

Murray State University
Accounting & Financial Services

Petty Cash Fund Procedures

Petty Cash funds consist of money kept on hand by departments to be used for minor operational expenditures, ex. For small supplies unavailable through Central Stores, freight charges on items delivered directly to a department, etc.

Any budget department may request the establishment of an imprest petty cash fund. It is the responsibility of each Department Chair, Dean or Director and fund custodian to be aware of and to comply with these policies and related procedures.

I. ESTABLISHING FUND

Requests for Petty Cash funds will be reviewed by the Director of Accounting and Financial Services or his/her representative.

The amount of the fund will be determined by prior need or usage, and estimated future usage on an individual basis. No fund will exceed \$500.00.

The Department Chair, Dean, or Director may, at his discretion, appoint a fund custodian to administer the fund; however the budget unit head is ultimately responsible for all cash assigned to his department.

In the event that the responsible budget unit head is transferred to another position within the University or is terminated, the fund will be closed. The incoming budget head may request a petty cash fund, at his discretion.

II. EXPENDITURES

Only expenditures under \$50.01 may be made from the fund. Expenditures may not split or parceled over a period of time in order to evade this provision. In any case in which expenditures are so split, or expenditures exceed \$50.00, the fund may be terminated.

Expenditures of \$50.01 or more must be made through normal University purchasing procedures.

Petty Cash funds should not be used as an 'advance' of money budgeted as a miscellaneous line item or to individuals.

Petty Cash funds will not be mingled with any other funds -- either departmental or personal. Checks will not be cashed from these funds. Loans will not be made from these funds. These funds will not be used as change funds.

Petty Cash funds may NOT be used for:

1. Travel
2. Labor, Wages, Honorariums, Consulting fees
3. Off campus Printing
4. Insurance
5. Rentals
6. Fee refunds
7. Athletic Guarantees
8. Items which are available through Central Stores
9. Price contracted items

III. ACCOUNTABILITY

Appropriate receipts or other documentation must support all disbursements from the fund.

At all times, the amount of cash in the fund, plus the receipts for the unreplenished disbursements will equal the total of the established amount of the fund.

At least annually, the need for and the amount of the fund will be reviewed and confirmation of the fund balance will be made.

Replenishment of the fund and internal reports will be made as set forth in procedures. In the event of a shortage in a petty cash fund, the budget unit will be held liable for the shortage.

At the discretion of the Director of Accounting and Financial Services, petty cash funds may be terminated for misuse of the fund, including but not limited to:

1. Evading limitations on the amount of fund disbursements
2. Fund shortages
3. Mingling funds
4. Using funds for unauthorized purposes.

Petty Cash Fund Procedures

The following procedures have been formulated to provide flexibility to budget departments in making minor operational expenditures, while maintaining the controls and accountability necessary in the administration of the University monies.

It is the responsibility of each Department Chair, Dean, or Director, and fund custodian to be aware of and to comply with these procedures and related policies.

I. ESTABLISHING FUND

A [Petty Cash Fund Request](#) (form PC-1) should be completed in duplicate, and routed to the Director, Office of Accounting and Financial Services (or his/her representative) for review.

If the Director of Accounting and Financial Services does not recommend approval or recommends changes to the request, he/she will state his/her recommendations on the request form and return one copy to the initiating budget unit. After making the recommended changes to the request, the budget unit head should resubmit it to the Director.

When the Director of Accounting and Financial Services approves, he/she will assign the Ledger account number and forward one copy of the request with a Purchase Requisition to the Accountant for Financial Services for disbursement of the fund by check, payable to the fund custodian.

Expenditures of fifty dollars (\$50.00) may be made from the fund. See related policies, Part II for additional information.

II. ACCOUNTABILITY

Each disbursement from Petty Cash funds must be supported by a vendor's receipt. (A receipt is an original copy, on a pre-printed form of the vendor, that establishes the amount, date and essential character of the expenditure.) All receipts must be signed and dated by the individual making the expenditure.

All fund custodians will file a Petty Cash Fund form of the vendor, that establishes the amount, date and essential character of the expenditure.) All receipts must be signed and dated by the individual making the expenditure.

All fund custodians will file a [Petty Cash Fund Replenishment Request](#) (form PC-2) by the 25th day of each month for that month's activity. This form must be filed whether or not any money was disbursed during the month. Receipts, verifying the expenditure, must be attached to the form.

If there are any questions regarding the above or the related forms, please contact the Accountant for Financial Services at 3141.

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