

Overview

- Petty cash/cash drawer fund controls and procedures are to ensure that petty cash/cash drawer funds are properly established, maintained and that university assets are adequately safeguarded.
- Petty Cash funds may be established for payment of minor or infrequent expenses where it is otherwise impractical to obtain a university check or use a procurement card.

Definition of Petty Cash

- Minimal amount of cash kept on hand to pay for small expenditure items (\$25 and under) when a procurement card cannot be used. Funds should be reconciled at least monthly and each time a Disbursement Voucher (DV) is requested to replenish the fund.

Definition of Cash Drawer

- Specific amount of cash used to make change in retail operations. Reconciliation of cash drawers should be done every day the drawer is used and periodically if the drawer is not used regularly.

To Establish a New Petty Cash/Cash Drawer Fund

- Complete the [Establish a New Petty Cash/Cash in Drawer Fund or Change Initial Amount Form](http://www.dfa.cornell.edu/accounting/topics/unrestrictedfunds/pettycash.cfm). Located here: <http://www.dfa.cornell.edu/accounting/topics/unrestrictedfunds/pettycash.cfm>
This will send a request to General Accounting where it will be approved or denied.
- Once approval has been received from General Accounting, the department requests a new petty cash/cash drawer account via the KFS new account request. Email approval from General Accounting should be electronically attached to this request.
 - Sub Fund – BALSHT
 - HEFC – PCSH for Petty Cash and CDRW for Cash Drawers
 - Account Manager- Custodian (see responsibilities below)
 - Account Supervisor – Supervisor of Custodian (see responsibilities below)
 - Expense text- “No Expenses Allowed”
 - Income text- “No Income Allowed”
 - Purpose text- authorized amount and purpose i.e. “\$200.00 Petty Cash fund for ... to reimburse for small purchases.”
- The department completes a DV with a payment reason of “Z” to the custodian of Petty Cash/cash drawer account. The amount is equal to the initial amount of the petty cash/cash drawer fund. The object used for this transaction is 1100-petty cash or 1101-cash drawer and the account number is the new petty cash/cash drawer account. Use the custodians name to pay as an employee (this differs from reimbursing, described below).
- When the check is received it is cashed and the cash becomes the petty cash or cash drawer.

Responsibilities of Custodian and Supervisor

The custodian (Account Manager role) is responsible for safeguarding the funds, maintaining receipts and detailed records to support all transactions and maintaining the proper cash balance on hand. The custodian is also responsible for ensuring that petty cash/cash drawer is always in balance (cash on hand and receipts) is equal to petty cash total and completing a monthly reconciliation. Annually, the custodian will need to certify with General Accounting, the fund balance is equal to the account balance, that they are still the custodian and that the fund is reconciled no less than monthly.

The supervisor (Account Supervisor role) is responsible for periodically reviewing reconciliations and performing unannounced audits of the fund (receipts and cash on hand). Annually, the supervisory will need to certify with General Accounting, the petty cash/cash drawer balance, and that they periodically audit the balance and reconciliation. General Accounting will send a reminder in May each year.

To Increase/Decrease Petty Cash/Cash Drawer Funds or Close Account

- Request an increase or decrease here
<http://www.dfa.cornell.edu/accounting/topics/unrestrictedfunds/pettycash.cfm>
- Increase Funds
Once approval is received to increase your petty cash/cash drawer, complete a DV, payment reason “Z”, for the additional funds. The object code for this transaction is 1100- petty cash or 1101- cash drawer. Use the custodians name to pay as an employee (this differs from reimbursing, described below).
- Decrease Funds or Close Account
You do not need approval to decrease or close a petty cash/cash drawer account. Deposit excess funds into petty cash/cash drawer account by completing an Advance Deposit (AD) form. The object code for this transaction is 1100- petty cash or 1101- cash drawer. Additionally if there are receipts that need to be credited against the account a DI should be prepared with the receipts attached as back up.
 - Complete the decrease petty cash/cash drawer form
<http://www.dfa.cornell.edu/accounting/topics/unrestrictedfunds/pettycash.cfm>
 - Complete an “Account Edit form” in KFS to close the petty cash/cash drawer account.

To Change Name of Custodian(s)

- Complete the form located here: [Transfer of Petty Cash/Cash in Drawer Fund Accountability Form](#)
The new custodian will also need to be set up as a vendor in KFS.

Replenishing Petty Cash Funds

- To replenish petty cash funds a DV, using payment reason “K”, will need to be completed. If the custodian is a new vendor, they will need to be added to the vendor file with a vendor type of **PETTY CASH CUSTODIAN. Only Petty Cash Custodian vendors can use payment reason K.** This is not the same as the initial disbursement of the startup funds. The expenditures paid from petty cash funds are distributed via the DV using the appropriate account(s) and object code(s) for each type of expenditure. **The petty cash account number would not be used for this transaction.**

Replenishing Cash Drawer Funds

- At the completion of each sales day the cash drawer needs to be reconciled. The amount in the cash drawer needs to equal the balance that it was established with. If the remaining funds do not equal the exact amount of the days sales an additional line may be added to the sales deposit to account for this. The sales amount would either be increased (overage, + amount) or decreased (shortage, - amount) for that day using object code 6400 Over/Short - Cash.

Administration of Petty Cash and Cash Drawer Accounts

- All small amounts of cash funds should be locked in a box and kept in a secure place.
- Large sums of cash funds should be in a safe.
- Receipts should be given for all payments from petty cash. The receipts should contain the date, name of individual receiving cash, amount of cash, and business purpose.
- Funds should not be used for personal expenses.
- A reconciliation of the petty cash fund/cash drawer should be completed and reviewed by the custodian’s supervisor periodically.
- Periodic unannounced audits of the petty cash/cash drawer fund should be conducted by the supervisor.

Accounting Entries

Establishing a Petty Cash/Cash Drawer Account:

Used to record the original petty cash/cash drawer value. This account is not changed unless there is a change in the value of the petty cash/cash drawer. All entries to reimburse the petty cash are charged to an operating account, NOT THE ORIGINAL PETTY CASH ACCOUNT.

- Disbursement Voucher (DV), payment reason "Z", to the custodian of the petty cash/cash drawer account. Include a copy of the approval.

Petty Cash Account	1100	\$100
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OR

Cash Drawer Account	1101	\$100
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Increase Petty Cash/Cash Drawer:

Used to record an increase in the petty cash/cash drawer balance authorized

- Disbursement Voucher (DV), payment reason "Z", to the custodian of the petty cash/cash drawer account. Include a copy of the approval.

Petty Cash Account	1100	\$150
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OR

Cash Drawer Account	1101	\$150
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Decrease the Petty Cash/Cash Drawer Account:

Used to reduce the petty cash/cash drawer on hand.

- Advanced Deposit (AD) crediting petty cash/cash drawer account.

Petty Cash Account	1100	\$100
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OR

Cash Drawer Account	1101	\$100
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Reimbursement for Expenses:

Replenish the cash in the petty cash account.

- Disbursement Voucher (DV), payment reason "K" to the custodian of the petty cash account using vendor type Petty Cash Custodian. You must attach copies of the receipts with the DV.

Operating Account	6XXX	\$42.13
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