

## **PURPOSE**

To provide procedures and guidance to maintain an adequate system of internal controls to protect petty cash and change funds from loss in accordance with *ICSUAM 6320.00*.

## **SCOPE**

This policy applies to all University and auxiliary organization locations which utilize petty cash or change funds.

## **RESPONSIBILITIES**

### **Associate Vice President for Financial Services (AVP)**

The AVP's responsibilities as delegated by the CFO are to:

- Approve new petty cash and change funds and/or increases in those funds
- Ensure petty cash or change funds are reconciled to the general ledger at least quarterly

### **University Cashier**

The University Cashier's responsibilities are to:

- Maintain a listing of all petty cash and change fund locations and custodians of those funds
- Review and retain all petty cash and change fund approvals and forms
- Perform independent counts of petty cash and change funds
- Ensure and document that Custodian has received proper training and procedures

### **Appropriate Administrator**

The Appropriate Administrator's responsibilities are to:

- Request new petty cash and change funds
- Assign Petty Cash and/or Change Fund Custodian
- Request increases in petty cash and change funds
- Ensure notification to University Cashier of any changes to the Petty Cash Custodian

### **Change Fund and/or Petty Cash Custodian**

The Petty Cash and/or Change Fund Custodian responsibilities are to:

- Ensure petty cash or change funds are only accessible by appropriate personnel
- Ensure petty cash or change funds are protected from loss and adequately safeguarded
- Ensure notification to University Cashier of any changes to the Petty Cash Custodian

## **PROCEDURES**

### **1. Establishing a Change Fund or Petty Cash Fund**

- A. Change funds may be approved on application to the AVP for Financial Services by departments which routinely handle cash. Change funds may be established to provide cash in denominations and amounts necessary to permit the making of change in the day-to-day cash collecting operations of a department. A change fund is not to be used as a petty cash fund, for cashing personal checks, or for any other non-business purpose.
- B. Petty cash funds may be established on application to the AVP for Financial Services by departments which need to utilize petty cash for small dollar University business related expenses when payment by cash is the most cost efficient method of payment.
- C. To request a change fund or a petty cash fund, complete the Request to Establish or Increase a Petty Cash or Cash Change Fund (Form 3102.10-A). The Change Fund or Petty Cash Custodian must sign the form accepting custodianship and personal responsibility for the petty cash or change fund.
- D. Obtain a signature from the department's appropriate administrator and forward the form to the AVP for Financial Services for approval.
- E. Upon completion and approval of the form noted above, the form will then be forwarded to Accounts Payable for check issuance to the petty cash or change fund custodian.
- F. The check will be made available for pickup in the Seawolf Service Center and the custodian may cash the university provided check with the Seawolf Service Center for amounts up to \$750, or with the University Cashier for amounts greater than \$750.

### **2. Employee Business Expense Reimbursement (EBER) Using Petty Cash**

- A. Any employee may request a cash reimbursement in person to either the Seawolf Service Center or their own department's Petty Cash Custodian (if the department has a petty cash fund) up to \$100 per expenditure transaction, exclusive of sales tax.
- B. All reimbursements must include original receipts AND an EBER form approved by the authorized signer for those funds. Reimbursements to employees will fall under one of two options:
  1. Reimbursements up to \$100, exclusive of sales tax, can be reimbursed in cash through your department Petty Cash Custodian (if available) or the Seawolf Service Center. The EBER form, Hospitality Form (if applicable) and receipts must be provided to the Petty Cash Custodian or Seawolf Service Center at the time of seeking reimbursement.
  2. Reimbursements over \$100, exclusive of sales tax, will be paid by check or EFT to the employee. The Business Expense Reimbursement form, Hospitality Form (if applicable) and receipts must be submitted to Accounts Payable for reimbursement.
- C. Petty cash purchases may not exceed \$100 per transaction, exclusive of sales tax, with any one vendor in a day. Splitting transactions into multiple reimbursements is not allowed.
- D. When an expense is made, a receipt must be obtained which contains the following:
  1. Date; name of vendor; amount paid
  2. Positive evidence that a payment was made, i.e., an original cash register receipt or a hand written receipt from the vendor on which the word "paid" appears
  3. Description of the supplies purchased
  4. Signature indicating receipt of the supplies

- E. The petty cash fund may not be used to pay for the following:
1. Invoices from vendors
  2. Payments for services to employees or independent contractors
  3. Loans and advances

### 3. Reimbursement Guidelines for a Departmental Petty Cash Fund

- A. As employees submit their Employee Business Expense Reimbursement (EBER) forms to either the Seawolf Service Center or to the department Petty Cash Custodian, those petty cash funds will need to be replenished.
- B. The Petty Cash Custodian must complete a Direct Pay form and submit the applicable EBERs and associated receipts to Accounts Payable for each petty cash reimbursement transaction. This may be done on a monthly basis, or as often as the cash needs to be replenished.
1. On the Direct Pay form, "Make Check Payable" should be to the name of the Petty Cash Custodian.
  2. In the "Description" section it should say "Petty Cash Custodian Reimbursement".
  3. For any petty cash reimbursements associated with grant funds (i.e. "Q" Funds), a separate Direct Pay must be utilized for those "Q" fund reimbursements since they have their own record retention requirements.
- C. Upon reimbursement by Accounts Payable, the Petty Cash Custodian may cash the check with the Seawolf Service Center up to \$750 or with the University Cashier for amounts greater than \$750, and then immediately replenish their petty cash fund.

### 4. Change Fund Guidelines

- A. A change fund should be counted at the beginning of each day's activity verifying that the amount received or maintained is correct. The cash should also be counted at the end of each day's activity by another individual not performing cashiering functions, and be reconciled with daily receipts.

### 5. CSU Safe Requirements

- A. Any department having petty cash or change funds must adequately safeguard its cash by following the below safe requirements:
- Up to \$1,000 in a lockable receptacle
  - From \$1,001 to \$2,500 in a safe
  - From \$2,501 to \$25,000 in a steel-door safe, with a door thickness of not less than 1 inch and wall thickness of not less than ½ inch.
  - From \$25,001 to \$250,000 in a class TL-15 composite safe or better.
  - Over \$250,000 in a class TL-30 steel or better safe.

### 6. Changing the Amount of Petty Cash or Change Funds

- A. To increase the amount of the petty cash or change funds, the department's appropriate administrator shall complete the Request to Establish or Increase a Petty Cash or Cash Change Fund Account (Form 3102.10-A). After signature by the department's appropriate administrator and approval from the AVP for Financial Services, a payment will be issued to the fund

custodian for the approved increase. The custodian shall certify by signature agreeing to accept custodianship for the increased petty cash or change fund.

- B. To decrease the amount of the petty cash or change fund, the custodian shall complete the Request for Decrease or Termination of Petty Cash or Cash Change Fund Account (Form 3102.10-B) and deposit the funds with the Seawolf Service Center.
  - 1. To validate the return of funds to the cashier, the custodian must attach the receipt received from the Seawolf Service Center to the form.
  - 2. After completion, the form shall be submitted to the University Cashier's drop box by the Petty Cash Custodian.

## 7. Terminating a Petty Cash or Change Fund

- A. To close a petty cash or change fund, the Request for Decrease or Termination of Petty Cash or Cash Change Fund Account (Form 3102.10-B) shall be completed and the funds shall be returned at the Seawolf Service Center.
- B. To validate the return of funds to the cashier, the custodian must attach the receipt received from the Seawolf Service Center to the form.
- C. After completion, the form shall be submitted to the University Cashier's drop box.

## 8. Changing the Petty Cash or Change Fund Custodian

- A. To change a petty cash or change fund custodian, the Change of Fund Custodian (Form 3102.10-C) must be completed and submitted to the University Cashier's drop box.
- B. The exact dollar amount to be transferred must be noted and authorized on the form by the departing custodian, and the incoming custodian accepting the funds must accept the funds by way of signature and date. Only the full amount of the petty cash or change fund may be transferred, partial amounts of the fund with or without receipts may not be transferred.
- C. The appropriate administrator shall review for approval.
- D. Upon completion, the form shall be forwarded to the University Cashier by the appropriate administrator or Petty Cash Custodian.

## 9. Reconciling the Petty Cash and Change Funds to the General Ledger

- A. Petty cash and change funds are reconciled to the General Ledger. Petty cash and change funds are recorded in Account 101009 in various funds that advance the cash. Ledger balances in 101009 by fund are reconciled on at least a quarterly basis to the detailed listing of change funds maintained by the university and auxiliary accounting units.

## 10. Accountability

- A. The fund custodian assigned by a department's appropriate administrator is held accountable for the amount advanced.
- B. Petty cash and change funds must not be comingled with other funds for any reason.
- C. The University Cashier shall perform petty cash and change fund counts in the presence of the fund custodian, or a fund custodian representative, in accordance with the following audit schedule.

### Schedule of Independent, Unannounced Counts

Size of Fund	Frequency of Count
\$200.00 or less	Annually (= every 12-month period]
\$200.01 to \$500	Quarterly (= every 3-month period)
\$500.01 and over	Monthly

- D. The Cash Count Reconciliation (Form 3102.10-D) shall be used by the University Cashier to verify the independent cash counts. The completed form shall be signed by both the University Cashier and the department custodian participating in the cash count.
- E. Large variances or continuous patterns of small variances in the actual cash count from the expected amount may be communicated to the department's appropriate administrator and the AVP for Financial Services at the discretion of the University Cashier.
- F. The University Cashier shall maintain documentation of all cash count reconciliations in accordance with the University record retention policy.

## **11. Theft of Petty Cash or Change Fund**

- A. In the event of theft, campus police should be notified immediately.
- B. A request for new funds should be submitted using the Request to Establish or Increase a Petty Cash or Cash Change Fund (Form 3102.10-A), which should include the following:
  - 1. Date and time of theft
  - 2. Amount of theft
  - 3. Circumstances involved
  - 4. Copy of police report
  - 5. Prevention taken against similar occurrences

## **APPROVAL AND REVISION HISTORY**

Approved by	Title	Signature	Date Approved	Effective Date	Version	Description of changes
Letitia Coate	AVP A&F	Approved, on file	4/29/2013	Upon approval	v 1.0	Initial Release
David Crozier	AVP Financial Services	Approved, on file	12/17/2018	1/15/2019	v 1.1	Various title changes, clarification of reimbursement process.