VILLANOVA UNIVERSITY	**Policy: Petty Cash Accounts**
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Financial Affairs Department Controller's Office Policies and Procedures	Approved: March 12, 2004

Policy

The University permits the establishment of petty cash accounts to facilitate small cash disbursements, for appropriate University business, where: 1) it is not cost effective or practical to process a check for payment, and 2) the payee does not accept the University Procurement Card for payment.

The number of petty cash accounts and amount of each account will be kept at the minimum level that is operationally feasible.

The only petty cash accounts that are permitted by this policy are accounts which have been formally approved by the Controller's Office.

Procedures

Establishment of Petty Cash Accounts

Each department seeking to establish a petty cash account for the first time must submit a "Request to Establish a Petty Cash Account" form to the Controller's Office, for approval by the Controller or the Director of Accounting. The Controller's Office will ensure that each petty cash account is properly recorded in the University's general ledger, and that the number of petty cash accounts and amount of each account are kept at the minimum levels which are operationally feasible.

Any request to increase the amount of a previously established petty cash account must also be submitted to the Controller's Office, for approval by the Controller or the Director of Accounting. Such requests should be submitted on the aforementioned "Request to Establish a Petty Cash Account" form. There is a box on this form that should be checked to indicate that a request is being made to increase the amount of an established petty cash account, rather than to establish a new petty cash account.

Administration of Petty Cash Accounts

Each department is responsible for administering its own petty cash account(s). Each department must designate an individual or individuals in the department who will be the custodian for each petty cash account in that department. There should be one custodian for each petty cash account in each department; however, the same individual may be the custodian for more than one petty cash account.

The custodian will maintain a locked cash box which contains the petty cash for that department. The locked petty cash box should be stored in a secure (locked) area.

When a department employee needs to utilize petty cash, the custodian will advance that employee an amount for his or her use, after that employee signs a “voucher” acknowledging the receipt of the advance, which notes the amount and date of the advance. Any employee who utilizes petty cash is responsible for obtaining a receipt or receipts which document the expenditure of petty cash. These receipts must be signed and dated on the back by the employee who utilized the petty cash, and should include a written description of the purpose of the expenditure. Petty cash may only be used for appropriate business of the University, and in no event may be used for advances to employees for personal business. It is not permissible to use petty cash to make payments to employees for services or awards. These payments must be processed through the University payroll. It is also not permissible to use petty cash to make payments to non-employees for services. These payments must be processed through the University Procurement Office.

The employee who utilizes the petty cash is responsible for returning the signed receipts and any unused petty cash to the custodian in a timely manner. When the receipts and unused petty cash are returned, the bottom portion of the petty cash voucher form must be completed. The receipt(s), completed vouchers, and any unused cash should be stored in the petty cash box.

When the amount of petty cash on hand becomes low due to expenditures, the account must be reconciled and replenished. To reconcile the account, the custodian must count the remaining cash on hand, and total the receipts for the expenditures made since the account was last reconciled and replenished. The sum of the cash on hand and receipts for expenditures must total the original amount of the account; i.e., the total amount of the account that is in the University’s general ledger. The amount of cash remaining and the amount and type of expenditures must be recorded on the “Petty Cash Reconciliation/Request for Replenishment” form. The custodian must sign the form on the “Counted By” line. The petty cash box, receipts, and reconciliation must then be given to the custodian’s supervisor, who must perform a second review, checking the expenditures for appropriateness and the amounts on the reconciliation for mathematical accuracy. The supervisor must sign the reconciliation on the “Approved By” line.

After the reconciliation has been completed, reviewed, and approved, the original copy should be taken to the Bursar’s Office by the custodian. The Bursar’s Office will disburse cash to the custodian to replenish the fund, in an amount equal to the total of the expenditures listed on the reconciliation. The original receipts should be kept on file in the department, attached to a copy of the reconciliation, for a period of no less than five years. The actual receipts and the remaining cash on hand need not be taken to the Bursar’s Office, as the departments are responsible for monitoring the appropriateness of petty cash expenditures.

While the departments are responsible for the administration of their petty cash accounts, the petty cash accounts and related records are subject to audit by the Controller’s Office, the Procurement Office, and/or the University’s external auditors at any time. If an audit reveals that the department has not followed the University’s policy and procedures related to petty cash accounts, the department may lose permission to maintain a petty cash account, and other appropriate action may be taken, based on the facts and circumstances of the situation.