

# UNIVERSITY OF SOUTH ALABAMA

## PETTY CASH POLICIES AND PROCEDURES

1. Nature of Petty Cash Funds - The Office of Student Accounting will maintain a petty cash fund from which employees may seek reimbursement for certain minor purchases. When the nature of certain departmental 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 upon proper justification and approval. This fund will be maintained by the department on a custodial basis.
  
2. Use of Petty Cash Funds
  - a. 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.
  - b. 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.
  
3. Responsibility and Control of Petty Cash Funds - The custody and control of 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 the fund, must be available and approved by the Office of Student Accounting. Petty cash funds \$1,000 and above are required be stored in an immovable lockbox or safe.
  - 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 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 \$10.00 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/pettypcash.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.

4. Limitations on the Use of Petty Cash Funds
  - 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.
  - 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. Petty cash expenditures are subject to the same restrictions imposed by the State or the University as are other expenditures.
  - i. Reimbursement for recurring purchases that include sales tax and could be purchased through the University's purchasing system is not allowed.
  
5. 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. 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, signed by the clerk 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.
  
6. 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.
  - 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.

- c. Frequency of reimbursement - Individual employees should seek reimbursement as soon as possible. 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 30 of each fiscal year.
7. Requests to Create a Petty Cash Fund for Research Projects
- a. Memo addressed to manager or supervisor should include
    - Explanation of Request
    - Name of Study
    - Principle Investigator (PI)
    - Reason for Incentive
    - Responsible Parties (Custodian of Petty Cash)
  - b. Memo should be approved by manager or supervisor. Forward approved memo to Business Office so account code can be assigned to petty cash fund.
  - c. Student Accounting representative will prepare a direct pay to establish petty cash fund using Fund 111003 and Account Code assigned by Business Office. Fund 111003 will only be used to establish and close out the petty cash fund.
  - d. Check made payable to custodian will be delivered by Student Accounting representative with a copy of Petty Cash Policies and Procedures. The check will be cashed by the custodian. If petty cash fund is greater than \$1,000 the funds MUST be locked in a secured safe.
  - e. Receipts or log should be kept to account for monies paid to participants.
8. Requests to Replenish Petty Cash Fund for Research Projects
- a. Custodian should prepare a direct pay request to replenish petty cash fund. Receipts or copy of log showing amounts paid to participants should be attached as backup and equal amount requested for replenishment. Custodian's contact information will be entered as the Payee Information.
  - b. Fund used on direct pay request should be Grant established for study. Submit approved direct pay request to Business Office. Check will be made payable to custodian and delivered via campus mail. Custodian should cash check and replenish petty cash fund.
  - c. These steps will be repeated throughout the duration of the study.
9. Closing Out a Petty Cash Fund for Research Projects
- a. Custodian should make sure money balances to original amount requested to establish petty cash fund. Prepare a departmental deposit form <http://www.southalabama.edu/departments/eforms/studentaccounting/departmdeposifor m.pdf> . Contact Student Accounting representative to get correct Fund and Account Code to use on form.
  - b. Submit departmental deposit form to Student Accounting. Keep receipt of closing out petty cash fund.