

MIDDLE TENNESSEE STATE UNIVERSITY

POLICIES AND PROCEDURES MANUAL

POLICY NO: IV:04:01

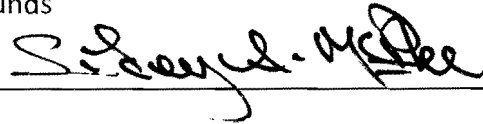
DATE: March 4, 2011

SUPERSEDES POLICY NO: IV:04:01

DATED: September 27, 1984

SUBJECT: Cash Purchases and Petty Cash Funds

APPROVED: Sidney A. McPhee, President



Sidney A. McPhee

When the nature of certain departmental operations requires 1) a change fund or 2) a disbursement fund for purchases of minor, low cost items, the Senior Vice President will, upon proper justification and completion of the attached Petty Cash Authorization form, authorize the Business Office to advance the department or budgetary head a Petty Cash Fund which will be maintained on a custodial basis. Such advances are not chargeable to the department's operating account when issued but are reflected on the University's accounting records as an advance to the department chairman or budgetary head who is accountable for proper fiscal and physical control of the fund.

1. Proper custody and control of petty cash funds:

The custody and control of petty cash funds may be delegated to appropriate personnel; however, accountability and responsibility for proper use and care of the funds remain with the designated department chairman or budgetary head.

- a. Facilities for safekeeping, commensurate with the size of the fund, must be available.
- b. Petty cash funds, other than advances used in making change, must be kept separated from all other funds, including personal funds, and not co-mingled therewith. Separate funds should be requested if a change fund and disbursement fund are warranted.
- c. Petty cash funds are subject to audit and should be frequently balanced to ensure that the cash plus paid receipts on hand equal the established amount of the fund. A petty cash fund reconciliation must be submitted by the department chairman or budgetary head when a request for reimbursement is submitted.
- d. A Petty Cash Fund Reconciliation form should be prepared periodically and each time a request is made to replenish the fund. This form should be reviewed and signed by the department chair or budgetary head.
- e. Bank accounts cannot be opened for petty cash funds without prior approval of the President and the Chancellor of the Tennessee Board of Regents.

- f. Petty cash funds will be verified in writing by both parties, custodian and department head, when responsibility and custody of the fund are changed.

2. Limitations on use of petty cash funds:

- a. Supplies and materials which are available from the Bookstore may not be purchased through the petty cash account except in emergency situations. If such purchases are necessary, an explanation must be attached to the voucher.
- b. Petty cash can be used only when the purchase from one vendor is less than \$20.00.
- c. Specific approval must be obtained from the Senior Vice President before petty cash funds can be used for purposes other than change funds or for the cash payment for minor items.
- d. Loans and advances to employees for personal use from petty cash funds are forbidden. Personal check cashing is prohibited except from specified check cashing funds established on campus.
- e. As an arm of the State, the University is exempt from the payment of state sales tax and consequently, cannot reimburse for any such tax that is billed by the vendor. Exemption forms are available from Accounting Services.
- f. Meals, food, flowers, travel, personal services, contractor services, and dues or subscriptions cannot be reimbursed by petty cash funds.
- g. One petty cash fund may not be used as both a change fund and a disbursement fund.

3. Securing of proper receipts for petty cash expenditures:

Receipts for petty cash expenditures must be obtained. The following requirements must be met:

- a. The receipts must set forth a complete description of the materials purchased or the services rendered.
- b. Receipts must be originals. The only exception is where a firm uses standard business forms and issues their receipt on a standard multi-part form which has imprinted hereon "Customer's Invoice" or like designation.
- c. The receipt must be positive evidence of payment. When vendor's printed invoice forms are used as receipts, the invoice must clearly indicate that it has been paid, either by being stamped with the official "paid" stamp of the firm or by being marked "paid" and signed or initialed by the clerk. If a firm's cash register tape is used, it should either show "cash sale" imprinted on it or be signed or initialed by the clerk. Items on a cash register tape must be identified.

d. Receipts cannot be accepted or processed which bear evidence of alteration.

4. Request for reimbursement for petty cash expenditures:

- a. Frequency of reimbursement request. Whenever the cash in the fund is depleted to the extent requiring replenishment, the receipts/vouchers should be attached to a Petty Cash Reimbursement Request form and should be submitted to Accounting Services for reimbursement. On June 30 of each fiscal year, a reimbursement request must be submitted for any paid receipts/vouchers on hand. Vouchers held over to the following fiscal year can be reimbursed only on the specific approval of the Senior Vice President.
- b. Approvals and account charges. The index and account to be charged should appear on the request for reimbursement, along with the signature of the approving authority.

5. Cash purchases from personal funds:

Upon occasion it may be necessary for staff or departments which do not have a petty cash fund to make cash purchases from personal funds. Such expenditures will be reimbursed if proper receipt is obtained and presented for reimbursement, along with a Payment Authorization, and submitted to Accounting Services for processing.

6. Cash overage and shortage:

If at any time a department's petty cash fund or daily receipts should be over or short, the overage or shortage should be reported to the Business Office immediately by completing the Petty Cash Fund Reconciliation and providing an explanation of the circumstances.

Revisions: July 1, 1979; September 27, 1984; March 4, 2011.



Petty Cash Authorization

In the event a change in Fund Custodian is warranted, a new Petty Cash Authorization Form should be completed and submitted for approval. See policy IV:04:01 for verifying funds when responsibility and custody of the fund is changed.

Department/Activity _____ Date _____

Responsible Official (Fund Custodian) _____

Building and Room Number where fund will be maintained _____

Purpose for which fund is needed (Explanation below): Change Fund Petty Cash Purchases

Maximum amount requested for fund _____ Amount of Initial Disbursement _____

(Fund requirements may increase from a normal balance of _____ up to a maximum of _____ depending on student/activity demand)

We hereby certify that we have thoroughly reviewed and are familiar with University Policy IV:04:01 and will administer these funds as specified in this policy.

Signature _____ Date _____
Fund Custodian

Signature _____ Date _____
Department Head

Approved by _____ Date _____
Controller

Approved by _____ Date _____
Senior Vice President

For Business Office Use Only

Account Name: _____

Index 010000 Account Number: _____ Current Balance: _____

Please forward to Accounting Services, CAB 108, upon completion.

Print Form



Petty Cash Reimbursement Request

All reimbursement requests must be accompanied by original itemized receipts attached and submitted to Accounting Services, CAB 108. Per policy, a Petty Cash Fund Reconciliation must be submitted by the department chair or budgetary head when a request for reimbursement is submitted.

Department _____

Date _____

Please issue check payable to _____

M# _____

Receipt Date	Qty	Vendor	Description	Amount

I hereby certify that this claim is true and correct and that the expenses claimed were for approved University business.

Total Due Claimant _____

Claimant's Signature

Date

I hereby approve this claim and certify its appropriateness.

Approval Signature (Department chair or budgetary head)

Date

Name of Account	Index No.	Account No.	Amount

Please forward to Accounting Services, CAB 108, upon completion.

Print Form



Petty Cash Fund Reconciliation

This form should be prepared and submitted with any request for reimbursement of funds and/or when the fund is being discontinued. A change of custodian requires the petty cash fund be verified by the custodian and department chair or budgetary head and the new custodian be approved by submitting a new Petty Cash Authorization Form to Accounting Services, CAB 108.

Department _____ Date _____

Authorized Petty Cash Fund Amount	_____	_____
Cash on Hand	_____	_____
Receipts on Hand	_____	_____
Total Petty Cash Accounted For	_____	_____
*Over/(Short)	_____	_____

Explanation of Overage/Shortage

Any difference between authorized amount and accounted for amount must be investigated and explained above.

Cash Custodian _____

Reconciliation prepared by _____

Reconciliation reviewed by _____

(Must be the department chair or budgetary head.)

Index to be charged _____ - 74910

Please forward to Accounting Services, CAB 108, upon completion.

Print Form