

UC Davis Policy and Procedure Manual

Chapter 330, Financial Management and Services

Section 45, Petty Cash Funds

Date: 6/8/15

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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

I. Purpose

This section provides the policy and procedures for establishment, use, and reimbursement of petty cash funds.

II. Policy

- A. A petty cash fund may be established 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 [350-10](#)).
 1. The fund must be used strictly in accordance with the purpose for which it was authorized.
 2. Petty cash purchases may not exceed \$100 per transaction, exclusive of sales tax, with any one vendor in a day.
 3. Expenses paid from a petty cash fund must be supported by a receipt as described in [Accounting Manual C-173-61](#).
- B. The custodian of the fund is financially responsible for any purchases that are not in compliance with University purchasing policies or with the terms of the petty cash fund authorization.
- C. Petty cash may not be used for the following:
 1. Entertainment or light refreshments.
 2. Cashing of personal checks.
 3. Travel-related expenses, such as gasoline purchases, which should be purchased with an official University corporate travel card.
 4. 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.
 5. Purchase of supplies to be used in conflict with Facilities Services regulations (see Section [360-30](#)).
 6. Purchase of electrical supplies and equipment.
 7. Loans to individuals or organizations for non-University transactions.
 8. Purchase of laboratory animals.
- D. 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](#)).
- E. Physical security
 1. Cash must be placed in a safe or locked receptacle kept in a properly secured area when not in use.
 2. 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

- a. The canceled checks along with a vendor's invoice provide the required proof of expenditure.
- b. Such petty cash fund checking accounts are not official University bank accounts (as defined in Section [330-43](#)), and therefore the University's name may not be used as part of the account name.

III. Procedures

A. Establishing a petty cash fund

1. Department head completes the [Request for Petty Cash Fund](#) for desired amount (not to exceed \$200) and sends it to Accounting & Financial Services.
2. Accounting & Financial Services reviews request and either sends originator a letter of instruction detailing procedures for use of the fund (if approved) or a notification of reason for disapproval.
3. Accounting & Financial Services initiates a payment document, citing appropriate petty cash account, and issues check payable to authorized petty cash custodian.

B. Reimbursement of fund

Funds may be reimbursed as needed but must be reimbursed by the end of the fiscal year.

1. The fund custodian requests reimbursement of the fund through a disbursement voucher in the Financial Information System.
2. The disbursement voucher must be approved by the account manager or designee who is neither the fund custodian nor an employee reporting to the fund custodian.
3. The fund custodian forwards expense receipts, marked with the disbursement voucher document number, to Accounts Payable.

C. Relief from responsibility

1. A fund custodian who leaves the department must return the fund to the Main Cashier's Office or have the department head complete and submit a [Petty Cash Change of Custodian form](#) to Accounting & Financial Services.
 - a. If the fund is being returned, it must be reimbursed prior to return.
 - b. If the fund is being transferred to a new custodian, the cash and receipts must total the amount of the fund.
2. If the custodian does not return or leave the fund with the department, Accounting and Financial Services will charge the balance of the fund to the department. The department may seek recovery of the balance from the former employee.

D. 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 should be sent to departments when Accounting & Financial Services is unable to perform a surprise cash count.

IV. References

- A. UC Office of the President (<http://policy.ucop.edu/>):
 - 1. Accounting Manual:
 - a. Chapter [C-173](#), Cash: Cash Controls.
 - b. Chapter [C-173-61](#), Cash: Petty Cash Disbursements.
 - 2. Business and Finance Bulletin, [BUS-49](#), Policy for Cash and Cash Equivalents Received.
- B. UCD Policy & Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 - 1. Section 330-43, Official University Bank Accounts.
 - 2. Section 350-10, Procurement Authority.