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## Petty Cash Fund Policy (6/18/2013)

### **POLICY STATEMENT**

The Compilation of Policies and Procedures for California State University Auxiliary Organizations sets sound business practice guidelines for auxiliary organizations operating within the CSU system. Section 8.9.1, Cash, states that the auxiliary should disburse cash in a consistent manner utilizing systems that ensure integrity of existing internal controls, with annual management review. To this end and in keeping with sound business practice, this policy allows the existence of a revolving petty cash fund to be issued to projects/accounts so that cash is on hand for expeditious purchases and set forth the procedure by which these accounts are to be maintained.

### **SCOPE**

This policy pertains to all areas of the CSU, Chico Research Foundation (RF) and The University Foundation (UF) that utilize a petty cash fund sourced from RF or UF funds.

### **DEFINITIONS**

***Allocable Cost:*** The cost of goods and services that are 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 [2 CFR Part 220](#) (formerly 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. Foundation authorized personnel may increase the requested amount per day as needed.

***Custodian of Funds:*** The individual responsible for the safekeeping and distribution of these funds. Authorized signers on the account may be delegated the daily responsibility for securing and clearing the petty cash fund.

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

***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 Petty Cash:*** Outstanding petty cash is any petty cash that has not been cleared.

***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 daily/weekly basis.

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

## **PROCEDURES**

**Requesting Petty Cash** – Advance codes 1010-1012 (petty cash fund) should be used for the initial advance and will be coded to the proper expense code upon clearing the advance.

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, for the current project, is required for any petty cash fund over \$200. A certification is required from the custodian of the funds, listing their contact number and location of the petty cash fund. The petty cash fund must be kept in a secure location and monitored by the custodian of the funds. Petty cash funds should not be mingled with any other cash fund. Petty cash funds cannot be used for travel. Petty cash funds are subject to unannounced inspections on a quarterly basis.

**Replenishing a Petty Cash Fund** – To replenish a petty cash fund, the **original itemized receipts or other appropriate documentation** required to support and justify the expense for audit purposes must be submitted and approved. **Receipts/documentation must be turned in every 30 days.**

**Closing/Change of Custodian of Petty Cash Fund** – When a sponsored project (grant or contract) ends, the custodian must close the petty cash fund by returning any receipts and remaining cash. If the project is renewed, a new fund may be requested with the submission of a new certification which lists the name and contact information for the custodian and location of the petty cash fund.

For all accounts, all receipts and remaining cash must be turned in if the PI or the custodian of a petty cash fund changes. The fund can be replenished with receipt of a new certification form which lists the name of the new custodian, their contact # and location of the petty cash fund.

### **Unannounced Inspections of Petty Cash** –

- Representatives from Foundation Administration will arrive unannounced, ask for the petty cash custodian and count the currency and coin.
- Foundation representatives will sum all vouchers/receipts used to justify payments from petty cash.
- The sum of the currency and coin and the voucher/receipts should equal the petty cash balance per the general ledger.
- Foundation representatives and the petty cash custodian will sign the “Petty Cash Audit” form reflecting the results of the audit.
- If there are any discrepancies, the custodian of the fund and any authorized signers on the account will receive a follow-up email. The email will state that the petty cash fund does not balance and ask the custodian to provide a written plan to resolve the discrepancies and date of resolution.
- The custodian will be advised that if future inspections identify discrepancies, the petty cash fund will be closed and no future requests will be approved.
- Unannounced inspections will occur on a quarterly basis.