

UOG PETTY CASH FUND FINANCIAL PROCEDURES

General

Under certain circumstances, petty cash fund (fund) may be authorized as a means of making limited recurring or small emergency purchases for the University. Due to the decentralized control and handling of purchases and cash, certain procedures and safeguards are essential and prescribed in this instruction.

Policies

1. A fund may be used for small repetitive or emergency purchases under \$250 as prescribed by a department and approved by the appropriate authority.
2. The Comptroller will receive and review request for establishment of funds.
3. The size of the fund should be the minimum practical to meet requirements and may not exceed the amount approved for the department.
4. Small repeat purchases from petty cash should not be used to avoid purchasing procedures where volume and bidding might secure lower prices.
5. A fund will be established only as outlined in this instruction. A fund will not be used for payroll, to purchase from other University departments, to cash checks, make change, make cash advances (IOUs), etc. A fund which is unused or improperly used may be withdrawn.

Purchasing Procedures

1. Establishment of fund – A department must request the fund from the Comptroller (**Use Form ACCTG-01**). Request can be made for up to \$1,500 for their petty cash fund. The Business Office (BO) will disburse a check in the name of the Petty Cash Custodian (PCC) upon approval by the Comptroller. Once petty cash fund has been established for a department, the Petty Cash Custodian (PCC) shall NOT transfer funds to another individual unless a temporary alternate PCC has been previously identified in writing to the Business Office. A temporary alternate PCC shall only be used with departments with excessive need for petty cash funds as determined by the Comptroller. Note: No dual custody of fund, either primary or alternate shall have sole access of funds. The designated PCC will be required to sign for the money and assume responsibility for its safeguarding and proper utilization. Comptroller's decision on the request to establish fund will be provided within 5 working days and will be indicated in the form; copy of the form will be placed in the department box located in the Business Office.

2. Fund management – Responsibility for management and operation of the fund, in accordance with procedures of this instruction, is delegated by the Comptroller to the designated and approved custodian with overall accountability resting with the appropriate administrator.
 - A. When funds transfer between PCC and alternate PCC both parties must be present. Individual holding funds shall take accountability of funds and present to receiving PCC. Receiving PCC shall count funds and acknowledge funds match accountability presented by transferring PCC. Should any discrepancy exist at time of transfer, department administrator shall also sign acknowledging discrepancy.
 - B. In all other cases, should a department need to change their PCC, all funds/documentation shall be forwarded to the Business Office for clearance. The department shall re-apply for a new PCC fund with Form ACCTG-01. The format shown on the Change of Petty Cash Fund Custodian should be used for certification and notification (**Use Form ACCTG-03**). When an increase or decrease in the fund amount is desired, a memo is sent to the Comptroller (**Use Form ACCTG-02**).
3. Authorization for purchase - approval for purchase is secured from the custodian before making the purchase using fund money. Prior approval is necessary to insure that:
 - A. There is a valid UOG business purpose for the purchase.
 - B. The proposed purchase can properly be made from petty cash.
 - C. The department authorized the purchase and will reimburse the purchaser.
 - D. The purchaser understands the procedures for purchase, requirements for receipt, and procedures for reimbursement.

Note: Services are not allowed to be reimbursed from the Petty Cash Fund.

4. Making purchases - Upon approval by the custodian for specific purchase and the amount to be spent, the individual will:
 - A. Make the authorized purchase.
 - B. Pay for the purchase.
 - C. Secure a receipt or itemized ticket signed and marked "Paid" by the vendor.

Note: Purchases made to Military Base stores are not permitted.

5. Securing reimbursement for individual purchase – After making the authorized purchase as outlined above, the individual purchaser needs to be reimbursed by the custodian as outlined in "**Reimbursement Procedures**" below.

6. Cash advance prior to purchase – It is intended that the purchaser pay the vendor and secure reimbursement from the fund upon presentation of a receipt. However, under unusual circumstances and when deemed necessary by the custodian, a cash advance may be made prior to the purchase under the following conditions:
 - A. The advance may be given only for the specific purchase approved and may not be outstanding for more than five working days.
 - B. The purchaser signs (**Use Form ACCTG-04, Petty Cash Voucher**); petty cash fund custodian must mark the form "Advance for Purchase" and complete the same as for a regular reimbursement.
 - C. The signed form is placed in the fund box.
 - D. Upon completion of the purchase:
 - a. The advance is marked "canceled" and is placed in the department file.
 - b. Reimburse either the purchaser or the fund (see section 7 below) any difference between the advance and the actual cost of the purchase.

Reimbursement Procedures

1. **Reimburse a purchaser-** Before reimbursing the purchaser, the custodian needs to:
 - A. Verify that the University required the purchase for a valid business purpose, that it was a proper fund purchase, and that the University actually received the purchase.
 - B. Secure a proper receipt or itemized sales ticket marked "Paid" by the vendor.
2. **Reimburse the fund -** When cash on hand in the fund reaches a level where reimbursement is required, at least once a month, **the custodian needs to:**
 - A. Clear out any "advance for purchase" receipts.
 - B. Count remaining cash and verify that the total cash plus the total receipts equals the total authorized fund.
 - C. As needed, reconcile fund and document by using Form **ACCTG-05, Petty Cash Replacement and Reconciliation Report**. Refer to item 6 below for reimbursement.
 - D. Document any shortage with an appropriate explanation entered, and the form signed by the custodian.
 - E. Deposit overage with the Cashier's Office using the department's account number.
 - F. Prepare a Check Request Form "**(Use Form ACCTG-05, Petty Cash Replacement and Reconciliation Report)** for the amount due the fund. The form must be supported by **Form ACCTG-04, Petty Cash Voucher** plus the proper receipts to cover the expenditure reimbursement. Send the completed forms to the Business Office for processing. The custodian should retain a copy of all documentation.

Note: Reimbursements are only for receipts that are within 90 days from the purchase date except for special circumstances as approved by the Comptroller or VPAF.

Safeguarding the Petty Cash fund

All cash and sales slips, receipts, or other applicable documents of the fund should be secured and safeguarded in a metal lock box and placed in a locked desk, locked cabinet, or locked safe.

Audit

The University's Petty Cash Accountants will periodically (announced or unannounced) make an audit of the fund. The custodian and that person's immediate supervisor are to ensure that the fund is always balanced and available for audit.

Discrepancies in petty cash fund found by petty cash accountant, non-compliance with petty cash fund procedures may result in personal reimbursement of the fund by the petty cash custodian, possible retraction of petty cash fund for the department and possible disciplinary action.

Forms

Form ACCTG-01 Request to Establish a Petty Cash Fund

Form ACCTG-02 Request to Increase a Petty Cash Fund

Form ACCTG-04 Petty Cash Voucher

Form ACCTG-05 Petty Cash Replacement and Reconciliation Report

Form ACCTG-06 Petty Cash Custodians' Acknowledgement Form

For any questions,

CONTACT:

Luz M. Paulino, 671-735-2916, lpaulino@triton.uog.edu

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T: +1 671.735.2942 F: +1 671.734.3118 W: www.uog.edu
Mailing Address: 303 University Drive UOG Station Mangilao, Guam 96913