BUSINESS AND FINANCE DEPARTMENT
Bursar

Effective Date: 9/1/2026

PETTY CASH PURPOSES AND MANAGEMENT POLICY

Policy Number	542-01
Approval Authority	Chief Financial Officer
Responsible Administrator	Bursar
Responsible Office	Bursar
Policy Contact	Bursar

1.0 POLICY STATEMENT

When certain departmental operations require a change fund, the Chief Financial Officer will authorize the Office of Business and Finance to advance a petty cash fund to the department or budgetary head, provided the department submits proper justification and the completed Petty Cash Authorization Form. This fund will be maintained on a custodial basis. Such advances will not be charged to the department's operating account at the time of issuance; instead, they will be recorded in TSU's accounting records as an advance to the Department Chair/Director or budgetary head, who is responsible for ensuring proper fiscal and physical control of the fund.

2.0 IMPORTANCE AND REASON FOR THE POLICY

Petty cash funds provide an effective way to manage change in office settings, such as the Bursar's or Ticket Offices. However, keeping cash on-site carries certain risks, including the possibility of misuse or theft. To address these concerns, this policy outlines specific requirements designed to minimize those risks.

These requirements include guidelines for the disbursement and replenishment of petty cash, as well as record-keeping practices to ensure accountability. Regular audits will be conducted to monitor cash flow, and clear roles and responsibilities will be established for those managing the petty cash fund. By implementing these measures, TSU aims to protect petty cash assets.

3.0 DEFINITIONS

Petty Cash/Change Fund: A specific amount of money placed in the custody of an individual for the purpose of making change while conducting University business. The amount on hand should always remain the same; therefore, change funds should not require replenishment.

Custodian: A regular employee of the University responsible for maintaining the security, accountability and replenishment of a petty cash/change fund.

Petty Cash Authorized Signer: Must be a Dean, Director or Department Head and cannot be the Custodian of the fund. An authorized signer may authorize petty cash transactions on behalf of the Custodian.

4.0 PROCEDURES

I. Petty Cash Authorization

A. The CFO can, with proper justification, authorize the Bursar to allocate a petty cash fund to the department or budgetary head.

B. The petty cash fund amount is specifically authorized by the CFO.

C. The petty cash is to be used as a change fund only; no purchase is to be made from the petty cash fund. Loans and advances to employees for personal use from petty cash funds are forbidden, as is check-cashing.

D. The facilities for safekeeping must be available and appropriate, and all petty cash funds must be kept separate from all other departmental funds and not co-mingled.

E. The departmental custodian of the petty cash fund is responsible for securing all funds.

F. All losses or shortages of the petty cash fund must be reported immediately to the Bursar. Such shortages will be charged to the applicable departmental account.

G. The petty cash fund is subject to audit and should be balanced daily.

II. Proper Custody and Control of Petty Cash Funds

The custody and control of petty cash funds may be delegated to appropriate personnel; however, accountability and responsibility for proper use and care of the funds remain with the designated Department Chair/Director or budgetary head.

A. Facilities for safekeeping, commensurate with the size of the fund, must be available.

B. Petty cash funds are subject to audit and should be frequently balanced to ensure that the cash on hand equals the established amount of the fund.

C. A Petty Cash Fund Reconciliation form should be prepared periodically and any time there is a change in budgetary heads.

D. Bank accounts cannot be opened for petty cash funds without prior approval of the President and the Board of Trustees.

E. Petty cash funds will be verified in writing by both parties, custodian and Department Chair/Director, when responsibility and custody of the fund are changed.

III. Limitations on Use of Petty Cash Funds

A. Specific approval must be obtained from the CFO before petty cash funds can be used for purposes other than change funds.

B. Loans and advances to employees for personal use from petty cash funds are forbidden. Personal check cashing is prohibited.

C. Meals, food, flowers, travel, personal services, contractor services, and dues or subscriptions cannot be reimbursed by petty cash funds.

IV. Cash Overage and Shortage

If at any time a department's petty cash fund should be over or short, the overage or shortage should be reported to the Office of Business and Finance immediately by completing the Petty Cash Fund Reconciliation Form and providing an explanation of the circumstances.

V. Annual Petty Cash Evaluation

At least once per year, departments must re-evaluate whether the petty cash account is still required to meet their business needs. Petty cash funds should be active. Inactive funds should be terminated. Funds are considered inactive if they have no activity during a fiscal year.

5.0 AUTHORITY AND REFERENCES

- **Tennessee Code Annotated § 9-4-302**: Grants the Commissioner of Finance and Administration to allow petty cash accounts for state departments, institutions, or agencies.

- **T.C.A. Title 9**: General public finance laws cited as the broader regulatory framework for university cash management and deposits.

- **Tennessee Internal School Uniform Accounting Policy Manual**: Specifically, Sections 5-18 & 19, which provide standardized accounting procedures for petty cash across educational institutions.

6.0 HISTORY

Policy 5.06.05.2 Petty Cash Authorization

TENNESSEE STATE UNIVERSITY

Petty Cash Fund Authorization

REQUEST FOR PETTY CASH FUND

State need and purpose for the fund: _____

_____

Where will the fund be located (building, room #) _____

_____

Requested Amount for Fund $_____ Department Name _____

Name of Custodian _____ Department Head Name: _____

Custodian Signature _____ Department Head Signature _____

Custodian TSU ID _____

Authorization of Petty Cash Fund

(Controller Office Use Only)

Amount of Fund $_____ Date Issued _____

Authorized by _____ Date _____

INSTRUCTIONS FOR PETTY CASH USAGE

1. The petty cash fund amount is specifically authorized by the CFO only.
2. The petty cash is to be used as a change fund only; no purchase is to be made from the petty cash fund. Loans and advances to employees for personal use from petty cash funds are forbidden, as is check-cashing.
3. The facilities for safekeeping must be available and appropriate, and all petty cash funds must be kept separate from all other departmental funds and not co-mingled.
4. The departmental custodian of the petty cash fund is responsible for securing all funds.
5. The fund is to be always maintained at its authorized amount, in cash or receipts.
6. All losses or shortages of the petty cash fund must be reported immediately to the Bursar. Such shortages will be charged to the applicable departmental account.
7. The petty cash fund is subject to audit and should be balanced daily.
8. Funds may be recalled periodically for audit purposes by the Controller's Office or the Internal Audit Office.
9. If there is a change in the custodian of the fund, notify the Controller's Office.
10. If there is a theft, notify Public Safety and Police Services and the Controller's Office.

SAMPLE PETTY CASH RECONCILIATION FORM

Cash
PETTY CASH COUNT FOR
FYE 6/30/_____

W.P. No. _____
Account _____
Date _____

CURRENCY:

DENOMINATION			NUMBER		TOTAL
$	100.00	X	_____	=	_____
$	50.00	X	_____	=	_____
$	20.00	X	_____	=	_____
$	10.00	X	_____	=	_____
$	5.00	X	_____	=	_____
$	1.00	X	_____	=	_____
$	0.50	X	_____	=	_____
$	0.25	X	_____	=	_____
$	0.10	X	_____	=	_____
$	0.05	X	_____	=	_____
$	0.01	X	_____	=	_____

TOTAL CURRENCY

PLUS:
Vouchers: Copies and/or tapes with details attached _____
Checks: Copies and/or tapes with details attached _____

LESS:
Collections: (_____)

AMOUNT OF PETTY CASH FUND
PER THE COUNT _____

(OVERAGE)/SHORTAGE _____

AMOUNT OF PETTY CASH FUND
PER THE GENERAL LEDGER _____

The above fund, consisting of cash and/or cash items and amounting to $_____was counted in my presence by _____, an employee of the Tennessee State University, Department of Accounting and Payroll, at _____o'clock on _____and was returned to the _____office intact. There are no other funds in my possession for which I am accountable, except as noted below:

_____

_____

_____
Custodian