What is the petty cash process?

The petty cash process is set up to ensure that cash and receipts on hand equal the amount recorded in the university general ledger. In order to establish a petty cash fund, the process is as follows:

1. The departmental director submits a written request to the Accounting Office stating how much is required and the reason it is needed.
2. Accounting personnel reviews the request.
3. If approved, the fund is created and a confirmation letter is sent to the custodian with courtesy copies to custodian’s supervisor and Internal Audit.

Petty cash requirements include:

- Responsibility for a petty cash account is to be vested in only one person. This person is responsible for any shortages in the account, and if theft occurs, must notify Internal Audit and the university police.
- All disbursements from petty cash accounts are to be supported by original receipts.
- Petty cash checking accounts are to be reconciled monthly by a person other than the custodian.
- Surprise counts of petty cash are to be made periodically by a person other than the custodian (custodian’s supervisor).
- Petty cash and receipts should be locked in a secure place such as a safe at all times.

Tidbits about Federal Grants

1. A Non-Availability of Equipment Form must be completed and forwarded to the ORSP Contracts and Grants Accountant, 125 Old Chemistry, prior to proceeding with the purchase of a piece of new equipment if:
   - the unit cost of each item is $5,000 or more;
   - the useful life is more than one year; and
   - the item is not expendable in nature or non-recoverable once used.

2. If the purchase of equipment was not identified in the original agency-approved budget:
   - prior approval from the agency is required;

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• a revised budget must be submitted to the ORSP; and
• a UM Prior Approval System for Federal Grants and Agreements must also be submitted.

3. When a final technical report is required by the awarding agency, the PI is responsible for submitting the report to the agency and forwarding a CD copy of the report to the ORSP to be retained in the award file as verification of compliance with final reporting requirements.

4. Federal contracts in excess of $500,000 require a small business subcontracting plan by which a percentage of expenditures go to small or minority businesses. Small or minority business vendors must be registered as such within the university procurement system.

5. Program income from sponsored projects must be put into a separate UM account and linked to the corresponding prime award. The same guidelines apply to the spending of program income as apply to the grant.

6. If cost sharing is required, it has the same allocability and allowability requirements as the grant funds and must be fully documented by the PI or relevant administrative unit.

7. Salaries are normally provided by F & A. Direct charging of secretarial salaries to a federally sponsored project is allowed only when related to a major project in which the salary has been explicitly budgeted and justified in the proposal, and approved by the sponsoring agency.

8. Some costs that are not allowable on federally sponsored awards include:
   • the purchase of food,
   • entertainment costs,
   • business cards,
   • cell phone plans,
   • costs of individual memberships in professional organizations, or
   • tuition costs for employee dependants.

Presented By: The University of Mississippi
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