



Title:	Petty Cash & Change Funds
Effective Date:	02/12/2007
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Cancellation:	
Office:	Finance (FIN)

Petty Cash & Change Funds

PURPOSE

To state the policy and procedure of Northshore Technical Community College (NTCC) regarding the establishment and use of petty cash funds and change funds and addresses the issues of accountability, security, replenishment, and appropriate uses of the funds. It is the responsibility of the NTCC Finance Office, each Custodian, each Custodian's supervisor, and Campus leaders to ensure that all petty cash transactions are reimbursed in accordance with LCTCS and NTCC policy and are processed with internal controls.

DEFINITIONS

Custodian: A Petty Cash Fund Custodian or a Change Fund Custodian.

Petty Cash Fund: A supply of cash necessary to make immediate payments for the purchase of authorized items. This fund requires replenishment.

Change Fund: A specific amount of money placed in the custody of an individual for the purpose of making change while conducting College business such as collecting tuition & fees. The amount on hand should remain the same at all times; therefore these Change Funds do not require replenishment.

Petty Cash/Change Fund Officer: A staff member in the College Finance Office who has the authority to disburse Petty Cash/Change Funds and administer the funds according to the policies and procedures established by the College. This officer must approve issuance of all Petty Cash/Change Funds.

Petty Cash Fund Custodian: A full-time permanent employee of the College responsible for maintaining the security, accountability, and replenishment of a petty cash fund.

Change Fund Custodian: An employee of the College responsible for maintaining the security and accountability of the Change Fund.



GENERAL PROCEDURES

A. PETTY CASH

- 1) A campus employee requests prior verbal approval from the campus dean/administrator to purchase an item which will be reimbursed by petty cash [NOT change funds]. The campus employee makes the purchase which does not exceed \$50.
- 2) After the purchase has been made, the campus employee completes the NTCC Petty Cash Reimbursement form# FIN-001 and attaches the original signed receipt to the form which is submitted to the Dean of Campus Admin for signature approval. All petty cash reimbursement requests should be submitted within 30 days of the purchase.
- 3) When signature approval is given, the NTCC Petty Cash Reimbursement form# FIN-001 and original receipt is given to the campus petty cash fund custodian. The campus petty cash fund custodian reimburses the campus employee for the approved purchase.
- 4) When any campus petty cash fund needs to be reimbursed, the campus petty cash fund custodian will complete the NTCC Petty Cash Transaction Listing form # FIN-006 and will ensure that the total cash on hand plus the total reimbursements in transit and original receipts equals the total amount of petty cash authorized for that campus. The campus petty cash fund custodian will forward the NTCC Petty Cash Transaction Listing form # FIN-006, all approved reimbursement forms # FIN-001 with signed receipts to the NTCC Finance Office, Attn: College Petty Cash Fund Officer.
- 5) After the College Petty Cash/Change Fund Officer reviews FIN-001, FIN-006, and original receipts, the form is forwarded to the Accountant Assistant to process in the official NTCC accounting system. A check will be issued to the campus petty cash fund custodian and mailed to the appropriate campus.

All petty cash transactions must be made in accordance with the following guidelines:

- a) The campus dean/administrator, the campus petty cash fund custodian, and the campus petty cash fund custodian's supervisor, ensure that internal controls are adhered to in accordance with the NTCC Cash Handling/Bonds & Crime Procedure # FIN-005.
- b) Purchases made from or reimbursed through the petty cash fund cannot exceed \$50.00.
- c) Petty cash purchases may not be made for personal expenses, nor for the reimbursement of any travel expenses.
- d) No reimbursement can be issued without the original signed receipt.
- e) The following transactions and purchases may not be processed with petty cash funds:
 - a. Items required to be purchased through the regular purchasing process
 - b. Items on state contract
 - c. Travel reimbursements
 - d. Registration fees
 - e. Membership fees
 - f. Cash advances for employees or students
 - g. Check cashing
 - h. Items charged to SGA or Technology fee funds
 - i. Make loans



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- f) Maintain the petty cash fund on College premises.
- g) Secure the Petty Cash Fund in a locked box and in a locked location (desk drawer, file cabinet, vault, etc.). Petty Cash Funds may not be placed in a bank account, or kept in the Custodian's wallet or purse, or otherwise commingled with personal funds.
- h) Ensure that access to the petty cash is limited to the authorized Custodian.
- i) Inform the Petty Cash Custodian's Supervisor of the location of the Petty Cash Fund.
- j) Maintain accountability and accuracy for the Petty Cash Fund by complying with [College Policy FIN 003, Cash Handling and Bonds & Crime](#).
- k) Secure and make available all documents relating to the Petty Cash Fund to Internal Audit and/or State Auditors.
- l) Allow cash counts of Change Fund when requested by Internal Audit and/or Legislative Auditors.
- m) Periodic audits of the petty cash fund can be conducted by the NTCC Finance Office.

Violations of this policy may result in the removal of the petty cash fund from a campus. Petty Cash will not be reimbursed to a Petty Cash Fund Custodian for Petty Cash Reimbursement Requests issued for prior fiscal year uses of petty cash after the deadline established by the NTCC Finance Office.

INCREASE/DECREASE IN PETTY CASH OR CHANGE FUND

Each campus Petty Cash Custodian shall request, in writing, the amount of petty cash or change fund that the campus wishes to keep on hand. NTCC Form #FIN-003 or FIN-019 should be used to establish a petty cash account, change fund account, increase, or decrease the allotted petty cash or change fund amount established for the campus and must be submitted to the NTCC Finance Office to the attention of the College Petty Cash Fund Officer. This request must be signed by the Dean of Campus Administration and the Custodian before forwarding to the NTCC Finance Office for approval.

After an increase/decrease or establishment in petty cash or change fund account has been authorized, the Director of Accounting or his designee will enter an accounts payable invoice to the appropriate petty cash custodian for the approved increase.

After an increase or decrease in petty cash has been authorized, the following entries with the appropriate additional required chart fields should be made via a journal voucher by the Director of Accounting and approved by the Vice Chancellor of Finance & Administration:



Petty Cash

Increase

Enter an invoice:

Dr. Acct. 1101xx Petty Cash, Fund 110001	\$xxxxx
Cr. Acct. 1099xx Claim on Cash, Fund 110001	\$xxxxx

Accounting system will:

Dr. Acct 1099xx, Claim on Cash, Fund B00001	\$xxxxx
Cr. Acct 1001xx, Operating Checking Account, Fund B00001	\$xxxxx

Decrease

Deposit petty cash and enter a cash receipt journal:

Dr. Acct. 1099xx Claim on Cash, Fund 110001	\$xxxxx
Cr. Acct. 1101xx Petty Cash, Fund 110001	\$xxxxx

Accounting system will:

Dr. Acct 1001xx, Operating Checking Account, Fund B00001	\$xxxxx
Cr. Acct 1099xx, Claim on Cash, Fund B00001	\$xxxxx

Change Fund

Increase

Enter an invoice:

Dr. Acct. 1151xx Change Fund, Fund 110001	\$xxxxx
Cr. Acct. 1099xx Claim on Cash, Fund 110001	\$xxxxx

Accounting system will:

Dr. Acct 1099xx, Claim on Cash, Fund B00001	\$xxxxx
Cr. Acct 1001xx, Operating Checking Account, Fund B00001	\$xxxxx

Decrease

Deposit petty cash and enter a cash receipt journal:

Dr. Acct. 1099xx Claim on Cash, Fund 110001	\$xxxxx
Cr. Acct. 1151xx Change Fund, Fund 110001	\$xxxxx

Accounting system will:

Dr. Acct 1001xx, Operating Checking Account, Fund B00001	\$xxxxx
Cr. Acct 1099xx, Claim on Cash, Fund B00001	\$xxxxx



B. CHANGE FUNDS CUSTODIAN

- 1) Maintain the change fund on College premises, **unless** off -campus use is approved by the College Petty Cash/Change Fund Officer
- 2) Secure the Change Fund in a locked box and in a locked location (desk drawer, file cabinet, vault, etc.). Change Funds may not be placed in a bank account, or kept in the Custodian's wallet or purse, or otherwise commingled with personal funds.
- 3) Ensure that access to the change fund is limited to the authorized departmental personnel.
- 4) Inform the Change Fund Supervisor of the location of the Change Fund.
- 5) Maintain accountability and accuracy for the Change Fund by complying with [College Policy FIN 003, Cash Handling and Bonds & Crime](#).
- 6) Receipts will be issued by pre-numbered receipts, according to College policy FIN 003.
- 7) All receipts will be original and not hand corrected.
- 8) Reconcile daily and accurately complete the [Change Fund Reconciliation Form FIN 018](#) quarterly to ensure the change fund is maintained at its issued amount.
- 9) Secure and make available all documents relating to the Change Fund to Internal Audit and/or Legislative Auditors.
- 10) Allow cash counts of Change Fund when requested by Internal Audit and/or Legislative Auditors.

C. PETY CASH CUSTODIAN'S SUPERVISOR(S)

- 1) Ensure that the establishment of new petty cash funds is in compliance with College policies and procedures
- 2) Ensure the Custodian exercises his/her responsibilities appropriately
- 3) Immediately notify the College Petty Cash/Change Fund Officer when the Custodian leaves the College and a new Custodian has been named
- 4) Ensure that only appropriate departmental personnel have access to petty cash fund
- 5) Ensure that College policies & procedures are complied with including but not limited to College Policy FIN 003, Cash Handling and Bonds & Crime.
- 6) Ensure that overages/shortages are addressed as they occur and as part of the Custodian's performance evaluation, as appropriate. Repeated overages/shortages will result in the loss of the Petty Cash and/or Change Fund privileges.
- 7) Notify both the Director of Accounting and Vice Chancellor of Finance & Administration when a Petty Cash Custodian is not following correct procedures.

D. CHANGE FUND CUSTODIAN'S SUPERVISOR(S)

- 1) Ensure that the establishment of new Change Fund is in compliance with College policies and procedures
- 2) Ensure that College policies & procedures are complied with including but not limited to College Policy FIN 003, Cash Handling and Bonds & Crime.
- 3) Ensure that change fund custodians have access to current rules and procedures.
- 4) Ensure that change fund custodians are following College guidelines.
- 5) Ensure that daily deposits are accurate for change funds



- 6) Notify both the Director of Accounting and Vice Chancellor of Finance & Administration when a Change Fund Custodian is not following correct procedures.
- 7) **Accountability and Reconciliations:** Once every quarter (January, April, July and October) the Custodian must verify the amount in the Change Fund and submit the **Change Fund Reconciliation Form FIN 018** to the College Petty Cash/Change Fund Officer. Discrepancies should be reported immediately to the College Petty Cash/Change Fund Officer. If a theft is suspected, Custodian or Custodian’s Supervisor will notify the Director of Accounting & Vice Chancellor of Finance & Administration immediately. Notification should also be sent immediately to the College Petty Cash/Change Fund Officer.

ACCOUNTABILITY, RECONCILIATIONS, & ANNUAL REPORTING

Each Petty Cash Custodian is required to submit to the College Petty Cash/Change Fund Officer, at the end of each fiscal year, a petty cash or change fund form FIN 003, including the approved authorization amount and the amount in the Petty Cash Custodian’s custody.

Each Change Fund Custodian is required to submit to the College Petty Cash/Change Fund Officer, at the end of each fiscal year, a change fund form FIN 019, including the approved authorization amount and the amount in the Change Fund Custodian’s custody.

Once every quarter (January, April, July and October) the Custodian must verify the amount in the Change Fund and submit the **Change Fund Reconciliation Form FIN 018** to the College Petty Cash/Change Fund Officer. Discrepancies should be reported immediately to the College Petty Cash/Change Fund Officer. If a theft is suspected, Custodian or Custodian’s Supervisor will notify the Director of Accounting & Vice Chancellor of Finance & Administration immediately. Notification should also be sent immediately to the College Petty Cash/Change Fund Officer.

Petty Cash will not be reimbursed to a Petty Cash Custodian for Petty Cash Reimbursement Requests issued for prior fiscal year uses of petty cash after the deadline established by the NTCC Finance Office.

Policy Reference: NTCC Cash Handling Policy and Procedure No. FIN-003

Review Process:

X	Reviewing Council/Entity	Review Date	Effective Date
X	Business Office Committee	01/06/2007	02/12/2007
X	Campus Deans	01/06/2007	02/12/2007
X	Chancellor	01/06/2007	02/12/2007

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