

## **UNIVERSITY OF SOUTH ALABAMA**

### **PETTY CASH POLICIES AND PROCEDURES**

1. Nature of Petty Cash Funds –
  - a. When the nature of certain department operations requires a fund for cash purchases of minor items or for making change for cash transactions, a departmental petty cash fund may be established. These funds will only be established upon proper justification and approval and will be maintained by the department on a custodial basis.
  - b. Additionally, the Office of Student Accounting will maintain a Petty Cash Fund from which employees in departments without their own petty cash fund may seek reimbursement for certain minor purchases.
    - Departments should use petty cash reimbursement as a means of purchasing items only in emergency situations or in other infrequent situations where it would be difficult or not cost effective to use the University's purchasing system.
    - To take advantage of the University's exemption from the payment of sales tax, departments are encouraged to use the University's purchasing system whenever possible and reasonable.
  
2. Responsibility and Control of Departmental Petty Cash Funds - The custody and control of Departmental Petty Cash Funds may be delegated to appropriate personnel. Accountability and responsibility, however, for proper use and care of the fund remains with the designated department head. Safeguards must include:
  - a. Facilities for safekeeping, commensurate with the size of the fund, must be available and approved by the Office of Student Accounting and the Associate Controller.
  - b. Petty Cash Funds, other than advances used in making change, must be kept intact and separate from all other funds. Personal funds should not be commingled with Petty Cash Funds.
  - c. Petty Cash Funds are subject to periodic audit by the University Internal Auditor, State Examiner, and the Office of Student Accounting. Upon demand, the custodian of the fund will be required to produce the cash and signed Petty Cash Vouchers with paid receipts attached. Cash and receipts must total the authorized amount of the Petty Cash Fund.
  - d. Petty Cash Funds must be counted each work day. Overages and shortages exceeding \$25.00 must be reported to the Internal Audit Department with a description of possible causes and any corrective action taken.
  - e. Petty Cash Vouchers (form may be found at <http://www.southalabama.edu/studentaccounting/pettycash.pdf>) must be approved by the department head or the person to whom he has delegated his authority. The department head must notify the Office of Student Accounting in writing of persons authorized to approve Petty Cash Vouchers.
  - f. An annual Petty Cash Fund Authorization Form will be sent to each department who has a Petty Cash Fund. This form must be completed to verify the amount of the fund, the continued need for the fund, the name of the custodian and other pertinent information.

3. Limitations on the Use of Petty Cash Funds

**Petty cash expenditures are subject to the same restrictions and laws imposed by the State of Alabama or the University of South Alabama as are any other expenditure.**

- a. Departmental petty cash funds must not exceed \$500.00, unless approved by the Vice President for Financial Affairs.
- b. Petty Cash expenditures should not exceed \$50.00 per expenditure.
- c. Loans or advances to employees for personal use from Petty Cash Funds are not allowed.
- d. Cashing of personal checks from Petty Cash Funds is not allowed.
- e. Reimbursement from Petty Cash Funds for travel expenses and travel advances are not allowed. Travel expenses include parking fees, toll charges and gasoline.
- f. Reimbursement from Petty Cash Funds for food expenses, entertainment expenses, meeting fees, etc., is not allowed.
- g. Reimbursement from Petty Cash Funds for personal services is not allowed.
- h. Reimbursement for recurring purchases that include sales tax and could be purchased through the University's purchasing system is not allowed.

4. Securing Proper Receipts for Petty Cash Expenditures

Paid receipts must be obtained from vendors for all purchases made by Petty Cash Funds. The paid receipts must represent positive evidence of payment and meet the following requirements:

- a. Receipts must show name and location of vendor and must set forth complete descriptions of material purchased and the reason for the purchase. If items purchased are not identified on the paid receipt or cash register tape supplied by the vendor, the purchases must be itemized on a separate document, certified and signed by the employee and attached to the receipt.
- b. When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid either by being stamped with the official "paid" stamp containing the name of the vendor, by having the firm's cash register "Cash Sale" imprinted on it or by being marked "paid" and signed by a store clerk.
- c. Paid invoices or receipts must be originals or standard carbon copy forms which indicate that it is a customer copy.
- d. Receipts cannot be accepted or processed that bear evidence of alteration.

5. Requests for Reimbursement for Petty Cash Expenditures

- a. Departmental Petty Cash Funds must be reimbursed through the accounts payable system using a direct pay form. Receipts and petty cash vouchers for all purchases giving rise to the reimbursement must be submitted along with the direct pay form.
- b. Petty cash expenditures reimbursed by the Office of Student Accounting must be submitted on a Petty Cash Voucher (attached) signed by the department head and/or other authority described in section 2(e). Petty Cash Vouchers must be fully executed and supported with proper receipts attached. The Office of Student

Accounting has the authority and responsibility to refuse reimbursement for any expenditure not properly approved or supported. Requests for reimbursement should be submitted as soon as possible after the transaction has occurred.

- c. Department heads should seek reimbursement of departmental Petty Cash Funds whenever the cash in the fund is depleted to the extent requiring replenishment. A direct pay form should be completed and sent through the appropriate channels for reimbursement. In any event, Petty Cash Vouchers should be submitted prior to September 15 of each fiscal year.