

Finance Procedural Statement: Petty Cash & Change Funds ^[1]

Effective Date: September 20, 2018

Introduction

This Procedural Statement sets forth the rules and requirements for processing petty cash funds and change funds. It further outlines restrictions on the use of such funds.

The Procedural Statement is divided into the following sections:

- General Requirements
- Establishing a Petty Cash or Change Fund
- Replenishing a Petty Cash or Change Fund
- Modifying a Petty Cash or Change Fund
- Closing (Returning) a Petty Cash or Change Fund

Procedural Statement

Organizational units not complying with the requirements set forth in this procedural statement and other applicable policies and procedures will be subject to additional audits and potential loss of petty cash/change fund privileges, as appropriate.

A. General Requirements

1. Requirements for Petty Cash Funds

University organizational units may be provided a designated amount of cash for payment of incidental expenses of a nominal amount that require cash payment and that are not appropriately billed by invoice and paid by voucher or warrant.¹ Petty cash funds shall only be used for payment of incidental expenses (e.g., non-employee parking/transportation costs at university sites and study subject participation). Such payments shall be in nominal amounts and otherwise allowable by university policy. Furthermore:

- Petty cash funds issued to a single custodian may not exceed \$5,000 (no matter if multiple SpeedTypes are used).
- Each petty cash fund is established in a unique SpeedType. Petty cash funds using restricted funds (Funds 30, 31, 34) may only be used to benefit the restricted purpose authorized.
- Petty cash funds may not be established using Agency Funds (Fund 80) that the University maintains for legally separate External Student Organizations or other entities -- with the exception of CU Medicine/UPI Fund 80 funds.
- Petty cash funds and unreimbursed receipts must be secured at all times, e.g., in a

locked container stored in a locked cabinet.

- Petty cash funds may only be used for the intended purpose as set forth in the Petty Cash/Change Fund Request (PCCF) form. Accordingly, individual petty cash funds must not be combined with any other funds.
- Petty cash funds may not be used for the following:
 1. alcoholic beverages for personal consumption;
 2. flowers, coffee, or other personal consumable items;
 3. travel expenses (except parking/transportation services at a university site for non-employees);
 4. official functions;
 5. purchases of items for re-sale (e.g., buying/selling stamps to organizational unit staff);
 6. services other than study subject payments;
 7. honoraria payments;
 8. payments to other university organizational units;
 9. employee reimbursements;
 10. student awards;
 11. payroll expenses;
 12. personal check cashing;
 13. personal loans; or,
 14. to open accounts at banks or other financial institutions.

Furthermore, they cannot be used to purchase cash equivalents (gift cards, money orders, etc.) without the prior approval of the appropriate campus controller or his/her delegate.

Petty cash funds must always have receipts for expenditures paid out of the fund and/or cash that total the authorized amount. They may be audited on an unannounced basis to ensure all appropriate documentation (description of expense, original receipt supporting the expense, and/or any relevant PA forms/other related forms or materials) is available for each outlay of cash.

2. Requirements for Change Funds

Change funds are exclusively used to make change when receiving cash (e.g., fees or fines) from the public. No expenses of any kind may be authorized from a change fund. Furthermore:

- Change funds are established in dollar amounts appropriate to need, but not to exceed \$100,000 per individual change fund (regardless of SpeedType).
- The change funds must be secured at all times.

Change funds must always equal the total authorized amount. They may be audited on an unannounced basis to ensure that the full amount is available.

B. Establishing a Petty Cash or Change Fund

1. Establishing a New Fund

The organizational unit must identify a petty cash custodian or change fund custodian for each such fund. Only employees or affiliate fiscal staff may be custodians.

The organizational unit submits the Petty Cash/Change Fund Request (PCCF) form to the appropriate campus controller's office for review. After approving, the campus controller's office keeps a copy of the PCCF form and returns the original to the organizational unit. The organizational unit requests establishment of the fund by preparing a ^[2]Payment Authorization (PA) form. The PA is made payable to the designated petty cash custodian/change fund custodian (e.g., *John Doe, Petty Cash Custodian*), at the organizational unit address, using Account ChartField 000200 (Petty Cash) or 000300 (Change Fund). The approved PCCF is attached to the PA and the PA packet is submitted to the PSC. *Isolating petty cash/change fund custodians as separate vendor types prevents the PSC from sending a 1099 tax form.* The custodian cashes the warrant at the campus bursar's office.

The campus controller or his/her delegate must audit each petty cash/change fund at least once every two years.

2. Custodian Responsibilities

The petty cash custodian or change fund custodian is responsible for the care and disposition of the funds issued, including abiding by the restrictions outlined in Section A, above.

The petty cash custodian is further responsible for obtaining original receipts for each payment, purchase, or transfer made. Receipts should show the transaction date, payee, quantity, description, and cost for each item purchased, along with a total. For study subject payments, receipts should show payee (participant) name, amount paid, and date paid. For confidential study payments, the custodian should maintain another source of enumeration – e.g., research control numbers instead of names – with the fund, and use that as backup for reimbursement. It must be possible to track the payment back to an original receipt showing the name of the person and amount/date paid. Receipts must be retained in the secured container until submitted to the PSC for reimbursement of the fund. The custodian is responsible for reconciling, and ensuring the accurate count of, the funds at all times. The ^[3]Petty Cash Reconciliation (PCR) form is a resource for completing this count and reconciliation.

C. Replenishing a Petty Cash or Change Fund

The funds must be replenished as follows:

- at least once per quarter; as well as,
- at the end of the fiscal year (June);
- any time the designated custodian changes; and,
- any time a shortage is detected.

To replenish a petty cash fund, the organizational unit prepares a PA form (see procedures, below) and submits it to the PSC. The PSC compares the custodian/fund amount on the PA with information in the PSC's database of authorized custodians and their approved fund amounts. If the information does not match, the PA is not processed.

- If several petty cash funds need to be replenished at the same time, the organizational unit must submit a separate PA for each petty cash fund.

- On each PA, the payee must be the designated custodian (e.g., Jane Doe, Petty Cash Custodian).
- The payee address must be the organizational unit address and not the custodian's home address.
- The custodian must sign the PA form as the requestor. The custodian cannot approve the form.
- The Account ChartField used is the value that best represents the type of expense incurred. The SpeedType used is the one that most appropriately covers that expense.
- All receipts must be attached to the PA. The dollar amounts on the receipts must exactly match the dollar amounts requested for replenishment. Documentation must include:

1. date the cash was disbursed;
2. name of recipient (or, for confidential study subject payments, identifier of recipient);
3. dollar amount of cash disbursed to recipient;
4. official university business purpose; and,
5. recipient signature (except for confidential study subject payments, which are maintained according to the PSC Procedural Statement Study Subject Payments).

- Shortages are recorded using Account ChartField 552630 (Cash Over/Short). The appropriate campus controller or his/her delegate must review and approve the PA in cases of shortage greater than 10% of the petty cash fund amount. (Organizational units should consult with the campus controller for appropriate reporting of theft.)

- Overages are recorded using Account ChartField 552630 (Cash Over/Short) on a Cash Receipt form, instead of on a PA form. Campus controller/delegate signature is required in cases of overage greater than 10 % of the fund amount

The custodian cashes the warrant at the campus bursar's office.

D. Modifying a Petty Cash or Change Fund

The organizational unit must notify the campus controller's office and the PSC when the custodian changes, the amount changes, the fund location changes, a PSC warrant needs to be cancelled, or the fund needs to be closed. This is done by resubmitting the PCCF form with the modified information.

E. Closing (Returning) a Petty Cash or Change Fund

When a petty cash/change fund is no longer needed, it should be closed – i.e., returned to the University – according to the following procedures:

- The petty cash custodian submits a final PA to the PSC and receives a warrant, replenishing the petty cash fund for all final expenses.
- The designated individual within the organizational unit prepares a Cash Receipt form for the full petty cash/change fund amount and makes the deposit at the campus bursar's office. The Cash Receipt should identify the SpeedType associated with the fund and the Account ChartField 000200 (Petty Cash) or 000300 (Change Fund). The organizational unit sends a validated copy of the Cash Receipt form to the appropriate campus controller's office.

- The campus controller's office updates their copy of the PCCF form on file (by checking the Close Fund checkbox) and sends copies of the updated form to the PSC and to the former custodian, thereby releasing the latter from any responsibility for this fund.

Exceptions

Unless approved by the Associate Vice President/University Controller, there are no exceptions to this procedural statement.

¹ In general, organizational unit purchases should follow established PSC policies and procedures and the CU Marketplace and the Procurement Card should be used to accomplish most small-dollar purchases.

Related Administrative Policy Statements (APS), PSC Procedural Statements (PPS), Finance Procedural Statements (FPS), and Other Policies and Procedures

- [APS Fiscal Misconduct Reporting](#) ^[4]
- [APS Propriety of Expenses](#) ^[5]
- [PPS Cash Advances](#) ^[6]
- [PPS Payment Voucher Authorization and Use](#) ^[7]
- [FPS Sensitive Expenses](#) ^[8]
- [PPS Study Subject Payments](#) ^[9]
- [PPS Travel](#) ^[10]

Forms and Resources

- [Payment Authorization \(PA\)](#) ^[2]
- [Petty Cash/Change Fund Request \(PCCF\)](#) ^[11]
- [Petty Cash Reconciliation \(PCR\)](#) ^[12]

Contacts

Questions on the establishment, modification, or closing of petty cash funds and change funds should be directed to the appropriate campus controller, who will consult with the Associate Vice President/University Controller as appropriate.

Questions on the replenishment of these funds should be directed to the PSC.

Revision Log

Updates to these procedures will be summarized in this section

Have a question or feedback?

Questions & Feedback ^[13]

Feedback or Question *

Your Name

Your Email Address

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This question is for testing whether or not you are a human visitor and to prevent automated spam submissions.

Submit

Groups audience:

Controller

Source URL:<https://www.cu.edu/controller/procedures/finance-procedural-statements/finance-procedural-statement-petty-cash-change>

Links

[1] <https://www.cu.edu/controller/procedures/finance-procedural-statements/finance-procedural-statement-petty-cash-change> [2] <https://www.cu.edu/psc/forms/payment-authorization-pa>
[3] <https://www.cu.edu/psc/forms/petty-cash-reconciliation-pcr> [4] <https://www.cu.edu/ope/aps/4012>
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[13] <https://www.cu.edu/controller/forms/questions-feedback-0>