

Policy: 3-21 Rev: 1  
Date: February 14, 1992

Subject: **PETTY CASH FUNDS**

I. PURPOSE

To establish a policy and related procedures 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

III. POLICY

A. General Purpose of Petty Cash Funds

Petty cash funds are intended to be used for small, incidental purchases.

B. Establishment of Petty Cash Funds

Requests for establishment of petty cash funds should be directed to the General Accounting Department and are subject to the approval of the department chair/head and the university controller. The custodian must accept responsibility for the fund by signing a Petty Cash Request form supplied by General Accounting.

C. Change in Custody

General Accounting should be notified promptly when custody for any petty cash fund is changed. This requires that a replacement Petty Cash Request form be signed by the new custodian and the department chair/head.

D. Expenditures and Reimbursements

1. Receipts 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, and
  - 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 department chair/head or his/her designee.
  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.

#### E. Prohibited Uses

1. Petty cash funds may not be deposited into personal bank accounts.
2. Departments may not unilaterally establish bank accounts for petty cash funds. All university bank accounts must be recommended by the vice president for administrative services or the president and require approval of the Board of Trustees. (See [PPM 3-4.](#))
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 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 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 on a check request (see [PPM 3-11.](#))

#### F. 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. Petty cash funds are maintained on an imprest basis, i.e., cash on hand and receipts for disbursements made should always equal the assigned amount.
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.

#### G. Reducing or Closing Funds

The amount of a petty cash fund should not exceed the amount of expenditures ordinarily made in a 60 day period. Petty cash funds which are dormant or are no longer required should be closed. To accomplish this, the assigned amount must be fully accounted for by delivering cash or the equivalent in receipts or other documentation to General Accounting. Any shortage must be fully explained. In case of theft, University Police should be notified and a copy of the police report submitted with the reimbursement request.

#### IV. QUESTIONS REGARDING THIS POLICY

Refer questions regarding the application of this policy to the General Accounting Department.

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