



## **Petty Cash Policy Overview**

Vice Presidents and Deans shall determine the number of petty cash accounts required for their respective areas. All petty cash accounts are to be established through the Business Office.

Petty cash accounts for purchases are controlled and accounted for as imprest funds. The total value of the account consists of:

- Cash
- Checks
- Temporary petty cash voucher(s)
- Other vouchers (representing disbursements from the account) should always equal the established total value of the account

### **Custody of the Account**

Petty cash accounts for purchases must be authorized with a specific person named as custodian (e.g., Jane Doe – Petty Cash custodian). Reimbursement to restore an account to the imprest amount will be in that person's name.

Custody of a petty cash account cannot be transferred. If for any reason an account is no longer required or there is a change in the custodian, the fund must be surrendered to the Business Office, thereby terminating the responsibility of the custodian. If a need for a new fund continues, a fund can be issued in the name of a new custodian.

The custodian of the account is responsible for ensuring that funds are adequately safeguarded. Petty cash accounts should be kept in the respective locations and kept in a secure safe or under other adequately locked conditions.

#### **Establishing Accounts**

To establish a petty cash account, a requesting Vice President or Dean must complete the Application for Petty Cash Account form and forward it to the Comptroller, CBX 33, for approval. If the request is approved, the Business Office will make the necessary arrangements to turn over the petty cash fund to the requesting department.

It is essential that petty cash funds be authorized only where there is a repetitive

requirement for small dollar value purchases and only in the amount necessary to support this purchase volume. If it becomes necessary to increase the amount of the account, the same procedures used to initiate the account must be repeated.

### **Maintaining Accounts**

Petty cash accounts must at all time consist of cash, checks, vouchers and temporary petty cash vouchers equal to the total value of the account. Petty cash accounts should be available for audit at all times. The amount of a purchase is to be less than \$35 per item. Purchases over \$35 but less than \$100 can be made after prior approval from the Comptroller.

Petty cash should not be used to cash checks. Use of petty cash for change drawers must be specifically requested. If a small purchase is to be made and the exact total of the purchase is not known in advance, a temporary petty cash vouchers should be completed and kept with the account until replaced by a complete voucher.

NOTE: Purchases made using petty cash funds are exempt from Georgia sales tax. However, a vendor is only required to exempt the purchase if a current Tax Exempt Statement is on file with that vendor and the person making the purchase informs the vendor that the purchase is for Georgia College & State University.

Most local vendors have on file a current Tax Exemption form for GC. When making a petty cash purchase in stores with a courtesy counter, it is advisable that the person making the purchase stop at the counter before making the purchase to confirm that there will be no problem concerning the non-taxable status of the purchase. If there is no courtesy counter, the cashier should be advised that the item(s) being purchased are exempt from Georgia sales tax before the purchase.

Tax-exempt statements may be obtained from the Purchasing Department if needed. Expenditures from a petty cash account are subject to College purchasing regulations. The authorizing purchaser is responsible for ensuring that expenditures made from an account are made in a legally authorized manner. The same rules apply to petty cash purchases as apply to regular purchases. (E.g., General funds may not be used to pay for goods and/or services for unofficial use. Personal services are to be paid through payroll. No flowers, candy, coffee or etc. can be purchased using State funds.)

### **Reimbursement for Petty Cash Accounts**

A Petty Cash Reimbursement Request should be submitted to the Comptroller, CBX 33 for reimbursement to replenish the petty cash account. For each petty cash purchase made during the reporting period list the date of purchase, purpose, the vendor, the amount of purchase, the account name and the account number to be charged. Attach the original receipt for each purchase to the original of the

reimbursement request and submit in triplicate to the purchasing office.

The reimbursement request must show:

- Date of transaction
- Vendor's name
- Description of items purchased and purpose
- Specific area to be charged by cost center name and number
- Amount of purchase
- Authorizing signature

The Petty Cash Reimbursement Request should be submitted at least once per quarter and all remaining receipts for the fiscal year by June 1 of each year. Reimbursement may be required more frequently with the increase in activity.

Petty cash reimbursement checks less than \$1,000 can be cashed at the Business Office if the head cashier has adequate cash on hand. As a courtesy to the petty cash custodian, the Business Office can submit larger denominational checks to the bank in the night deposit to be cashed. The department is responsible for collecting their cash from the Business Office the next business day.

### **Petty Cash Audits**

Petty Cash funds are subject to audit by Fiscal Services personnel, the university's Internal Auditor, State Auditors and Board of Regents Auditors. Petty cash accounts should be available for audit at all times and should be in a secure and locked area. Petty cash accounts must at all times consist of cash, checks, vouchers and temporary petty cash vouchers equal to the total value of the account. The amount of a purchase is to be less than \$35 per item. Petty cash should not be used to cash checks or make change.

If a petty cash account is short as a result of tax paid on purchases, the custodian is responsible for this amount and must replenish it at time of audit. GC does not pay sales tax.

Failure to comply with the guidelines established for the petty cash fund may result in forfeiture of the fund.