

***California State University
Channel Islands Foundation
Petty Cash Policy***

AUTHORITY This policy is approved by the President of California State University Channel Islands (CSUCI).

SUMMARY The purpose of this document is to outline policy on establishing and managing the CSUCI Foundation petty cash fund. Section headings are:

1. ESTABLISHING A PETTY CASH FUND
2. USES OF PETTY CASH
3. CUSTODIAN RESPONSIBILITIES
4. MAINTAINING A PETTY CASH FUND

1. ESTABLISHING A PETTY CASH FUND

a. **One Petty Cash Fund Per Division** — A single petty cash fund is usually adequate for all Foundation petty cash transactions. Reimbursements from this petty cash fund may be charged to any type of activity/account including sponsored projects.

b. **Size of a Petty Cash Fund** — The petty cash fund should be small enough to require replenishment at least twice monthly and large enough to require no more than three replenishments per month. Reimbursements are authorized for amounts up to and including \$50 per transaction (including sales tax) unless a higher limit for the petty cash fund is requested, and the Controller approves such request.

c. **Petty Cash Custodian** — The University's Controller must appoint an individual to be custodian of the Foundation's petty cash fund. The custodian must be trained by the Controller or her designee before taking on petty cash custodian responsibilities.

d. **Establishing or Changing a Petty Cash Fund** — An individual may request a new petty cash fund or an increase or decrease in an existing fund by sending a memorandum to the Controller along with a completed *Foundation Disbursement Check Request* (increase only). The memorandum should include the reason for the request, the amount requested, the name of the petty cash custodian and location. When a petty cash fund is to be decreased, a *Foundation Petty Cash Reconciliation Form* should be prepared and the form and unneeded cash should be taken to the Controller's Office by the custodian. A cash receipt will be given to the custodian and a copy of the receipt will be attached to the deposit.

2. USES OF PETTY CASH

a. **Purpose of Petty Cash Funds** — Petty cash funds enable departments to pay cash for minor business expenditures that could not be charged to a departmental or individual purchasing card.

b. **When Petty Cash May be Used** — Reimbursements from petty cash are authorized for purchases and expenditures up to and including \$50 per transaction (including sales tax), with a maximum reimbursement of \$50 per person, per day.

A petty cash recipient cannot submit a receipt for more than \$50 and elect to waive reimbursement for the amount in excess of \$50. In general, petty cash can be used to reimburse employees for valid business expenses, including business-related meal expenses, parking expenses, mileage and emergency supplies. Expenses for alcoholic beverages, tobacco products, promotional items and awards may be charged to Foundation funds subject to the policies and restrictions established by the Foundation for this policy (see table on page 4).

c. **Accounting Accuracy** — Reimbursement for petty cash must be the exact amount of the expense. Splitting one transaction over \$50 into several parts is specifically not allowed.

d. **When Petty Cash May Not be Used** — Petty cash may NOT be used for:

- Amounts over \$50 (exceptions must be approved by the Controller)
- Buying hazardous materials
- Interest charges (personal expense)
- Membership dues
- Payment for services performed by employees or non employees
- Personal expenses
- Personal loans and cashing personal checks
- Social or travel club dues (personal expense)
- Traffic citations (personal expense)
- University parking permits (personal expense)

3. CUSTODIAN RESPONSIBILITIES

a. **Assignment of Petty Cash Funds to Custodian** — The Controller's Office will issue a check to the custodian for the amount of the petty cash fund. The custodian remains accountable for the petty cash until another person is officially designated as the new custodian or until the fund is closed.

b. **Protection of Petty Cash** — To prevent access by anyone except the custodian, petty cash funds exceeding \$100 must be kept in a locked box in a safe, vault or money chest that is adequate to safeguard cash and that is locked whenever the custodian is absent. Only the custodian should have access to the keys. In case of theft or mysterious disappearance, the CSUCI Police Department must be notified as soon as the loss is discovered. A copy of the police report should be included with the petty cash receipts when reimbursement is requested.

c. **Absence of the Custodian** —

(1) **Brief Absence** — During absence or vacation, a custodian may place the petty cash fund with a temporary custodian. The temporary custodian and the regular custodian must inventory the petty cash box and prepare a list of cash, receipts and reimbursement requests in process. These must total the value of the petty cash fund. The temporary custodian signs a copy of the inventory as a receipt. The regular custodian retains this receipt since that individual is transferring personal responsibility for the value of the fund. When the regular custodian returns, the same procedures must be followed with the receipt retained by the temporary custodian. A *Foundation Petty Cash Reconciliation Form* may be used for this inventory and is available in the Outlook Public Folders.

(2) **Extended Absence -- Fund Replenishing** — If it is necessary to replenish the fund when the temporary custodian is in charge, a memo from the Controller identifying the temporary custodian must be sent to Accounts Payable. Without this notification, the check to replenish the fund will be automatically generated in the name of the regular custodian and cannot be cashed by the temporary custodian.

d. **Change of Custodian** — The Controller may transfer the petty cash fund to a new custodian. A memorandum documenting the transfer should include the date of the transfer, amount in the petty cash fund, name of current custodian, and name of new custodian. A personal audit of the fund must be made by the employees concerned using a *Foundation Petty Cash Reconciliation Form* and a receipt in the form of the *Foundation Petty Cash Transfer Request Form* must be given to the custodian being relieved by the newly assigned custodian. A copy of the request form signed by both parties should then be submitted to the Controller's Office.

e. **Closing a Petty Cash Fund** — If a petty cash fund is no longer needed the custodian must close the fund by completing a final *Foundation Petty Cash Reconciliation Form* and taking the cash remaining to the Controller's Office. Do not send cash through inter-campus mail. The Controller's Office will prepare a cash receipt. The remaining expenses are recorded as a journal entry. In cases when a custodian leaves without closing the fund and there are no receipts or records, the remaining cash will be charged to the operating budget of the Foundation, reported to the IRS as income to the custodian, and may be reported to Internal Audit or the police for investigation.

f. **Confirmation of Petty Cash Funds** — The Foundation will conduct random audits of selected funds once per year.

4. MAINTAINING A PETTY CASH FUND

a. **Accounting for Petty Cash Transactions** — Proper accounting for petty cash requires that custodians make payments for authorized expenditures only, obtain receipts, and record expenditures. Note that a sales slip, cash register tape, or other receipt must be submitted for each expenditure. A *Foundation Travel Expense Claim* must be completed in order to be reimbursed for travel-related reimbursement expenses. When a receipt is not available, a *Foundation Lost Receipt Memo* should be completed and signed. The receipt must be signed by the person being reimbursed and approved by someone who has signature authority for the activity/account charged. The approver may be the custodian of the petty cash fund, except that the custodian may not approve his or her own expenses and may not approve expenses for an individual to whom he or she reports either directly or indirectly.

b. **Cash Disbursements** — When presented with the appropriate documentation, the custodian will require that the recipient of the cash complete a small form in a *Petty Cash Receipt Book* to acknowledge receipt of the funds. The original receipt stays in the book until it is submitted with other supporting documentation when a replenishment request is submitted. The duplicate copy of the receipt remains in the book to be retained by the custodian for back-up documentation.

c. **Balancing Petty Cash Funds** — When reimbursements by the custodian deplete the amount of cash, receipts are totaled to account for the expenditures and to keep the petty cash fund in balance. At any time, the total cash on hand plus the total receipts and reimbursement requests in process should equal the original amount of the

petty cash fund. If the fund does not balance, the Controller's Office should be contacted for assistance. A petty cash fund should always be balanced before a request is made for replenishment. A *Foundation Petty Cash Reconciliation Form* is available in the Outlook Public Folders.

d. Replenishing Petty Cash Funds – Approval – To replenish a petty cash fund, a *Foundation Disbursement Check Request*, and a *Foundation Petty Cash Reconciliation Form* is completed by the custodian and sent to the Controller's Office. The Controller's Office will review all documents attached to the *Foundation Petty Cash Reconciliation Form* to verify their approval by a person who has signature authorization for the activities/accounts to be charged. This person must be someone other than the custodian and not someone who reports to the custodian. The approver may not approve his or her own expenses and may not approve expenses for an individual to whom he or she reports either directly or indirectly. Once all forms and receipts have been reviewed and approved, the replenishment check is then sent as requested to the custodian.

e. Reports of Petty Cash Expenditures — Petty cash expenditures are reported to departments on their monthly expenditure statements by activity/account number and expense classifications.

Approved by Richard R. Rush, President

October 25, 2002