

# UC Davis Policy and Procedure Manual

## Chapter 330, Financial Management and Services

### Section 45, Petty Cash Funds

Date: 8/16/00

Supersedes: 8/1/97

Responsible Department: Accounting and Financial Services

Source Document: UC Accounting Manual Chapter C-173, Cash: Cash Controls; Chapter C-173-61, Cash: Petty Cash Disbursements

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#### I. Purpose

This section outlines policy and procedure regarding establishment, use, and reimbursement of petty cash funds.

#### II. Policy

##### A. Purpose and use

1. Authorization by the department head is required for the establishment of a petty cash fund ([Exhibit A](#)).
2. The purpose of a petty cash fund is to provide a limited amount of cash, not to exceed \$200, for the purchase of low- value supplies that are not practical to purchase under the low-value purchase authorization process (see [Section 350-21](#)) and services for official University business.
3. The fund must be used strictly in accordance with the purpose for which it was authorized.
  - a. Written instructions detailing the procedures that must be followed in using petty cash funds will be provided to the custodian by Accounting & Financial Services.
  - b. The custodian of the fund shall be held financially responsible for any purchases that are not in compliance with University purchasing policies or with the terms of the petty cash fund authorization.
4. Petty cash purchases may not exceed \$100 per transaction, exclusive of sales tax, with any one vendor in a day.
5. Petty cash may NOT be used for the following:
  - a. Entertainment or light refreshments.
  - b. Cashing of personal checks.
  - c. Travel-related expenses, such as gasoline purchases, which should be purchased with an official University credit card.
  - d. Purchase of services or materials available at a lower total cost through a UCD service (e.g., Repro Graphics, Central Storehouse, Illustration Services) or Planned Purchasing Agreements.
  - e. Purchase of supplies to be used in conflict with Facilities Services regulations.

- f. Purchase of electrical supplies and equipment restricted per [Section 290-85](#).
  - g. Loans to individuals or organizations for non-University transactions.
  - h. Purchase of laboratory animals.
6. Petty cash may be used to pay for casual agricultural labor under the circumstances outlined on the Casual Labor Employment Record, Form D3757. (See [Section 380-77](#).)

B. Physical security

1. When not in use, the fund's currency and coin must be placed in a safe or locked receptacle kept in a properly secured area.
2. Alternatively, petty cash fund custodians may establish a personal checking account in their name (separate from their own checking account for their personal funds), deposit their petty cash fund, and make petty cash fund disbursements by check, using the canceled checks along with a vendor's invoice as the required proof of expenditure. Such petty cash fund checking accounts are not official University bank accounts, and therefore the University's name may not be used as part of the account name. (See [Section 330-43](#).)

C. Proof of expenditures

When an expenditure is made from the fund, a receipt must be obtained that contains the following:

1. Date.
2. Name of vendor or other payee.
3. Positive evidence that a payment was made, i.e., a cash register receipt or a handwritten receipt on which the word "Paid" appears.
4. The amount paid.
5. A description, on the face of the receipt, of the supplies or services purchased (entered by the vendor if a handwritten receipt is obtained or by the purchaser if a cash register tape receipt is issued).
6. A signature indicating receipt of the supplies or services, on the face of the receipt by the person who received the supplies or services from the vendor. When the receipt is too small for signature, the receipt must be attached to a larger piece of paper and the receiver's signature placed on that paper. (The form provided in [Exhibit B](#) may be reproduced for this purpose.)

D. Reimbursement of fund

Once a month, or more frequently if needed, the custodian shall request reimbursement of the fund by initiating a UC Davis Financial Information System (DaFIS) Direct Charge document and forwarding to Accounting & Financial Services the receipts, marked with the approved DaFIS document number, for those expenditures. The fund should always be reimbursed by the end of

the fiscal year.

1. Checks written to replenish the fund must be made payable to the custodian of the fund.
2. The DaFIS Direct Charge document must indicate the account to be charged and must be approved by the account manager or delegate who is neither the fund custodian nor an employee reporting to the fund custodian.

E. Relief from responsibility

1. If the custodian of the fund terminates University employment or transfers to another position, the custodian is responsible for notifying the campus Accounting Officer and returning the fund to the Main Cashier's Office in Dutton Hall or to the UCDCM Cashier's Office.
  - a. If the fund consists of cash and unreimbursed receipts, a reimbursement check should be requested as outlined in D, above.
  - b. If a successor is to be furnished a petty cash fund, a new authorization from the campus Accounting Officer is required ([Exhibit A](#)).
2. As an alternative to 1, above, the department may complete and send a Petty Cash Change of Custodian Form ([Exhibit C](#)) to Accounting & Financial Services--Internal Control. The purpose of this form is to document that the department head has approved the change of custodian, that the total of the cash and the receipts equaled the specified amount of the fund, and that the new custodian is aware of his/her specific responsibilities related to the custody of the fund.
3. If a custodian who terminates University employment or transfers to another position neglects to return the petty cash fund as prescribed in 1, above, and leaves the petty cash fund in the department, the department head must deposit the petty cash fund and obtain a receipt in the custodian's name. If the custodian does NOT leave the petty cash fund in the department, Accounting & Financial Services will charge the balance of the fund to the department. If so desired, the department may then seek recovery of the balance from the former employee.

F. Audits

A surprise cash count of each petty cash fund, including a review of the documents on hand, must be performed annually.

1. Accounting & Financial Services staff will perform the surprise cash counts and review of documentation. Any major discrepancies disclosed by the cash count should be reported to Internal Audit Services.
2. A Petty Cash Verification letter ([Exhibit D](#)) should be sent to departments when Accounting & Financial Services is unable to perform a surprise cash count.

G. Off-campus departments

Departments located off the campus or UCDCM grounds may be granted exceptions to these policies and procedures. Arrangements should be made by direct negotiation with the campus

Accounting Officer.

**III. Procedures for Requesting a Petty Cash Fund**

<b>Responsibility</b>	<b>Action</b>
Department head	1. Completes Request for Petty Cash Fund, <a href="#">Exhibit A</a> , for desired amount (not to exceed \$200); sends to campus Accounting Officer.
Campus Accounting Officer	2. Approves request and sends originator a letter of instruction.  OR  3. Disapproves request and notifies originator in writing.
Accounting & Financial Services	4. If approved, initiates DaFIS Direct Charge document, citing appropriate petty cash fund account.  5. Issues check for approved fund in the name of the custodian.

**IV. References**

A. UC Accounting Manual:

1. Chapter C-173, Cash: Cash Controls, 12/30/99.
2. Chapter C-173-61, Cash: Petty Cash Disbursements, 12/30/98.

B. UCD Policy & Procedure Manual:

1. [Section 330-43](#), Official University Bank Accounts.
2. [Section 350-21](#), Departmental Purchase Delegations.