

PETTY CASH FUNDS AND CASH RECEIPTS

PURPOSE

The purpose of this policy is for Westfield State University to establish controls concerning the use of petty cash funds, and overall handling of cash by all departments; communicate expectations; and encourage ethical practices, socially responsible behavior, and overall fiscal responsibility.

POLICY

The petty cash system is only to be used for small, urgent purchases or reimbursements of such purchases. Petty cash may also be authorized for use as a change fund, where a department is collecting cash receipts on a regular basis. Departments requiring the use of petty cash funds must request funds from the Financial Accounting department. The Associate Vice President of Finance will review all relevant information and at their discretion, approve or deny each request. The Financial Accounting department must provide justification for denial in writing.

In accordance with M.G.L. c. 30 § 27, as well as the Cash Recognition and Reconciliation policy of the Commonwealth of Massachusetts, all cash must be deposited on the next business day following receipt.

INAPPROPRIATE USAGE

Petty cash must never be used for:

1. Employee travel;
2. Payment of invoices made out to Westfield State University or to reimburse an individual who has paid such an invoice;
3. Wages, stipends, or honoraria;
4. Purchases costing over \$200; or
5. Instances where the department has an established account at a business; the purchase should be charged on that account rather than using petty cash.

PROCEDURES

I. PETTY CASH

A. REQUEST AND ESTABLISHMENT

1. Departments requiring the use of petty cash funds must complete the **Petty Cash Request Form** for submission to the Associate Vice President of

Finance. The form must include all relevant details including the name of the benefitted employee who will be the official custodian and administrator of the funds, the amount required, and a detailed explanation of the necessity for petty cash and examples of use. The form must be signed by the department head and approved by the appropriate division vice president or Department Head Signatory Authority (DHSA). Signatures also acknowledge agreement and adherence to this policy.

2. If the request is approved, a copy of the form will be returned to the department head marked as such. The department must then submit an authorization-to-pay form (ATP) to the Accounts Payable office signed by the department head and DHSA. Custodian name and amount requested must match the Petty Cash request. A check will then be issued to the custodian. All checks must be cashed immediately. Once cashed, funds must be secured on campus within the same business day.

B. REPLENISHMENT

At all times, the sum of receipts and cash-on-hand must equal the original amount of the department's petty cash fund. All requests for fund replenishment must be accompanied by original itemized receipts and an ATP form within forty-five (45) days of incurrence of the expense(s). ATP forms must include the proper account code(s) and amount(s) to be charged. In addition, budgets must be checked to ensure that there are sufficient funds for replenishment. Personal and petty cash purchases must never be co-mingled on the same receipt. Replenishment checks are made out to the official custodian on record with Financial Accounting. All checks must be cashed immediately. Once cashed, funds must be secured on campus within the same business day. To be secured, funds must be kept within a locked box enclosed in a locked cabinet, or a similar but equally secure method. Access must be restricted to authorized employees.

C. ANNUAL RECALL

Prior to the end of the fiscal year, the Financial Accounting department will contact applicable custodians to recall petty cash funds. All cash-on-hand must be turned in accompanied by original itemized receipts and a listing of amounts to be charged to account codes. Departments whose business needs do not allow them to be without petty cash during the approximately four-week closing period can make other arrangements by contacting the Associate Vice President of Finance.

D. RE-ESTABLISHMENT

Once the new fiscal year has commenced, the department must submit to the

Associate Vice President of Finance an Authorization-to-Pay form showing the dollar amount, the petty cash custodian's name and the date the check is needed; this form must be approved by the department head and the DHSA.

II. CASH HANDLING

A. SECURITY AND RECONCILIATION

All funds must be secured (locked up) at all times when not in use. While in use, cash must be kept reasonably secure. Examples of reasonable security include the use of a locking cash box or cash register machine. All departments must keep a log of transactions which must be reconciled daily. Whenever feasible, cash duties must be separated. Tasks including collecting cash, making deposits, and reconciliations cannot be performed by a single employee. At minimum, a supervisor must review all tasks and approve all reconciliations. All variances must be immediately reported to the Financial Accounting department, per Policy 0490: Unaccounted for Variances, Losses, Shortage or Theft of Funds or Property Reporting.

B. DEPOSITS

Departments must never retain excess cash (or checks). All funds in excess of authorized petty cash amounts must be deposited at the department of Student Accounts within one business day of collection, per Commonwealth policy.

C. MAKING CHANGE FROM LARGER BILLS

When necessary, departments can make change to obtain smaller bills and coins in their petty cash funds, only utilizing the following methods:

1. By placing a change request in their locked, daily deposit bag; or
2. From a local banking institution.

In all cases, funds must be kept secure at all times, and change-making transactions must be completed during a single business day. All change-making transactions must be logged and documented so that the sum of receipts and cash-on-hand equals the original amount of the department's petty cash fund at all times.

INTERNAL CONTROL

The Financial Accounting department will maintain a list of departments and amounts of petty cash funds in their care. Financial Accounting staff will regularly audit petty cash funds on a quarterly basis or more often if necessary. The Financial Accounting

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department reserves the right to additionally audit any petty cash funds without prior notice and/or to revoke petty cash funds due to inappropriate use or procedural violation.

TRAINING AND COMMUNICATION

The Financial Accounting department will offer training documents for complying with this policy and procedures as needed. Individual, department, or university-wide training sessions will be offered based on demand. Additionally, this policy will be communicated with the campus via email no less than two times per calendar year.

REVIEW

This policy will be reviewed every three years by the Associate Vice President of Finance.