

9:32 AM

CENTRAL WASHINGTON UNIVERSITY

DATE: April 8, 2004

SUBJECT: Petty Cash Account Procedures

General

Departments may have a need for two types of cash accounts – change or petty cash.

- Change accounts are to be used solely for making change in across-the-counter cash transactions. Change accounts are established and accounted for in the same manner as petty cash accounts. Reconciliations should be made on a daily basis. Purchases may not be made from a change account.
- Petty cash accounts are used for small purchases when issuing a check or using a purchasing card is not practical. The decision of whether or not to establish a new account is determined by the volume of, or need for, petty cash transactions as well as the reasonableness of access to an existing account (e.g. a central university petty cash account is maintained in the Cashier's Office.) Departments may be reimbursed for small purchases by presenting the approved *Petty Cash Reimbursement Request* with supporting receipts, to the Cashier's Office for approval and reimbursement.

Petty cash accounts in excess of \$100 must be maintained in a checking account in a qualified public depository, unless the department has a safe, vault, or money chest that is used.

Establishment of Petty Cash Account

To establish a petty cash account, the Principal Budget Administrator (PBA) must send a request in writing to the Accounting Office with the following:

- The rationale for the request in terms described above (e.g. type of expense, volume, access to existing petty cash funds).
- The amount of funds requested.
- The proposed custodian of the petty cash account.

A check will be prepared payable to the custodian as soon as the petty cash account has been approved. Upon receipt of the check:

- The custodian assumes full responsibility for the funds.
- The cash must be kept in a suitable, locked location.

A petty cash register should be maintained, which reflects the cash balance of the account at all times. It is imperative that the aggregate total of monies on hand, plus the amount represented by documentation of expenditures and documented temporary sub-custodianships equal the amount

9:32 AM

originally established in the account.

Reconciliation of petty cash should be done at least once a week and each time the account is reimbursed to ensure the correct amount of the account.

- Any difference is to be reported on the *Reimbursement of Petty Cash Fund* form. http://www.cwu.edu/~acctng/forms/reimb_petty_cash.pdf.
- Any significant differences should be reported to the cash manager immediately.
- All petty cash accounts should be reimbursed/balanced at least once a month, and as of June 30 each year, to ensure correct distribution of charges to the fiscal year.

In cases where a temporary sub-custodianship is desired, an employee may be given a temporary sub-custodianship of a limited amount (the estimated cost of a specific purchase) from the petty cash account by the petty cash account custodian.

- The sub-custodian will sign a receipt (to be retained by the custodian) for the cash received and indicate the item(s) to be purchased.
- The sub-custodianship period is limited to two working days and the sub-custodian must return the change, if any, with the receipt for the purchase within that time.
- The sub-custodian is fully responsible for the funds in his/her possession and is subject to all policies, procedures, and regulations, which are applicable to the petty cash account custodian.
- The petty cash custodian is responsible for ensuring that the sub-custodian knows and understands the regulations.

Type of Expenditure

Petty cash payments are authorized for the following:

- Most minor purchases of supplies and materials for CWU business. *
- Light refreshments at authorized CWU-sponsored events when prior approval is obtained. A memorandum of approval must be signed by a Principal Budget Administrator in advance of the event and must include the project ID, amount to be spent, the purpose of the event, and the estimated number of people attending the event. (See [Meals & Light Refreshments Policy](#))
- Postage due on state mail.
- Parking fees if the purchaser was not in travel status. (i.e. meeting across town)
- Fuel purchases if the purchaser was not in travel status. (i.e. lawn mower or chain saw)
- Rail, air, and bus express charges when carriers demand payment at time of delivery.
- Salary and wages when a signed *Payroll Draw From Petty Cash* form is presented. (Payroll Office only) (In this circumstance only, the \$100 limit may be exceeded).
- Computer Accessories up to \$100 that meet the requirements for: (Computer Items approved for purchase using the purchasing card.) (See <http://www.cwu.edu/~purchase/PcardComputer.doc>)

**All purchases must be within the limitations prescribed by the Department of General Administration.*

9:32 AM

The following are examples of expenditures that are **NOT** allowed from Petty Cash:

Category	Examples	Alternate Method
Equipment or furniture, except certain IT items that are specifically approved for p-card or petty cash reimbursement	Cell phones, digital cameras, CD players, fax machines, chairs, bookshelves	Purchase Requisition
Subscriptions	Magazines, newspapers, periodicals	Purchasing Card or Purchase Requisition
Dues & memberships	Professional Organizations	Purchasing Card or Purchase Requisition
Entertaining, promotional expenditures, or parties <i>There may be some exceptions (for example: certain grants, student clubs or trust accounts.)</i>	Decorations, gifts, incentives, flowers	Purchase Requisition (Most of these items may not be purchased with state funds).
Payments on account or other periodic payments	Maintenance fees, phone bill, utilities	Purchase Requisition
Travel expenses	Registration fees, meals, airfare, fuel, parking	Purchase Requisition/P-Card for Registrations only, otherwise Travel Expense Voucher
Meals at Meetings		<ul style="list-style-type: none"> • Purchase Requisition with required documentation (<i>see policy</i>)
Business calls on personal phone		Purchase Requisition and A-19 Invoice Voucher

Personal Reimbursement For Petty Cash Purchases

- Personnel of departments without a petty cash account must present the approved *Petty Cash Reimbursement Request* (see <http://www.cwu.edu/~acctng/forms/pettycash-FMS.pdf>) to the **Cashier's Office** for approval and reimbursement. When the cash is received, the individual receiving payment must sign the approved reimbursement slip as a receipt.
- Personnel of departments with a petty cash account must present the *Petty Cash Reimbursement Request* to the department's petty cash custodian for reimbursement.

9:32 AM

- Foundation petty cash expenditures are reimbursed in the Foundation Office.

The following criteria must be met before reimbursement will be issued for a petty cash request. All funds are subject to these criteria, regardless of source:

1. The purchase must total \$100 or less, excluding tax, for cash reimbursement at the **Cashier's Office**.
2. The purchase may not be split to stay under \$100.
3. For each request, the *Petty Cash Reimbursement Request* presented must be thoroughly completed.
 - There must be a 5-digit Project ID AND a 5-digit Account Code on the form.
 - The total on the form must equal the total on the attached original receipt(s).
 - The form must be signed by both the purchaser AND the budget authority (*someone with petty cash signature authority who does not report to the purchaser*).
 - The name of the purchaser must be printed legibly.
4. Original receipt(s) are required. (*Purchases from more than one merchant may be combined on one form*).
5. The receipt must clearly identify the merchant AND the item(s) purchased.
6. If combining personal purchases with CWU purchases, ask the merchant for separate receipts. If you are unable to obtain separate receipts:
 - Circle the items for reimbursement.
 - Allocate the sales tax properly.
7. The purchase must be for an allowable expense as shown above. If you have any questions about whether an expense is allowable, contact the Purchasing Office at 1001.
8. All *Petty Cash Reimbursement Requests* for the current year must be submitted prior to 6/25/XX.

Replenishment of the Petty Cash Fund

Departments with petty cash accounts must follow the rules listed above for personal reimbursements for petty cash purchases, except for the \$100 rule. Purchases may exceed \$100 for areas with petty cash checking accounts.

- To replenish a petty cash account, a petty cash custodian must present both the *Petty Cash Reimbursement/Receipt* form for each expense, and the *Reimbursement of Petty Cash Fund* form to summarize all expenses to the cash manager/accountant (MS: 7469, phone: 963-1987) for approval and reimbursement. The *Petty Cash Reimbursement/Receipt* form can be found at <http://www.cwu.edu/~acctng/forms/pettycash-FMS.pdf>. The *Reimbursement of Petty Cash Fund* form, which gives a recap of all expenses on one page, can be found at http://www.cwu.edu/~acctng/forms/reimb_petty_cash.pdf.

9:32 AM

- An adding machine tape of the individual *Petty Cash Reimbursement/Receipts* should also be attached to the voucher to prove agreement of the total of the detail summary to the total of the individual reimbursement/receipt slip.
- The approved voucher with all documents substantiating the disbursements is then sent to the Accounting Office for replenishment.
- Any overage or shortage must be reported at this time.
- The Accounting Office will prepare a check restoring to the fund the amount of the documented disbursements.
- Checks may be picked up at the Cashier's Office in three to five working days.
- When the cash is received, the individual receiving payment must sign the approved reimbursement slip as a receipt.

Closing of Petty Cash Accounts

Petty cash accounts will be closed whenever the custodianship changes hands or whenever it is determined that the need for the fund no longer exists.

To close the account, the custodian will follow the procedures given under "Replenishment of the Petty Cash Fund" and return in cash or check the difference between the original amount of the account and the documented disbursements shown on the voucher.

Audit of Petty Cash Accounts

Periodically, the internal auditor will make audits of the petty cash accounts. If you have questions concerning this procedure, please direct them to the cash manager/accountant in charge of petty cash at 963-1987.