

IV:10:03 PETTY CASH

I. PETTY CASH FUND

Volunteer State Community College (VSCC) permits departments to maintain a petty cash fund, as described by this policy.

Departments are responsible for adequate security and control of their allotted petty cash funds. The fund should be secured at all times in a locked place. A custodian of the petty cash fund should be appointed. The custodian is responsible for the fund and adhering to the policy governing it.

II. PROPER CUSTODY AND CONTROL OF PETTY CASH FUNDS

The custody and control of the petty cash fund shall reside with the custodian of the fund. Additional temporary petty cash funds may be established with custody and control being delegated to the department head requesting the funds. These additional funds must be approved by the appropriate vice president and the Assistant Vice President for Business and Finance.

The petty cash funds are subject to random audits by the Business Office and annual audits by the Internal Auditor and should frequently (at least quarterly) be reconciled to insure that remaining cash plus receipts equal the amount of the fund.

III. LIMITATIONS ON USE OF PETTY CASH FUNDS

Office supplies and materials that are available through the bookstore should not be purchased through the petty cash account except in emergency situations. If such a purchase is necessary, an explanation must be attached to the receipt.

It will be the responsibility of the custodian to ensure that this fund is used to cover only those small value expenditures (\$25.00 or less) for which it is not possible, or is infeasible, to use normal purchasing methods such as the ProCard or check request and for no expressly stated prohibited transactions. In addition, the custodian will ensure that the fund use is consistent with the manner described in the documentation that initially established the fund.

As a state institution, the College is exempt from the payment of sales tax. Exemption forms are available from the business office. Employees are encouraged to use these forms when making petty cash purchases to avoid the payment of sales tax. Employees are also encouraged to use payment authorizations to avoid the payment of sales tax.

Loans or advances to employees for personal use from petty cash funds are prohibited.

Additionally, no travel, meals, entertainment, or payroll related reimbursements can be paid from these funds.

IV. SECURING OF PROPER RECEIPTS FOR PETTY CASH EXPENDITURES

Receipts for petty cash expenditures must be obtained from the vendor and must meet the following requirements:

- A. All receipts must be originals.
- B. A complete description/purpose of the item(s) purchased.
- C. The receipt should include the appropriate Fund, Organization, Account and Program (FOAP) to be charged.

V. REIMBURSEMENT OF THE PETTY CASH FUND

Whenever the cash in the fund is depleted to the extent requiring replenishment, the custodian should prepare a check request including all documentation supporting the request, including receipts with FOAP and description of the transactions.

VI. CLOSING A PETTY CASH FUND

The petty cash fund should be closed with the Business Office when the purpose for which the fund was established has been completed, as determined by either the appropriate vice president or the petty cash custodian. In addition, the Business Office reserves the right to conduct periodic usage reviews and, based on the results, can request closure or reduction of the fund. When closing the fund, the custodian should return the remaining funds along with all documentation supporting the expenditures to the Business Office.

VII. CASH OVERAGE AND SHORTAGE

Overages and shortages will be reported as required by Tennessee Board of Regents.

VSCC Source: March 11, 1997, President; November 15, 2000, President; January 9, 2009, President's Cabinet