

Policy 3-21 Rev. 3
Date: April 1, 2006

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Subject: **PETTY CASH FUNDS**

I. PURPOSE

To establish a policy for administering petty cash funds.

II. REFERENCES

- A. [Policy and Procedures 3-4](#), Banking Policy
- B. [Policy and Procedures 4-3](#), Small Purchases and Expedited Procurement
- C. [Policy and Procedures 4-4](#), Restricted Purchases and Special Procurement
- D. [Policy and Procedures 3-11](#), Recruitment and Entertainment Expense Reimbursement Policy
- E. [Administrative Guidelines](#), Petty Cash Funds

III. POLICY

A. General Purpose of Petty Cash Funds

Petty cash funds are intended to be used for small, incidental purchases. The amount of the fund should not exceed the amount of expenditures ordinarily required in a 60 day period.

B. Establishment of Petty Cash Funds

Requests for establishment of petty cash funds from Activities should be directed to General Accounting or in the case of Projects (Contracts & Grants) requests should be directed to Grants & Contracts Accounting. All requests are subject to the approval of the department chair/head and the manager of General Accounting or Grants & Contracts Accounting, as appropriate. The custodian must be an employee of the University and must accept responsibility for the fund by signing a Petty Cash Fund Request/Change Form.

Procedures for closing a petty cash fund as well as changing the accounting for the fund, the custodian, or the amount are available at [Administrative Guidelines](#), Petty Cash Funds.

C. Expenditures and Reimbursements

1. Receipt must be obtained for each petty cash expenditure. Such receipts

normally include cash register or handwritten vendor receipts, paid vendor invoices, or properly approved "Received of Petty Cash" slips. For each expenditure, the following information must be documented.

- a. Payee (employees who make purchases from personal funds and are reimbursed through petty cash should sign the receipt),
 - b. Date of purchase,
 - c. Amount
 - d. Purpose or description of purchase.
2. To obtain replenishment of petty cash funds, a Petty Cash Reimbursement form must be used. The form, with all applicable receipts attached, shall be submitted to the Accounts Payable Department for processing.
 3. Reimbursement requests must be signed by the custodian of record and the responsible person of the Activity/Project to which the expenses are being charged.
 4. Reimbursement requests should be submitted on a timely basis (e.g., when the remaining cash balance equals average weekly purchases).
 5. Reimbursement checks issued by the Accounts Payable Department will be made payable to the custodian of the fund and should be cashed promptly upon receipt and the proceeds returned to the petty cash fund.

D. Prohibited Uses

1. Petty cash funds may not be deposited into personal bank accounts.
2. Departments may not establish bank accounts for petty cash funds.
3. Petty cash funds must not be commingled with other monies, such as departmental change funds or personal funds of employees.
4. Purchases of goods and services for more than \$50 should not ordinarily be made with petty cash. Campus orders or a University purchasing card, rather than petty cash funds, should be used for purchases from the Bookstore and other campus departments to avoid assessment of sales tax.
5. Petty cash funds may not be expended for:
 - a. Salaries, wages, or similar payments to individuals.

- b. Purchases of goods and services for the personal use of faculty or staff members.
- c. Prohibited acquisition items as outlined in [PPM 4-4](#).
- d. Payroll advances, travel advances, and loans to employees.
- e. Cashing checks for employees or other individuals.
- f. Reimbursement of entertainment expenditures. Such expenditures should be submitted to Accounts Payable as outlined in [PPM 3-11](#).

E. Maintenance and Security of Funds

- 1. Petty cash funds should be properly secured at all times. Access to the funds should be restricted to one person (e.g., the petty cash custodian or a specified cashier).
- 2. Cash on hand and receipts for disbursements made should always equal the assigned amount of the petty cash fund.
- 3. Petty cash funds are subject to unannounced verifications by management of the responsible department, the State auditor, the Internal Audit Department, and/or the Controller's Office. At the time of the audit, the petty cash custodian must provide a full accounting of the fund.

F. Annual Review of Petty Cash Funds

Annually, the petty cash custodian and department head, or designee, are required to review each petty cash fund under their control and verify the following:

- 1. The fund is still needed for the amount authorized.
- 2. The sum of cash on hand and receipts for unreimbursed expenditures is equal to the amount which has been authorized.
- 3. The funds are secured and NOT deposited in a separate bank account.
- 4. The custodian is the custodian of record.
- 5. This petty cash policy and supplemental guidelines has been reviewed and the fund is being used in accordance with this policy.

Failure to complete the annual review will result in the closure of the petty cash fund.

IV. QUESTIONS REGARDING THIS POLICY

Refer questions regarding the application of this policy to General Accounting or Grants and Contracts Accounting, as appropriate.

Approved: Academic Senate 11/4/91; Board of Trustees 11/15/91

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[Rev. 2](#)

OUTDATED