

Advance and Petty Cash Fund Policy

POLICY STATEMENT:

The CSU, Chico Research Foundation policy, following the CSU Chancellor's Office Executive Order 890 and the campus implementing policy (EM 04-04) allows project personnel to receive an advance of funds as needed for travel, reserving facilities, and other services required in the performance of the project/account. In keeping with IRS regulations and good accounting practices, all advances (travel and other) must be cleared in a **timely manner**. This policy also allows a revolving petty cash fund to be issued to projects/accounts so that cash is on hand for expeditious purchases.

DEFINITIONS:

Allocable Cost: Goods and services that are prudently chargeable or assignable to a particular cost objective (i.e., sponsored agreement, project or specific function).

Allowable and Unallowable costs: Costs that are and are not permissible under federal government rules and definitions as stated in [OMB Circular A-21, section J](#).

Approving Authority: Personnel with authority to approve expenses in accordance with foundation policy. Both Project/Account and Foundation signatures are required on the Cash Request Form and/or Check Request Form. Foundation authorized personnel may increase the requested amount per day as needed.

Fiduciary Responsibilities: Work within the policies and procedures of the foundation and good business practices.

Custodian of Funds: The individual responsible for securing, managing and clearing of the petty cash fund.

Notice of Outstanding Advance: A written notice or e-mail listing all outstanding advances for a specific project/account will be sent by either the Foundation Administration Office or the Office of Research and Sponsored Programs, whichever office manages that specific project/account.

Original Itemized Receipts: The original copy of transaction listing the detail of the purchase (i.e., description of item or items purchased, cost per item, tax, etc.).

Outstanding Advances: An outstanding advance is any advance that has not been cleared 30 days after the purpose of the advance has been completed.

Petty Cash Fund: A cash fund kept in a department, college, program, or project/account office, in a secure location, used to provide timely or expeditious purchases necessary on a daily/weekly basis.

Timely Manner: Normally this would be within ten working days after the trip or purpose of the advance.

ADVANCE PROCESS:

Advances will be issued upon submission of a [Cash Request Form](#) (limit \$200 per request/day) or [Check Request Form](#) (no \$ limit), with **authorized approvals**, and if the purpose or use of these funds

- is consistent with the mission and **fiduciary responsibilities** of the university and foundation,
- is **reasonable, allowable, and allocable** to the project/account being charged, and
- represents the best use of foundation project or university funds.

ADVANCE CLEARING PROCESS:

To clear an advance the **original itemized receipts, invoices, travel claims, or other appropriate documentation** are required by the foundation to support and justify the expense for audit purposes.

Advances should normally be cleared within ten working days after trip or purpose of the advance. **No new advances will be issued** to any project personnel **until all outstanding advances have been cleared for the requesting individual on that project/account**. Requests for exceptions may be granted on a case-by-case basis.

Notice of "Outstanding Advances" will be sent out to projects/accounts with outstanding advances on a monthly basis. These notices will be on file in the Foundation Administration Office and Office of Research and Sponsored Programs for audit purposes.

PETTY CASH FUND PROCESS:

Petty cash funds are limited to \$200. Foundation **authorized personnel** may increase the requested amount of petty cash funds based on special project needs. A written justification is required by foundation, for project/account file, for any petty cash funds over \$200. A [certification](#) is required from the custodian of the funds, listing their contact number and location of the petty cash fund. The certification is required at the time a petty cash fund is issued to a new project/account and/or at least once a year if project is ongoing. A new certification should also be completed whenever the custodian of funds changes within the year. The petty cash fund should be kept in a secure location and monitored by the custodian of the funds.

Foundation personnel will perform unannounced yearly reviews of petty cash funds in excess of \$200.00 per project.

Advance codes 1010 (petty cash fund), 1461 (travel) or 1460 (all other advances) should be used for the initial advance and will be coded to the proper expense code upon clearing the advance.

PETTY CASH FUND CLEARING PROCESS:

To replenish a petty cash fund, the **original itemized receipts, invoices, travel claims, or other appropriate documentation** required by the foundation to support and justify the expense for audit purposes must be turned in and additional funds may be requested.

For campus program accounts, the petty cash fund needs to be cleared and reissued at least annually in January by returning any receipts and the balance of the funds to the appropriate foundation office. A new petty cash fund can then be requested.

For grant and contract projects the petty cash fund will be cleared at the conclusion of the project by returning any receipts and the balance of the funds. A new fund may be requested if the project is renewed.