

Topic: Petty Cash Funds	Prepared by: Kathy Sawtells Reviewed by: Chuck Roper and Sue Potter and Bill Santiago
Date: 03/30/15	Title: Controller

**Purpose:** There are times when small or emergency purchases must be made that fall outside of normal University purchasing procedures. Departments that encounter these instances may request the Controller or designee approval for a petty cash fund.

A petty cash fund is a revolving imprest account which is used to make miscellaneous small or emergency purchases. A petty cash fund is kept at the smallest practical amount. The amount of the petty cash fund should not exceed the maximum amount of the estimated average biweekly disbursements unless specific approval for the exception is authorized by the Controller or designee.

**Process:** Prior to requesting the establishment of a petty cash fund, the responsible administrator must ascertain that the desired goods or services cannot be obtained through an established blanket purchase order or with an EWU procurement card.

The department chair or administrative supervisor must designate a petty cash fund custodian who is responsible for maintaining and safeguarding the petty cash fund. An employee appointed as custodian shall be at least a permanent part-time employee of the University.

Only appropriate and legitimate University expenses are paid from a petty cash fund. Since cash purchases must meet purchasing guidelines on procurement of goods and services, the petty cash fund custodian and the appropriate administrator must carefully restrict and monitor petty cash funds.

Do not use petty cash funds to pay for the following types of expenses:

- any single item over \$100.00
- travel expenses
- entertainment purposes
- personal items
- payment for personal services or honorarium
- payment of employees for services rendered

The responsible administrator must notify the Controller or designee when the petty cash fund custodian terminates from their position or a new petty cash fund custodian is identified. The current petty cash fund custodian must ensure that the fund is replenished prior to turning the fund over to a new custodian.

All petty cash fund custodians are required to complete the University cash handling training provided by Student Financial Services.

All petty cash fund custodians are required to sign a Custodian Responsibility form provided by the Controller or designee (available on Office of Controller website).

#### Establishing a petty cash fund

All new petty cash funds must be approved by the Controller or designee. Initiate a request to the Controller or designee at least 10 days before the petty cash fund is needed. The request must include the following:

- name and index code of the department or service center which will assume responsibility for the expenditures
- amount required – average bi-weekly disbursements
- purpose and justification for the petty cash fund
- specific location of the fund, including building and room number
- planned precautions and available facilities to safeguard the petty cash fund
- name of the fund custodian who will be responsible for safeguarding and dispensing cash
- approval signature of the department chair or equivalent administrator

If approval is granted, the department shall submit an Invoice Voucher (available on Accounts Payable website) to the Controller or designee for the initial petty cash fund. Student Financial Services may cash the petty cash fund check for the custodian with at least two (2) days notice to ensure adequate cash on hand.

#### Increasing amount of petty cash fund

Requests for increases to an existing petty cash fund will follow the same procedures as establishing a new petty cash fund.

#### Co-mingling cash

A petty cash fund cannot be combined with any cash used for other purposes.

#### Locked location

The petty cash fund custodian is responsible for locking the petty cashfund in an appropriate location when not being used. The amount of security for the petty cash fund must be in accordance with the risk factor assigned to the department and/or fund. Any petty cash fund of \$100 or more must be secured in a vault.

#### Reimbursable expenses

The individual who wishes to be reimbursed for a purchase must describe the nature of the purchase to the petty cash fund custodian. If the petty cash fund custodian determines that the reimbursable expense is appropriate, the custodian will require a Reimbursement Voucher (available on Office of Controller website) and expenditure receipt from the purchaser. The petty cash fund custodian will only disburse funds upon completion of the Reimbursement Voucher.

The Reimbursement Voucher must be completed in ink and must have the following information.

- name of purchaser
- date of transaction
- amount to be reimbursed
- index and account number
- purpose of the disbursement
- signature of the purchaser
- signature of the budget authority (maybe the same as the administrative supervisor)
- signature of the petty cash fund custodian

The petty cash fund custodian has the responsibility to verify and approve the vouchers and receipts for payment. Once paid, the voucher and receipts must be identified as **PAID**.

#### Vendor receipts

Valid vendor receipts must be attached to the Reimbursement Voucher. In order for the receipt to be a valid document, it must have the following information.

- transaction date
- vendor name
- purchase amount
- description of the purchase

#### Cash advances

A cash advance for a purchase must be described to the petty cash fund custodian. If the petty cash fund custodian determines that the purchase is appropriate, the petty cash fund custodian will require a Cash Advance Voucher (available on Office of Controller website). The Cash Advance Voucher discloses:

- name of cash advance recipient
- amount advanced
- index and account number
- purpose for advance
- signature of cash advance recipient
- signature of budget authority
- signature of petty cash custodian
- date of advance

Once the Cash Advance Voucher is completed, the cash disbursement can be made from the petty cash fund.

To account for the cash advance, an employee must submit a Reimbursement Voucher to the custodian within ten (10) days after the cash advance issuance. The Reimbursement Voucher must be accompanied by any supporting vendor receipts and any remaining cash. The petty cash fund custodian must audit the vendor receipts and ensure that the total amount of the vendor receipts plus the remaining cash equals the amount on the

Cash Advance Voucher. The Cash Advance Voucher must be retained in order to document the advance and the return of the unspent cash.

In the case where the administrative supervisor obtains cash reimbursement from the fund, the manager/supervisor of the administrative supervisor signs the Cash Reimbursement Voucher.

#### Replenishing the petty cash fund

Replenishing the petty cash fund can be done as frequently as needed, but must be done at least monthly, regardless of the amount. The petty cash fund must be replenished before the end of each fiscal year (June 30) in order to charge expenditures in the proper accounting period.

To request a reimbursement to the petty cash fund, the custodian must prepare and sign the State of Washington Voucher Distribution for A19-2B (available on Accounts Payable website) with the following information.

- name of the petty cash fund custodian, department and contact phone number
- index and account number for each expenditure (or group of like expenditures)
- amount
- total amount (this should match the total amount of the petty cash vouchers that are attached to voucher)
- signature of the petty cash fund custodian and date completed
- signature of the administrative supervisor and date completed
- attach reimbursement voucher with supporting vendor receipts to voucher distribution form

#### Administrative supervisor

The administrative supervisor shall approve and sign the Voucher Distribution form. This signature indicates the expenditures or advance were for a legitimate purposes. When in doubt, check with the purchasing office and/or Controller or designee before signing.

The custodian will submit the originals to the Purchasing office (and retain a copy) of the Voucher Distribution Form, reimbursement form, receipts and other documents in support of the reimbursement to the fund.

All petty cash fund checks are mailed to the custodian's campus address. Petty cash fund checks may be cashed at Student Financial Services with two (2) days advance notice.

#### Purchasing

The Purchasing office examines the petty cash Reimbursement Voucher and vendor receipts to ensure that the expenditures are allowable expenses.

#### Controller

Purchasing forwards the Reimbursement Voucher and the supporting documents to Controller or designee for review. Documents are then forwarded to Accounts Payable for reimbursement.

#### Accounts Payable

After disbursements have been approved, Accounts Payable will review for coding, etc. and issue a check for the voucher distribution amount in the name of the petty cash fund custodian.

#### Overages and shortages

All cash over and short must be reconciled and reflected in the university accounting system. For an overage, the petty cash fund custodian must deposit the overage cash amount into the departmental account through Student Financial Services.

All cash shortages must be reimbursed through the departmental account by submitting the amount on an Invoice Voucher form to Controller or designee.

#### Reconciliation of the petty cash fund

The petty cash fund custodian counts and reconciles the petty cash fund at least weekly or when the fund has been used. The reconciliation is supported by dating and initialing the reconciliation report.

At any given time, receipts, voucher distribution forms in process and the available cash must equal the original amount authorized/issued by the Controller or designee. Petty cash funds are subject to audit by Student Financial Services and auditors.

Verification of the petty cash fund will be conducted at least annually by Controller or designee. The petty cash fund custodian must keep a current record of the fund financial status at all times.

#### Backup custodian

If the regular petty cash fund custodian is sick or absent from work for any reason, the transfer of the petty cash fund to the backup custodian must be documented. Only one backup custodian may be designated. The name of this person is recorded on the Custodial Responsibility form.

A Back up Custodian form (available of Office of Controller website) must be prepared. The backup custodian should count the petty cash fund in the presence of the administrative supervisor. Both parties must sign and date the Backup Custodian form and retain with the petty cash fund. Upon return of the regular petty cash fund custodian, the petty cash fund should be counted in the presence of the backup custodian. The Backup Custodian form should be signed and dated by both parties and then stapled to the back of the Custodial Responsibility form. If both the regularly assigned petty cash fund custodian and the backup custodian are absent, the petty cash fund **cannot be used by any other department employee.**

Eastern Washington University  
Office of Controller  
Petty Cash Fund

Cash loss

Report the loss or suspected loss to Controller or designee immediately. Also notify the EWU Campus Police department if theft is suspected.

Close out

When the petty cash is no longer needed, contact Controller or designee for directions to close fund.

Recall

The Controller or designee may recall or rescind a petty cash fund at any time.

Eastern Washington University  
Office of Controller  
Petty Cash Fund

Revision History

6/7/2022      Changed frequency of petty cash balance verification by Office of Controller as follows: Verification of the petty cash fund will be conducted ~~semi~~ **at least** annually by Controller or designee.