

CASH: PETTY CASH DISBURSEMENTS

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CASH: PETTY CASH DISBURSEMENTS

I. INTRODUCTION

A petty cash fund may be established in a department when there is evidence that a continuing cash advance should be kept on hand to permit the purchase of low-value supplies and services that cannot be purchased under the Low-Value Purchase Authorization procedures. In the absence of such evidence, procurement cards, blanket purchase orders, and miscellaneous blanket authorizations are used to purchase low-value supplies through the Storehouse, Central Duplicating, Central Garage, and other University service departments.

Each campus places its own restrictions on the petty cash funds established on its campus, including the amount of cash in the fund and a dollar limit per expenditure. Each fund must be used strictly in accordance with the purpose for which it was authorized.

II. ESTABLISHMENT OF PETTY CASH FUNDS

The Vice Chancellor-- Administration designates the office responsible for authorizing the establishment of petty cash funds, the specified amount of each fund, and the dollar limit per expenditure.

III. OPERATING PROCEDURES

When a petty cash fund has been authorized for a department, the following operating procedures must be followed:

A. 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 head. 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.

B. 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 handwritten receipt on which the word "Paid" appears;
- Amount paid;
- Description of the goods purchased (entered by the vendor if a handwritten receipt is obtained, or by the purchaser if a cash register tape is issued), or of the services provided; and
- Signature indicating receipt of purchases or services.

The total receipts plus the cash on hand must equal the specified amount of the petty cash fund at all times.

C. REIMBURSEMENT OF FUNDS

Reimbursements made to a fund custodian for petty cash expenditures are based on a Check Request (Non-Payroll), Form U5, which must be supported by purchase receipts. Such requests must be approved for payment by someone with signature authority who is neither the petty cash fund custodian nor an employee who reports to the fund custodian.

Reimbursement should be requested as needed, but the fund should always be reimbursed by the end of the fiscal year.

III. OPERATING PROCEDURES (Cont.)

D. PHYSICAL SECURITY

When not in use, the fund's currency must be placed in a safe or a locked receptacle, which is kept in a properly secured area. In the event of a theft, the loss must be reported to the campus police.

E. 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 officer, and a new check requested for payment to the new custodian.

** As an alternative, if campus procedures do not require that a new check be issued, a Petty Cash Change of Custodian Form (see sample form in Exhibit B) should be completed at the department level and sent to the campus general accounting office. The purpose of this form is to document that the department head has approved the change of custodian, that the total of the cash and the receipts equal the specified amount of the fund, and that the new custodian is aware of his or her specific responsibilities related to custody of the fund.

If the fund consists of cash and unreimbursed receipts, a reimbursement check should be requested as outlined in subsection III.C, above, so that the full amount may be turned in to the officer. The department head must notify the accounting officer in writing that the petty cash fund custodian has been changed.

IV. INTERNAL CONTROL PROCEDURES

A surprise cash count of each petty cash fund, including a review of the documents on hand, must be performed annually, or more frequently if the accounting officer or the head of another campus department determines that this is necessary. The following procedures must be followed:

- An employee from the accounting office or another campus department must perform the count.

- The employee should be selected to perform a specified cash count only for this one instance, i.e., the designation should terminate upon completion of the assignment.
- An employee who is the custodian of other cash, or who reports to, or whose work functions directly relate to, those of the custodian whose cash is to be counted, should not be selected to perform this count.
- If the cash count is performed by a non-accounting office employee, the results must be reported to the accounting office.

Any major discrepancies disclosed by the cash count should be reported to Internal Audit.

A petty cash verification letter should be sent to departments when the accounting office is unable to perform a surprise cash count (a sample letter is included as an Exhibit to this chapter).

V. RESPONSIBILITIES

The accounting office is responsible for reviewing receipt documents provided in support of requests for reimbursement of petty cash expenditures, and for reimbursing the fund custodian.

VI. REFERENCES

Accounting Manual chapters:

D-224-17 Delegation of Authority--Signature
 Authorizations

Original Accounting Manual chapter first published 6/15/85.
Revised 3/31/98, 12/30/98 and 2/28/09; analyst--John Barrett

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ACCOUNTING MANUAL

Exhibit A

UNIVERSITY OF CALIFORNIA
General Accounting Office
Campus Address

PETTY CASH VERIFICATION

To: Custodian John Doe
Department X
Campus Address

University policy requires an annual verification of petty cash funds. According to our records, as of _____, 199____ you are responsible for a fund totaling \$ _____.

Please confirm the accuracy of the above amount by signing and returning this verification to the attention of _____ at the above address.

Also, please confirm, in the presence of your supervisor, that you currently have a combination of cash and receipts totaling the amount authorized for your petty cash fund.

Cash on hand \$ _____, Amount in receipts \$ _____.

Total \$ _____

The amount of \$ _____ charged to me is correct.		
_____	() _____	_____
Custodian Signature	Telephone No.	Date

I have verified that the amount of \$ _____ is on hand in combined cash and receipts as stated above.		
_____	() _____	_____
Supervisor of Custodian	Telephone No.	Date

**Exhibit B

UNIVERSITY OF CALIFORNIA
General Accounting Office
Campus Address

PETTY CASH CHANGE OF CUSTODIAN FORM

To: General Accounting

From: Department X
Campus Address

University policy requires that the custodian of a petty cash fund who is directly responsible for the safekeeping and disbursement of the fund's cash must be appointed by the department head. The policy also requires that any change in custody of an existing fund must be documented in writing and the amount of the transfer verified.

The department head must notify the accounting officer in writing when the custodian of a petty cash fund changes. In addition, the department head must document that written instructions detailing the procedures that must be followed in using a petty cash fund were provided to the new custodian. Completion of this form is sufficient verification that the above requirements have been met.

As the **PRESENT CUSTODIAN**, I currently have the following combination of cash and receipts totaling the amount authorized for my petty cash fund.

Cash on hand \$ _____ Amount in receipts \$ _____ = \$ _____

Signature Telephone No. Date

As the **NEW CUSTODIAN**, I agree that I received the total cash and receipts in the amount of \$ _____ on (date) _____. I have read and agree to follow the procedures specified in Accounting Manual chapter C-173-61, Cash: Petty Cash Disbursements, and any specific campus policies and procedures concerning my responsibilities for safeguarding and disbursing cash from the petty cash fund.

Signature Telephone No. Date

IMMEDIATE SUPERVISOR

DEPARTMENT HEAD

Name _____
(print or type)

Name _____
(print or type)

Signature _____
Date Signed _____

Signature _____
Date Signed _____

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End.
**Addition 12/30/98