

**Policy 3-011: Petty Cash Funds**

**Revision 4.** Effective date: February 9, 2010

- I. Purpose and Scope** ..... 1
- II. Definitions** ..... 2
- III. Policy** ..... 2
  - A. General Purpose of Petty Cash Funds..... 2
  - B. Establishment of Petty Cash Funds ..... 2
  - C. Expenditures and Reimbursements ..... 2
  - D. Prohibited Uses..... 3
  - E. Maintenance and Security of Funds..... 4
  - F. Annual Review of Petty Cash Funds..... 4
- IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources**..... 5
- V. References** ..... 5
- VI. Contacts** ..... 5
- VII. History** ..... 5



**I. Purpose and Scope**

A. Purpose.

To establish a policy for administering petty cash funds.

B. Scope.

[reserved]

## II. Definitions

[reserved]

## III. Policy

### A. General Purpose of Petty Cash Funds

1. 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 Rule R3-100E.
    - 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.
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

1. 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:
  - a. The fund is still needed for the amount authorized
  - b. The sum of cash on hand and receipts for unreimbursed expenditures is equal to the amount which has been authorized.
  - c. The funds are secured and not deposited in a separate bank account.
  - d. The custodian is the custodian of record.
  - e. This petty cash policy and supplemental guidelines has been reviewed and the fund is being used in accordance with this policy.
2. Failure to complete the annual review will result in the closure of the petty cash fund.

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*Parts IV-VII of this Regulation are regulations resource information – the contents of which are not approved by the Academic Senate or Board of Trustees and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per Policy 1-001 and Rule 1-001.*

#### **IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources**

##### A. Policies/ Rules.

1. R3-011A: Meals/Incentive Awards/ Flowers/ Retirement Gifts

##### B. Procedures, Guidelines, and Forms.

1. P3-011A: Petty Cash Funds
2. G3-011A: Payments to Human Research Participants

##### C. Other Related Resources. [reserved]

#### **V. References**

- A. Policy 3-031: Recruitment and Entertainment Expense Reimbursement Policy
- B. Policy 3-051: Banking Policy
- C. Rule R3-100D: Delegations and Small Purchases
- D. R3-100E: Restricted Purchases and Special Procurement

#### **VI. Contacts**

The designated contact officials for this regulation are

- A. Policy Owner(s) (primary contact person for questions and advice): Controller
- B. Policy Officer(s): Vice President for Administrative Services

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

#### **VII. History**

A. Current version. Revision 4

1. Approved by Academic Senate January 11, 2010 and Board of Trustees February 9, 2010 with effective date February 9, 2010.
2. Legislative History Revision 4
3. Editorial Revisions
  - a. Editorially revised August 4, 2022 to move to current template.
  - b. Editorially revised August 4, 2022 to reflect renumbering of Policy 3-192 to Rules R3-100E

B. Earlier versions.

1. Revision 3. Effective October 5, 2005.
2. Revision 2. Effective February 14, 1992.
3. Revision 1 Effective November 4, 1991.

C. Renumbering

1. Renumbered from Policy and Procedures Manual 3-21.