



Business Office

Petty Cash Procedures

Policy Statement

This policy establishes the proper uses and administration of petty cash funds. When other disbursement methods cannot be used, petty cash funds can provide cash to local units to cover minor expenses, such as reimbursement of staff members and visitors for small expenses such as taxi fares, postage, office supplies, generally not to exceed \$50; petty cash may also be used for human subject payments of \$100 or less. The College requires each petty cash fund to have an approved Custodian, who documents expenditures, keeps receipts, and safeguards the funds. Wherever possible, local units should use other disbursement methods (i.e., check requests or Purchasing Cards) instead of petty cash.

Reason for Policy

Petty cash funds provide a convenient way to pay for small expenses, but keeping cash in any office entails risk of misuse or theft. This policy provides procedures designed to mitigate these risks.

Procedures

1. **Understand appropriate uses of petty cash.** Petty Cash is usually the mechanism of last resort to access cash for payments, when other disbursement methods are impractical or cannot be used. Petty cash funds must not to be used as an operating fund, i.e., to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans..
 1. Business units should evaluate their business needs and limit the petty cash account to the lowest amount that will meet those needs. *Generally*, Centenary College of Louisiana recommends that the balance of a petty cash account used for minor office expenses should not exceed \$500; petty cash funds used for human subject payments or other unique programmatic purposes may be higher depending on a department's specific needs, subject to Business Office approval.
2. **Designate a petty cash fund Custodian.**
 1. Each fund must have a Custodian approved by the Business Manager. New Custodians and changes of Custodians must be documented on a Petty Cash Request Form and approved by the Business Manager.
 2. Custodians must be Centenary employees.
3. **Establish the petty cash account.**

1. To establish a petty cash account, departments must submit a Check Request From signed by the Business Manager. Departments should attach the signed Check Request form and supporting documentation.
2. Centenary College of Louisiana Accounts Payable cuts checks to designated Custodians upon receipt of a Check Request with supporting documentation signed by the Business Manager. The check request is cut in the standard AP check process and is delivered by mail services to the Custodian's departmental address.
4. **Safeguard the cash.**
 1. Keep petty cash funds in a secure area such as a locked drawer or small safe.
 2. Ensure segregation of duties. Custodians should not self-approve replenishments or other changes to the petty cash account.
 3. Reconcile the log of petty cash expenses to the amount in the cash box at least quarterly, or monthly if the petty cash account is associated with sponsored funds.
 4. In the event of theft, the Custodian should notify his/her immediate superior as well as Centenary's Department of Public Safety.
5. **Document expenditures and replenish funds.**
 1. The local business unit Custodian is responsible for maintaining:
 2. A log of expenses on a Petty Cash Reconciliation and Request for Replenishment Form
 3. Receipts for each transaction, which may be subject to review by the Business Office.
 4. The Custodian is responsible for replenishing the account when a petty cash fund runs low. Replenishment with submission of receipts will be done at least quarterly. The Business Office staff will collect receipts and excessive funds during their quarterly count. If sponsored funds have been used, replenishment must be done monthly.
 5. When petty cash funds are replenished, the total of the replenishment form cannot exceed the full balance of the fund.
6. **Evaluate need for petty cash account annually.** At least once per year, departments must re-examine whether the petty cash account is still required to meet the department's business needs, or if alternative disbursement methods could suffice. Petty cash funds should be active. Inactive funds should be terminated by local units. Funds are considered inactive if they have no activity during a fiscal year.