

# UC SANTA BARBARA POLICY AND PROCEDURES

## Petty Cash Funds 5255

Contact: Accounting Services and Controls, Business Services

Technical Revision: August 2005

Supersedes: Operation of Petty Cash Funds 5255, July 2003

Pages: 6

## PETTY CASH FUNDS

### I. SCOPE

This policy governs all UCSB petty cash funds.

### II. POLICY

- A. The purpose of a Petty Cash Fund is to provide for low-value purchases of non-stock supply items.
- B. The custodian of the Petty Cash Fund must be either a University career employee, or a limited appointment employee, or a registered UCSB student employed by the University.
- C. The Petty Cash Fund must be:
  - 1. Kept separate from any other funds; and
  - 2. Maintained with adequate security and, when not in use, kept in a locked compartment/receptacle or safe consistent with the guidelines in UC Business and Finance Bulletin BUS-49.
- D. The following items may not be purchased/reimbursed with petty cash funds:
  - 1. Items costing more than \$150.00;
  - 2. Travel Expenses;
  - 3. Entertainment Expenses, including food;
  - 4. Any low-value item specifically prohibited in UCSB Policy 5342, Low-Value Purchases;
  - 5. Any items for personal use; or
  - 6. Personal loans or personal check cashing.
- E. All expenditures from the fund must be supported by original receipts.

- F. Accounting Services & Controls and Audit Services will conduct periodic audits of the Petty Cash Fund and its administration.

### **III. RESPONSIBILITIES**

- A. The Business Services Director approves the establishment of Petty Cash Funds; and, increases and decreases to Petty Cash Funds.
- B. The department head determines the need for the fund; assigns Petty Cash Fund responsibilities to an employee; and, authorizes transfers of custodianship within the department. The department head must notify Business Services if a Petty Cash Fund is transferred from one employee to another.
- C. The Custodian, the employee to whom the Petty Cash Fund is entrusted, is personally accountable for the fund.
- D. The department must notify the UCSB Police immediately in the event of a theft.

### **IV. PROCEDURES**

- A. Obtaining a Petty Cash Fund
  1. To obtain a Petty Cash Fund the department completes a Petty Cash Fund Application (Appendix A). The application must include: the need for the Petty Cash Fund, the amount required, the proposed custodian's name, and the facilities available for securing these funds. The department completes a Miscellaneous Form-5 Payment Request (Appendix B), made payable to the custodian. Once signed by the department head, the department sends the application and Miscellaneous Form-5 Payment Request to Business Services.
  2. If the Business Services Director approves the application, the Form-5 is signed and forwarded to Accounting Services & Controls.
  3. Accounting Services & Controls processes the Form-5 and writes the check. Business Services picks up the check.
  4. Business Services contacts the custodian of the fund to pick up the check at the Business Services Office. At that time, the custodian signs a form acknowledging receipt and responsibility for the fund. The custodian also receives a copy of this policy. The custodian cashes the check at the Cashiers Office and secures the Petty Cash Fund in a locked receptacle or safe that is consistent with UC Business and Finance Bulletin BUS-49.
- B. Using the Fund

1. Receipts must be legible, dated, itemized, indicate the amount of the charge, and bear the name of the vendor.
2. Receipts must be signed by the purchaser, indicating the receipt of the purchases or services.
3. Receipts must show evidence of having been paid, that is marked "Paid," or otherwise voided so that they may not be reused and submitted more than once for reimbursement.
4. Receipts are to be accumulated and retained with the fund for subsequent reimbursement.
5. The Petty Cash Fund custodian will request reimbursement as needed throughout the fiscal year. Outstanding receipts must be cleared at the end of each fiscal year.
6. The total receipts plus the cash on hand must **equal** the specified amount of the Petty Cash Fund at all times.

C. Increasing/Decreasing the Fund

1. If a department wishes to increase the amount of its Petty Cash Fund, the department sends to Business Services a request and justification along with a prepared Miscellaneous Form-5 Payment Request. If approved, Business Services will contact the custodian to pick up and sign for the check at the Business Services Office.
2. If a department wishes to decrease the amount of its Petty Cash Fund, the department sends to Business Services a request and explanation for decreasing the fund. The department custodian then turns in the excess amount to the Cashiers Office, following the procedures under Section IVF "Returning the Petty Cash Fund," steps 3 through 5.

D. Reimbursing the Fund

1. To reimburse the fund, a department submits a Miscellaneous Form-5 Payment Request accompanied by all receipts to Accounting Services & Controls.
  - a. The Form-5 is to be made payable to the Custodian.
  - b. All receipts are to be mounted on paper, with each page labeled "Page X of Y", for example, Page 1 of 4.
  - c. The total of all receipts per page is to be indicated on each page.

- d. The Form-5 must be approved by a person with signature authority who is neither the petty cash custodian, nor an employee who reports to the fund custodian.
2. In exceptional circumstances, if the fund needs to be reimbursed in less than 5 days, departments may use the [Cash Reimbursement Request Form](#).
    - a. Mount the supporting receipts to a Cash Reimbursement Request Form.
    - b. The Cash Reimbursement Request Form must be approved by a person with signature authority who is neither the petty cash custodian, nor an employee who reports to the fund custodian.
    - c. The Custodian submits the Cash Reimbursement Request Form *in person* to the Cashiers Office and receives the funds.

#### E. Changing Custodians

1. To transfer the custody of a Petty Cash Fund from a designated custodian to another employee, the department completes a Change of Custodian Form (Appendix C) and sends it to Business Services. The form documents 1) the department head's approval of the change of custodian, 2) the new custodian is aware of his or her specific responsibilities related to custody of the fund, and 3) the total cash and receipts equal the specified amount of the fund.
2. Prior to a custodian leaving a position, or leaving the University, a new custodian should be designated by processing the Change of Custodian Form.
3. If the custodian will be on leave for more than three days, a *temporary* change of custodianship should occur. The department head documents the temporary transfer of custody on the Change of Custodian Form and retains the form in the department.

#### F. Returning the Petty Cash Fund

1. If the department head decides a Petty Cash Fund is no longer needed, the custodian is responsible for notifying Business Services and returning the fund to the Cashiers Office.
2. Prior to turning in the fund to the Cashiers Office, the fund should be reimbursed with no outstanding receipts.
3. Prepare a Deposit and Recording Advice (DARA) form using the following information:

a. Loc: 8

b. Account: 110200

c. Class code: 0351

4. Deposit funds at the Cashiers Office with the Deposit and Recording Advice form and obtain the cash receipt from cashier.
5. Send the original (top copy) of the DARA and the original cash receipt to Business Services. Send copies of the DARA and receipt to Accounting Services & Controls.

G. Reporting the Theft of a Petty Cash Fund

1. The department must notify the Campus Police immediately.
2. The department is to keep the area secure, being careful not to disturb any potential evidence.

H. Replenishing a Petty Cash Fund after a Theft

1. The department head sends to Business Services a request to replenish the fund. The request is to include the:
  - a. Date and hour of theft,
  - b. Date theft reported to Campus Police,
  - c. Amount of theft,
  - d. Circumstances involved,
  - e. Prevention taken against similar occurrences, and
  - f. Name of custodian.
2. The department attaches to the letter a Miscellaneous Form-5 Payment Request to replace the amount stolen from the fund. (The department's Supplies & Expense funds will be used to reimburse the stolen funds.) Business Services contacts the custodian to pick up and sign for the check at the Business Services Office.
3. If a department has requested fund replenishment using their own Supplies & Expenses fund, and the stolen funds are subsequently recovered, the

department's fund will be credited. Otherwise, the recovered funds will be deposited into the campus Petty Cash Fund account.

**V. REFERENCES**

- A. [UC Accounting Manual, C-173-61, CASH: Petty Cash Disbursements](#)
- B. [UC Business and Finance Bulletin BUS-49, Policy for Handling Cash and Cash Equivalents](#)

**VI. APPENDICES**

- A. [Petty Cash Fund Application](#)
- B. [Miscellaneous Form-5 Payment Request](#)
- C. [Change of Custodian Form](#)