

Arkansas State University - Jonesboro

Effective Date: July 1, 2007

Number: 05-15

Section: Finance and Administration

Subject: Petty Cash Funds

Petty cash funds may exist due to extenuating circumstances, such as off-campus departments. Generally, petty cash funds are relatively small, fixed amounts of cash on hand to be used for minor disbursements. The petty cash disbursement must not be used to procure items which are currently available from university sources. To establish a petty cash fund, please contact the University Treasurer at 972-2873.

It is impossible to list all acceptable petty cash expenditures; however, typical petty cash purchases might consist of things such as postage, freight, and express delivery charges. In general, petty cash funds should be used to purchase items requiring prompt payment or items for which the cost of using regular disbursing channels would offset any savings that could be realized by immediate purchase and payment.

UNDER NO CIRCUMSTANCES MAY PETTY CASH BE USED TO CIRCUMVENT PURCHASING REGULATIONS, MAKE PAYROLL ADVANCES, MAKE CONTRACT LABOR PAYMENTS, MAKE TRAVEL ADVANCES, OR REIMBURSE TRAVEL EXPENSES.

The total of actual cash and petty cash disbursement documents represent the total amount in the fund.

All petty cash purchases must be supported by a sales slip, invoice or other sales record showing the vendor's name.

A petty cash system requires controls to assure proper checks and balances. The following controls apply to all petty cash funds at the University:

1. One person is responsible for the fund;
2. One person other than the custodian shall authorize disbursements;
3. The custodian should not have access to bank accounts, cash receipts and/or general accounting records;
4. Petty cash should be reconciled periodically by the custodian;
5. Petty cash funds must be adequately safeguarded and locked up.
6. Any overage or shortage in the petty cash fund should be recorded in the overage/shortage account. This account number is available through the Treasurer's Office.

In the event of any stolen or missing funds, a police report should be done by University Police to document circumstances surrounding the missing funds.

Any questions regarding the use of petty cash funds should be directed to the University Treasurer.

Revised on 07/15/13.