

PETTY CASH & CHANGE FUNDS FAQ

Q: What is the difference between a Petty Cash Fund and a Change Fund?

A *Petty Cash Fund* is a fund of money that is used for small dollar purchases, rather than procuring the items with a Pcard or through other standard University payment methods. This type of fund will start out at one amount and decrease as the funds are spent. Periodically, the funds that were spent need to be “replenished” or reimbursed to the fund so that the total fund will once again be its original amount that was established. Petty Cash funds are RARE and seldom used at the University.

A *Change Fund* is a fund of money that is used to make change for an entity’s “customers” during the normal course of business. The fund amount should not change and at the end of a day should remain intact.

Example: If a fund begins the day at \$200, then receives \$500 in cash sales during the day, at the end of the day the total cash on hand should be \$700. A deposit for the sales would then be prepared, sending \$500 to the bank and retaining \$200 as cash on hand that can be used for making change the following day. If the fund was established for \$200, then at the end of each day, once the day’s activity is accounted for, the fund should still be equal to \$200.

Q: My department has determined that we need to establish a Petty Cash or Change Fund. What steps do we need to take?

The first step is to complete and submit the ***Petty Cash/Change Fund Request Form*** to fsgen@ou.edu. This form can be found on the Financial Services website at ou.edu/financialservices, under *Forms & Policies*. The form will be reviewed, and further directions will be provided by Financial Services.

Q: What does it mean if I’m designated as the “Custodian” of a Petty Cash/Change Fund?

As a custodian of a fund, you are responsible for ensuring the funds are safeguarded and accounted for. The funds may not be in your personal possession, but you know where they are, the purpose they are being used for, and you agree to ensure compliance with the Petty Cash/Change Fund policy. This includes a monthly verification/count of the fund and a quarterly formal reconciliation of the fund.

Q: What are my requirements as a Fund Sponsor?

A fund sponsor should be someone who has financial approval authority in the department. This person has agreed to the establishment of the Petty Cash/Change fund, is responsible for surprise cash counts of the fund, and is also involved in approving the quarterly reconciliation of the fund. This individual will assist the custodian with the overall security and accountability of the fund and is aware of the requirements of the Petty Cash/Change Fund policy.

Q: During our periodic reconciliation or surprise cash counts, we discovered that the fund amount did not agree with the original established amount. What steps do I need to take?

The first step is to attempt to determine what could have happened. It should have been isolated to the past month of activity if the policy requirement of monthly verifications/reconciliations are up to date and timely.

- If the fund is short, then it needs to be restored to its original amount. Depending on the suspected reason for the shortage, a police report may be necessary. An On Demand voucher in Peoplesoft will need to be entered



for the amount of the shortage, made payable to the Custodian, so that the fund can be restored to its original amount.

- If the fund is over the original amount, then the difference will need to be removed from the Petty Cash/Change fund and deposited through Peoplesoft. Investigation into what could have caused the overage should be performed to prevent future overages.

Q: The named custodian or sponsor of our fund no longer works at the University.... What steps do we need to take to update the Financial Services records?

If a Fund Custodian or Sponsor changes, Financial Services needs to be notified via the ***Petty Cash/Change Fund Request Form (Section 3)***. This form is used to establish new funds, close funds, increase/decrease funds, and report a change in Custodians or Sponsors. Failure to complete and submit this form to Financial Services results in noncompliance with University policy.