cash fund in a secure location such as a locked drawer. The key to the drawer must remain in the custodian's possession at all times. Petty cash funds may not be placed in a bank account. Petty cash funds may not be used to cash checks. It is the direct responsibility of the custodian to ensure proper safeguards are established.

State Sales Tax Exemption

The University is exempt from paying Virginia sales tax on all purchases of goods and services except lodging and prepared food. Individuals purchasing goods or receiving services on behalf of the University should supply vendors with the University's sales tax exemption number (54-73-0076K). A copy of the **Sales and Use Tax Certificate of Exemption** is available from Purchasing and Accounts Payable (993-2580). The Petty Cash Officer cannot reimburse departments for unauthorized state sales tax paid from Petty Cash funds. The University's tax-exempt status does not apply to other taxes.

Unallowable Expenses

Petty cash funds may not be used for expenses that are prohibited by state rules. Commonwealth Accounting Policies and Procedures section 20310 lists the following as unallowable expenses:

- Subscriptions, except for bona fide business purposes, and not to exceed one year
- Cash advances
- Gifts or flowers
- Bottled water
- Coffee service, machines or supplies
- Alcoholic beverages
- Framing of award certificates
- Picture framing (unless the item remains the property of George Mason University)
- Books for classes (unless they remain the property of George Mason University)
- Snacks for employees
- Retirement parties or employee going-away parties
- Group luncheons for employees
- Holiday cards or decorations
- Non-business related newspapers or magazines
- Charitable contributions
- Replacement of stolen or lost employee personal articles
- Personal items for employees
- Employee clothing (non-uniform)

Petty Cash funds may not be used to purchase food and beverages. These purchases must be made using the Food and Beverages Authorization forms which require advance approval from specified officials. See University Policy Number 2102 “Food and Beverages Expenditures” at <http://www.gmu.edu/facstaff/policy/newpolicy/2102adm.html> Food and Beverages Authorization forms are available via the Fiscal Services web site at <http://fiscal.gmu.edu/index.html>

Review of Petty Cash Fund Usage

Upon receipt of a reimbursement request, the Petty Cash Officer will review the receipts for propriety and compliance with state and University regulations. If it appears the fund is being used improperly, the Petty Cash Officer will refer the matter to the Associate Vice President and Controller, who has the authority to recall the fund.

The Petty Cash Officer will periodically review each petty cash fund for the frequency of its activity. Petty cash funds that do not generate enough activity to replenish themselves on a monthly basis may be recalled or reduced.

Increase/Decrease/Return

A Custodian may request an increase to a petty cash fund. The custodian should complete the **Petty Cash Request Form** Section B titled Changes, indicate the amount of the requested increase, and provide justification for the increase. The request for increase will be submitted to the Associate Vice President and Controller for approval. If approved the custodian will be notified by the Petty Cash Officer, and must pick up the check in person and sign the **Petty Cash Receipt of Funds and Certification of Responsibility** form.

A custodian may decrease or return a petty cash fund by depositing the amount on a Cash Receipt form to 18213-13136 Bank #5. The custodian should complete the **Petty Cash Request Form** Section B titled Changes (for a decrease) or Section C titled Close Account (to return entire fund) and attach a copy of the Cash Receipt form for funds deposited. The forms should be sent to the Petty Cash Officer.

Change of Responsibility

A custodian who is leaving the University or who needs to transfer responsibility for a petty cash fund to another custodian for any reason must perform a final petty cash count and complete the **Petty Cash Request Form** Section B titled Changes. The form should be signed by the departing custodian's supervisor and by the new custodian. Signing the form signifies verification of the amount and documents the change in custodianship in the University's records. The form must be sent to the Petty Cash Officer. Responsibility for petty cash funds may not be transferred to another employee without notification to the Petty Cash Officer and proper completion of the required documentation. The Petty Cash Officer will ask the new custodian to sign a **Petty Cash Receipt of Funds and Certification of Responsibility** form.

Periodic Petty Cash Reviews

All petty cash funds are subject to unannounced periodic petty cash counts by Fiscal Services or Internal Audit. Custodians are expected to have the petty cash fund available at all times. These periodic reviews are performed to determine whether the department is in compliance with the University's petty cash rules and regulations. The review will be performed with the custodian present. When a representative of Fiscal Services or Internal Audit arrives for a review, the custodian should request to see proper University identification. Custodians should contact the Petty Cash Officer for verification if the reviewer does not have proper photo identification.