Departmental Petty Cash Fund Procedures

Upon Accounting Office approval, a Petty Cash Fund may be established for certain Institute departments to be used for individual purchases $50.00 or less or to reimburse employees for out of pocket expenses $50.00 or less.

A. Steps Required to Establish a Departmental Petty Cash Fund

1. Determine the minimal amount of cash required to support your needs. Note: The Accounting Office will periodically review the petty cash fund level to determine if it is appropriate to support your business requirements.
2. Fill out the “Departmental Petty Cash Setup Form” and send to Accounting, EAS Bldg, 6th floor.
3. Prepare an Invoice Payment Form (IPF) payable to RIT Petty Cash Advance.
4. Accounting will approve the IPF and add the account number – 01.15000.00100.00.00000.00000.
5. Accounting will notify the Custodian when the check is available for pickup.
6. The Custodian will sign the “Departmental Petty Cash Fund Accountability Form”; and then take the signed form to their Supervisor for approval. The Custodian will send the signed form to Accounting, EAS Bldg, 6th floor.
7. The Custodian will cash the check at Student Financial Services, in the USC building.

B. Custodian’s Responsibilities

1. The Custodian is responsible for safeguarding the cash in a either a safe, locked file, or locked desk and locked office.
2. Access to the fund is restricted to the Custodian.
3. Where applicable, the combination of the lock or the key to the security device must be restricted to the Custodian and one other employee who will act as a back-up in the absence of the Custodian. If appropriate, when the fund Custodian changes, the combination and/or key should also be changed.
4. Original receipts supporting the use of the petty cash funds are required in order to be reimbursed.
5. Maintain the “Departmental Petty Cash Transactions Log” to document all transactions. Include name and signature of person receiving the petty cash, the date, amount, general ledger account #, business purpose, and the signature of the person providing the cash.
6. Perform reconciliations monthly or at a minimum, once per quarter. Review the reconciliation with your supervisor and obtain his/her written approval. Maintain the reconciliations for future reference and possible review and audit by the Accounting Office.
7. You are expected to investigate and resolve all cash shortages or overages. Note: Repetitive unexplained variances may lead to closure of the petty cash fund by the Accounting Office.
a. In order to maintain your fund at the original amount, you should request additional cash for the shortage amount on an IPF. Charge your department operating expense account for the shortfall.

b. Overages cannot be maintained in the petty cash fund. Deposit overages on a Deposit ID Form into your department operating account as miscellaneous income.

C. Process to Change the Petty Cash Fund Amount

1. To increase the amount of the Fund:
   a. Fill out the “Departmental Petty Cash Fund Change Form” and send to Accounting, EAS Bldg, 6th Floor. (note: the Accounting Office may not approve requests based upon business circumstances):
   b. Prepare an Invoice Payment Form (IPF) payable to RIT Petty Cash Advance and send to Accounting for approval. The Custodian will be notified when the check is ready for pickup.
   c. The Custodian will sign the “Departmental Petty Cash Fund Accountability Form” and his/her Supervisor will sign as approver and send to Accounting.
   d. The Custodian may cash the check at Student Financial Services in the USC building.

2. To decrease or eliminate the Fund:
   a. Replenish the fund prior to returning the cash.
   b. Fill out a Deposit ID Form indicating the following account number: 01.15000.00100.00.00000.00000.
   c. Deposit the cash at Student Financial Services, in the USC building.
   d. Send a copy of the stamped Deposit ID Form to Accounting.
   e. Upon receipt of the Deposit ID form, Accounting will update their records.

D. Replenishing the Petty Cash Fund

1. Custodians are responsible for periodically replenishing the Petty Cash Fund by following the processes outlined below.
2. Reimburse an employee for a purchase of $50.00 or less when they provide an original receipt. The employee must sign the Departmental Petty Cash Transactions Log (e.g. the Log) to verify proof of receipt.
3. Document all transactions on the Log. Include the name and signature of the person receiving the cash, the date, the amount, the general ledger account number, the business purpose, and obtain the signature of the person providing the cash.
4. When the fund balance is low, replenish the fund by obtaining cash from Student Financial Services, in the USC building and follow steps 5 – 8 below.
5. Total the disbursements recorded on the Log. Note: The total disbursements recorded on the Log plus the remaining “cash on hand” should be equal the
total Departmental Petty Cash Fund. If there is a discrepancy, refer to Section B.7. above.

6. Fill out a Petty Cash Form (available from the HUB).
   a. Description – Replenish Petty Cash Fund
   b. Account number – See attached Log
   c. Amount – Total from the Log
   d. Business Purpose, When, Where – See attached Log
   e. Requestor’s Signature – Custodian’s signature
   f. Approver’s Signature – Custodian’s supervisor’s signature

7. Attach the Log and original receipts to the Petty Cash Form.

8. Take the Petty Cash Form to Student Financial Services in the USC building to receive the replenishment amount and immediately return the cash to the secure place.

9. Accounting will use the account numbers recorded on the Log to prepare the journal entry to record the expenses in the General Ledger.

E. Annual Confirmation Process

1. Annually, Accounting will request a confirmation of each of the Institute’s Petty Cash Funds from the fund Custodian’s Supervisor. Note: The Confirmation must be performed by an individual at least one level above the Custodian.

2. The Supervisor is expected to perform the reconciliation, complete and sign the Departmental Petty Cash Fund Confirmation Form, and return it to Accounting, EAS Bldg, 6th floor, by the due date.

3. At this time, the Supervisor should evaluate the level of the fund for reasonableness. The minimal amount of cash required to support the business needs of the department should be maintained. The Supervisor should adjust the Fund based upon current departmental requirements.

4. The Accounting Office reserves the right to review the department’s petty cash records at any time to ensure proper management and the balance agrees with their records.

5. It is your responsibility to notify Accounting, in writing, of changes in the balance of the fund or the fund Custodian. If there is new fund Custodian, complete a Departmental Petty Cash Accountability Form and return it to Accounting.

6. Accounting will update their records upon receipt of the “Accountability Form”.

F. Surprise Cash Counts

1. A surprise cash count should be performed, on a quarterly basis, by someone in the department other than the Custodian.

2. Accounting and/or Internal Audit staff may also perform periodic surprise cash counts.