

Petty Cash Funds

Operating Procedures

General

A petty cash fund serves as a revolving fund and may be established in a department when it can be demonstrated that a continuing cash advance should be kept on hand to permit the purchase of low-value (less than \$100) supplies. Employee meals cannot be reimbursed using petty cash funds. Employee meals are to be reimbursed using a Trip Voucher. Purchases of food, other than employee meals, may be reimbursed using petty cash funds, provided they meet the low-value threshold noted above. Petty cash funds may be established in amounts up to \$8,000, depending on the needs of the department. The Controller has the authority to increase the amount if warranted by the circumstances.

Establishment of Petty Cash Funds

Under the auspices of the Vice Chancellor of Business Services, the Controller is responsible for authorizing the establishment of petty cash funds, including the specific amount of each fund, and the dollar limit per expenditure.

Operating Procedures

Once a petty cash fund has been authorized for a department, the following operating procedures are to be followed:

1. Designation of Custodian

A custodian of the fund, who is directly responsible for the safekeeping and disbursement of the cash, must be appointed by the department supervisor or manager. A Custodian Form must be completed in order to establish the fund. The original check written to establish the fund, and checks written to replenish it, are made payable to the custodian of the fund. Written instructions detailing the procedures that must be followed in using petty cash funds should be provided to the custodian.

2. Petty Cash Disbursements

Expenses paid from a petty cash fund can only be made for the purpose(s) for which the fund was authorized and must be supported by receipts, which should contain the following information:

- Date of purchase or payment;
- Name of vendor or other payee;

- Positive evidence that a payment was made (i.e., a cash register receipt or a hand written receipt on which the word “Paid” appears);
- Amount paid; and
- Description of the goods purchased (entered by the vendor if a hand written receipt is obtained, or by the purchaser if a cash register tape is issued).

A Petty Cash Voucher must accompany the receipts. The Petty Cash Voucher includes:

- Employee / Payee
- Date
- Item(s) Purchased
- Budget Code to be Charged
- Dollar Amount
- Signature of manager authorizing payment
- Signature of employee receiving the cash

3. Reimbursement of Funds

Reimbursements made to a fund custodian for petty cash expenditures are based on a Petty Cash Reimbursement Form, which must be supported by Petty Cash Vouchers and the accompanying purchase receipts. Requests for reimbursement must be approved for payment by a manager with signature authority who is neither the petty cash fund custodian nor an employee who reports to the fund custodian.

Requests for reimbursement must be packaged in a sealed envelope. The packet must include the:

- a. Petty Cash Reimbursement Form;
- b. Petty Cash Vouchers; and
- c. Corresponding purchase receipts.

The reimbursement packets must be either hand delivered or mailed to Accounts Payable. In either case, the petty cash custodian must submit an e-mail attachment of the Petty Cash Reimbursement Form to Accounts Payable.

If the reimbursement packet is hand delivered, the custodian must call Accounts Payable and schedule a time for delivery. Once the packet is hand delivered, an accounts payable clerk will sign off on the Petty Cash Reimbursement Form acknowledging the accuracy of the reimbursement packet. The accounts payable clerk will provide the petty cash custodian with a copy of the signed Petty Cash Reimbursement Form.

If the reimbursement packet is sent through inter-office mail, the petty cash custodian must make copies of all packet documents. If the packet

documents are lost in transit, the petty cash custodian must re-submit copies of the packet documents. Accounts Payable will confirm with the petty cash custodian once the packet is processed.

Reimbursement should be requested as needed, but the fund should always be replenished at least annually.

4. Physical Security

The fund's currency must be secured in a locked safe or in a locked receptacle, in a properly secured area, at all times. In the event of a theft or shortage of \$100 or more, the loss must be reported to the Campus Police and to the District Accounting Office.

5. Change in Custody of Fund

When custody of a petty cash fund is transferred to another custodian, the existing fund should be turned in to the designated manager. The fund should be counted at that time by the manager and the custodian relinquishing the fund. The manager in the presence of the new custodian receiving the fund should count it a second time.

The department manager must complete the Change of Custodian Form and submit it to the Controller's office whenever there is a change in custodian of petty cash or change funds.

6. Closing Out a Petty Cash Fund

It is the responsibility of the administrator of the petty cash/change fund to notify the District Controller once a petty cash/change fund is no longer required. The administrator, along with the custodian must complete a Request to Close Petty Cash/Change Fund form and submit it with original signatures, unreimbursed receipts, and any cash on hand to the District Accounting Office.

7. Responsibilities

The District Accounts Payable Office is responsible for reviewing receipt documents provided in support of requests for reimbursement of petty cash expenditures, and for reimbursing the fund custodian. The District Accounts Payable Office is responsible for immediately notifying the petty cash custodian and the Controller of any missing or incomplete petty cash documentation.

The district accountant is responsible for sending a memo to the petty cash fund custodians to confirm ending balance at year-end. The district

accountant is also responsible for sending out updated “Petty Cash Operating Procedures” to custodians and obtaining an acknowledgement of receipt and review from each custodian by email.

8. Exhibits

Exhibit A	Petty Cash Reimbursement Form
Exhibit B	Petty Cash Voucher
Exhibit C	Custodian Form
Exhibit D	Change in Custodian Form
Exhibit E	Request to Close Petty Cash/Change Fund