Policy 3-011: Petty Cash Funds

I. Purpose and Scope

To establish a policy for administering petty cash funds.

II. Definitions

(Reserved)

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 45 day period.

B. Establishment of Petty Cash Funds

1. Requests for establishment of petty cash funds from Activities should be directed to General Accounting or in the case of Projects, 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.

2. Procedures for closing a petty cash fund as well as changing the accounting for the fund, the custodian, or the amount are available at FBS Administrative Guidelines, Petty Cash Funds.

C. Expenditures and Reimbursements
1. Original receipts must be obtained for each petty cash expenditure. Such receipts normally include cash register or point-of-sale receipts, or properly approved "Received of Petty Cash" slips. Individuals requesting reimbursement from petty cash must sign the receipts. For each disbursement, the following information must be documented.
   a. Payee
   b. Date of purchase
   c. Amount
   d. Business purpose and 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 according to processes defined by Financial and Business Services.

3. Reimbursement requests must be signed by the custodian of record and the Principal Investigator (if a Project) or Account Executive (if an Activity).

4. Reimbursement requests should be submitted on a timely basis (e.g., when the remaining cash balance equals average weekly purchases).

D. Prohibited Uses

1. Petty cash funds may not be deposited into personal bank accounts or commingled with other funds.

2. Departments may not establish bank accounts for petty cash funds.

3. Purchases of goods and services for more than $100 should not be made with petty cash. Purchases over $100 should be made using other procurement methods such as the purchasing card.
4. 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 Policy 3-192.

   d. Payroll advances, travel advances, and loans to employees or students.

   e. Cashing checks for employees or other individuals.

   f. Reimbursement of entertainment expenditures. Such expenditures should be submitted to Accounts Payable as outlined in Policy 3-031.

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.

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F. Annual Review of Petty Cash Funds

Annually, the petty cash custodian and department head, or designee (other than the custodian), 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. Rules, Procedures, Guidelines, Forms and other Related Resources

A. Rules


B. Procedures

   P3-011A, Petty Cash Funds, Current

C. Guidelines

   G3-011A: Payments to Human Research Participants

D. Forms

   Petty Cash Fund Request/Change Form

   Petty Cash Reimbursement Form

E. Other related resource materials [reserved]

V. References

A. Policy 3-031, Recruitment and Entertainment Expense Reimbursement Policy

B. Policy 3-051, Banking Policy

C. Policy 3-191, Small Purchases and Expedited Procurement

D. Policy 3-192, Restricted Purchases and Special Procurement
VI. Contacts

Acting as the Policy Owner, the Office of the Controller is responsible for answering questions regarding the application of this policy. Acting as the Policy Officer, the Office of the Vice President for Administrative Services has the authority to allow exceptions to this policy.

VII. History


Revision History:

A. Current version: Revision 4

Approved by Academic Senate: 1/11/2010

Board of Trustees: 02/09/2010

Executive Summary Revision 4

October 30, 2014: Added Guideline G3-011A.

B. Earlier versions

Revision 3: effective dates October 5, 2005 to April 1, 2006

Editorially changed to update Rules, Procedures, format, owner and officer; August 12, 2009.

Revision 2: effective dates February 14, 1992 to October 4, 2005

Revision 1: effective dates November 4, 1991 to February 13, 1992