PETTY CASH

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GENERAL

University Fiscal Policy F10525 Petty Cash* sets forth in detail the procedures and guidelines to be followed with respect to petty cash and should be utilized as the official reference with the exception of the items noted herein as specific to the Health Science Center (HSC).

At the Health Science Center the preferred mechanism for acquisition of minor items is through the University Procurement Card; however, the Cashier's Office maintains petty cash funds for expediting frequent cash purchases of minor items (small office supplies, emergency items, etc.) and to provide for immediate payment or advance payment for specifically approved items. (See UT Fiscal Policy F10530 and Procedure F530 Procurement Cards.)

While the use of a University Procurement Card should significantly reduce the need for departmental petty cash funds, the Cashier's Office may advance a department funds to establish a “departmental petty cash fund” with appropriate justification and approvals. The procedures and requirements set forth herein and in Fiscal Policy 030 apply both to the petty cash funds maintained by the Cashier's Office and Departmental Petty Cash Funds.

At the Health Science Center administrative oversight responsibility for all petty cash funds is assigned to the Bursar.

HSC PETTY CASH FUNDS

Requesting a Departmental Petty Cash Fund (Policy Item 1)

University policy states that, “Departments whose operations require frequent cash purchases of minor items may request a petty cash fund."

At the HSC a written request for establishing a petty cash fund must be sent to the Chief Business Officer. The request should include those items specified in the policy statement plus a brief description of the grant (if applicable), the signature of the individual(s) to be authorized to sign for petty cash, and the completed Security Review
Form described in Attachment B. An HSC departmental petty cash fund will be established for and may be utilized only for the purpose stated in the written request and may not be transferred to another grant or account.

The Chief Business Officer will request Internal Audit to review the request for safekeeping and security aspects in accordance with the standards for *Security of Petty Cash Funds* (Attachment A). When approved the Bursar will establish the fund and will maintain administrative oversight of the departmental fund.

A petty cash fund established for a grant is to be returned to the Bursar at the end of the final grant period.

Departmental petty cash funds are subject to all provisions set forth herein and in University policy.

**Petty Cash Bank Accounts** (Policy Item 2)

At the HSC this section applies only to the Cashier’s Office and the Bookstore.

**Increases or Decreases in Petty Cash Fund** (Policy Item 3)

A written request to increase a petty cash fund amount must follow the same guidelines as in requesting establishment of a petty cash fund set forth above. The Bursar, with approval of the Chief Business Officer, may decrease the amount if it is determined to be excessive.

**Custodian** (Policy Item 5)

The custodian should be the department head, business manager, or a staff exempt employee.

In addition to the responsibilities outlined in Fiscal Policy F10525* the custodian is required immediately upon discovery to report any loss/theft from petty cash to Campus Police and Internal Audit. (See Fiscal Policy F10130 *Dishonesty: Fraud, Theft and Abuse*)

The HSC Chief Business Officer, Internal Auditor and Bursar must be notified in writing or by e-mail of changes in departmental personnel or principal investigators authorized to approval expenditures from petty cash, to handle petty cash funds, or to handle petty cash receipting and depositing.

In case of death of a petty cash custodian the departmental petty cash fund is returned to the Cashier’s Office for auditing. Internal Audit must verify the fund at each change in custodianship. A new petty cash fund will be established when audit is complete and
the department identifies a new custodian.

**Safekeeping Facilities**  (Policy Item 6)

Minimum *Standards for Security of Petty Cash Funds at the HSC* were developed in 1985 and are set forth in Attachment A of this procedure. All requests for petty cash funds will be governed by these standards. Internal Audit has oversight responsibility for safekeeping procedures.

**Reconcilement of Petty Cash Fund**  (Policy Item 8)

It is the responsibility of the department and specifically the petty cash fund custodian to reconcile the petty cash fund at regular intervals and also to conduct surprise audits. At the HSC Internal Audit provides departments with forms and instructions for reconciliation of funds. See Attachments C and D for form samples; however, these forms will not print out for departmental use.

**Types of Purchases**  (Policy Item 9)

Petty cash funds are to be used for University purposes only.

**Travel Advances.** The Cashier’s Office may utilize petty cash funds to provide a travel advance; departmental petty cash funds may not be used for this purpose.

A travel advance is a loan to a student or staff non-exempt employee required to travel for the University. The advance may be obtained three (3) days prior to travel and for up to eighty (80%) percent of travel cost. Travel advances obtained for foreign travel may be made for the full amount (100%) of the travel. To obtain a travel advance the traveler must provide to the Cashier’s Office a copy of an approved T-18 *Authorization for Official Travel* (including approval of the Chancellor for foreign travel) and a written request for the travel advance. The traveler will be required to sign a promissory note stating that repayment of the full amount of the travel advance should be made to the Cashier’s Office within thirty (30) days after the advance is made. Travel advances not repaid within thirty (30) days may be deducted from the employee’s next payroll check.

**Special Purchases**  Some types of petty cash purchases/payments must have a full explanation along with the approval of the Chief Business Officer:

- meals for drug study participants (Should show the number of participants and the meals provided, i.e., lunch, dinner, etc.)

- drug study participant payment (Must be submitted on a T-4 indicating the participants social security number and amount paid using the object code 449188. A petty cash log may be used in lieu of a T-4 where there is more than
one participant. If paying a participant $600 or more a T-27 Special Pay form
must be processed.)

- abstract fees (Must give title of the abstract, full explanation of the presentation,
where it is being sent. Prepayment from petty cash for abstract fees is not
permissible. Not allowable from departmental petty cash funds.)
- Registrations (When the seminar is held locally, is under $500 and the fee is the
only item claimed for reimbursement. Not allowable from departmental petty
cash funds.)

**Sales Tax Requirements**  (Policy Items 11-12)

As a State institution the University is exempt from paying Tennessee sales tax. It is
the responsibility of the purchaser to advise vendors of the tax-exempt status and to
request sales tax charges not be included when billing or charging the University. A
sales tax exemption number (100247065) should be given to vendors when purchases
are made. An exemption certificate is available from Purchasing Services or Accounts
Payable.

On rare occasions when purchases are made with cash the vendor may insist on
adding sales tax to the purchase price. This tax may be included when requesting
reimbursement for expenditures and replenishing the petty cash fund.

**Restrictions**  (Policy Item 13)

Expenditures from a departmental petty cash fund must be consistent with the purpose
for which the fund was approved and may not be used for the following:

b. items that appear to be of a personal nature (i.e. coffee pot, refrigerator for office
   use)

c. post office box rental

d. engraving expenditures (i.e., plaques to hang in office)

e. safe deposit box rental

f. entertainment while traveling (See Policy 070 Travel)

g. check cashing (Only the University Center Store may cash checks for students.)

h. loans or salary advances to employee

i. casual labor (Form T- 27 must be used, see Items 14-15 below)

j. acquisition of services or goods from another University office, department or
   entity (These are processed on transfer voucher or through internal transfer, see
   Fiscal Policy and Procedure 042.)

k. registrations
Casual Labor  (Policy Items 14-15)

At the HSC casual labor may not be paid through petty cash but may be paid on a Form T-27 and the amount may not exceed $600.

Requesting Reimbursement  (Policy Items 16-17)

Petty cash transactions may not exceed $2,000 each.

At the HSC single item purchases of $500 or less are processed on a T-4 Form. The T-4 Form is processed through the Cashier’s Office. Invoices should not be split to enable a department to meet the $500 limitation. At the HSC departments repeatedly submitting invoices of $500 or less to the same vendor may be audited.

At the HSC purchases of items over $500 and not exceeding $2,000 are processed on a T-44 Form. The T-44 is processed through Accounts Payable and a reimbursement check is issued.

Frequency of Requests for Replenishing Departmental Petty Cash Funds  (Policy Item 18)

At the HSC requests for replenishment of petty cash funds are made to the Bursar. Also at the end of each fiscal year a Form T-4 (for amounts under $500) or Form T-44 (for amounts in excess of $500) must be submitted to the Bursar for all un-reimbursed expenditures as of June 30. Form T-4’s dated prior to June 30 and processed after the fiscal year processing cut-off date require the approval of the Chief Business Officer.

Approvals for Reimbursement  (Policy Item 19)

At the HSC the T-4 is forwarded to the Cashier’s Office and the T-44 to Accounts Payable.

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Attachment A:  Security of Petty Cash Funds
Attachment B:  Petty Cash Fund Security Review Form
Attachment C:  Petty Cash Count (Reconciliation) Forms

* Click here to access Fiscal Policy  www.tennessee.edu/policy .