

STUDENT BUSINESS SERVICES PETTY CASH FUNDS POLICY

A. Purpose

The purpose of this policy is to set forth guidelines for the approval and establishment of petty cash funds and to provide guidance on the proper management of those funds.

B. Persons Affected

This policy impacts all employees of The University of Texas at Tyler (University).

C. Definitions

1. Custodian – person entrusted with guarding and maintaining the petty cash fund.
2. Petty Cash – funds maintained by a custodian for the purpose of obtaining miscellaneous items or paying for unanticipated operating expenses when it is impractical or infeasible to use normal University purchasing methods. This is not a change fund.
3. PeopleSoft voucher – the PeopleSoft electronic payment voucher used to issue a check for the establishment of a petty cash fund, and for reimbursement of the fund.
4. PaymentWorks – UT Tyler’s payee record system. The custodian will complete PaymentWorks registration to facilitate payment. The custodian may not be the department PaymentWorks initiator.

D. Policy and Procedures

1. Policy Statement

Pursuant to The University of Texas System Policy UTS166, The University of Texas at Tyler strongly discourages the establishment and/or use of petty cash funds. Petty cash can be used only when it is infeasible or impractical to use normal purchasing methods. The use of the procurement card or other University purchasing method is preferable. However, if a department provides documented justification, the Sr. Vice President of Business Affairs (SVPBA) may permit the department to maintain a petty cash fund, as described in this policy.

Unless previously authorized by the SVPBA, only temporary petty cash funds may be established. The anticipated closure date must be included with the request to open a petty

cash account on a *Petty Cash Fund Request/Change Form*. Any subsequent extension beyond the original closure date must be approved in writing by the SVPBA.

No petty cash fund shall be established with an amount exceeding \$500, except with prior written approval from the SVPBA. Individual petty cash transactions may not exceed \$100 and must be supported by a petty cash voucher and receipt (See Petty Cash Purchasing Procedures Section 5).

2. Prohibitions

Petty cash shall not be used for the following:

- Travel expense reimbursements
- Travel advances
- Payment for items that are to be purchased through the purchasing system according to University policy
- Payments to employees for services, awards, bonuses, etc. These shall be paid through the payroll process
- Payments of a taxable or non-taxable benefit to an individual. These shall be processed through payroll
- Payments to university service centers
- Personal borrowing (IOUs)

3. Setting up Petty Cash Funds

A staff or faculty member, with the approval of the responsible department head and in coordination with the budget authority of that department, will send a completed Petty Cash Fund Request/Change Form to the SVPBA. If approved, the department will process a PeopleSoft voucher payment document, in the authorized amount, using account code 10010. The check will be made payable to the custodian. The Petty Cash Fund Request/Change Form must be forwarded to Student Business Services for processing and approval. The PeopleSoft voucher will not be final approved until student Business Services is in receipt of this form.

The petty cash fund should be secured at all times. The department is responsible for appointing a custodian, who is a member of the faculty or staff, to monitor its use and replenishment. Appointment and approval should be made by the budget authority; a custodian cannot appoint or approve himself/herself. In addition, there should be limited access to the fund.

Once the custodian has been assigned, the department Payment Works initiator will submit an invitation to the custodian to complete his/her registration for a payee record.

To change the custodian of the fund, a Petty Cash Fund Request/Change Form must be completed, signed, forwarded to, and approved by the SVPBA. In order to ensure accountability to the new custodian, Student Business Services will audit the fund at the time of the change.

It is the responsibility of the custodian to ensure that the fund is used to cover only those expense reimbursements for which it is not possible, or is infeasible, to use normal purchasing methods. In addition, the custodian will ensure that fund use is consistent with the manner described in the documentation that initially established the fund. The custodian shall ensure that petty cash is used for business purposes only and that petty cash is not commingled with any other fund. The petty cash custodian is also responsible for enforcing University policy regarding sales tax, which is not reimbursable. It is also the responsibility of the custodian to balance the fund after each payment and at least weekly, regardless of use. Also, the custodian shall perform a full reconciliation of the fund at least quarterly, which he/she will provide to Student Business Services (see the Fund Reconciliation Process section). In addition, the custodian handles fund replenishment (see the Fund Reimbursement Process section).

The custodian must maintain the fund in a locked, secure location at all times. The custodian is responsible for reporting all instances of loss of funds, including filing a report with Campus Police, and notifying Student Business Services, as soon as the loss is discovered.

Any petty cash funds found to be misappropriated or out of balance without cause will be immediately closed and appropriate action shall be taken by Student Business Services, Audit Services and Campus Police. Any discrepancy in petty cash funds shall be the personal responsibility and liability of the custodian and the department head.

4. Required Documentation

Certain documentation is required to be maintained. Forms are available on the Student Business Services website to facilitate compliance with this requirement (see the Forms section of this policy).

The documentation includes:

- A detailed log of all transactions, identifying all pertinent information (who, purpose, transaction detail and date of expense)
- Original receipts affixed to 8 ½ x 11 sheets and attached to applicable petty cash reimbursement vouchers
- Signed petty cash advance forms
- Quarterly reconciliations of the fund, provided to Student Business Services at each fiscal quarter end (Nov. 30, Feb. 28, May 31, and Aug. 31)

5. Petty Cash Purchasing Procedures

An employee purchasing items using petty cash funds does the following:

- Obtains prior approval from the fund custodian or budget authority
- Obtains, when necessary, the University sales tax exemption form from the custodian, since UT Tyler is exempt from Texas sales tax. If sales tax is inadvertently paid, it may not be reimbursed from the petty cash fund or

reimbursed to the employee or student. Obtains, when necessary, a petty cash advance from the fund custodian

- Makes the purchase, paying for the item with personal monies or with the petty cash advance and obtains an itemized receipt or cash register sales slip
- Presents the original sales receipt or cash register sales slip to the petty cash custodian. The receipt(s) must include:
 - Description of the item(s)
 - Date of purchase
 - Place of purchase
 - Itemized amounts
- Receives reimbursement for the purchase from the petty cash custodian when personal monies are used or returns any unused portion of the petty cash advance to the petty cash custodian immediately after the purchase is made.

6. Fund Replenishment Process

When the fund is reduced to a balance that can support approximately 5-7 business days of activity, the custodian will complete a Petty Cash Replenishment Form and provide it to the budget authority for approval. The applicable documents, with original receipts, must be attached to the Petty Cash Replenishment Form. When approved by the budget authority, the department will process a check to replenish the fund. A PeopleSoft non-PO voucher will be used, charging each item to the correct account code. This check will be made payable to the custodian.

7. Fund Reconciliation Process

The petty cash fund must be balanced after each payment and at least weekly, regardless of activity. The custodian may use the Petty Cash log found on the Student Business Services website. A reconciliation signed by the custodian and budget authority must be sent to Student Business Services at each fiscal quarter end (Nov. 30, Feb. 28, May 31 and Aug. 31). The custodian must also reconcile the fund when replenishing funds on the Petty Cash Replenishment Form (See the Fund Replenishment Process section).

8. Changing the Fund Amount

An increase to a petty cash fund is subject to the approval of the budget authority and the SVPBA. This request must be submitted on a Petty Cash Fund Request/Change Form prior to requesting a replenishment of funds.

The custodian may decrease the petty fund account by first obtaining approval from the budget authority and then forwarding an e-mail to Student Business Services. Excess funds must be deposited at the One-Stop (STE 230) and a copy of the deposit form will be kept on file in the Student Business Services Office.

9. Changing the Fund Location

The custodian may change the location of the fund by first obtaining approval from the budget authority and then sending an e-mail to Student Business Services. The exact location of the petty cash fund must be included in the e-mail.

10. Closing the Fund

The petty cash fund must be closed when the purpose for which the fund was established has been completed, as indicated on the request form when the account was established. In addition, Student Business Services reserves the right to conduct periodic usage reviews, and based on the results, can request closure or reduction of the fund. If the fund has not been used for a year, it must be closed. When closing the fund, the custodian must send a completed Petty Cash Fund Request/Change form including any original receipts/vouchers to Student Business Services and deposit all remaining funds at the One-Stop (STE 230), using account code 10010. A receipt for the fund will be issued to the custodian which will relieve the balance of the petty cash fund as established for this use. The final reconciliation and a copy of the deposit slip will be kept on file in the Student Business Services Office.

11. Audit

Each reimbursement request will be subject to audit by Student Business Services. In addition, Audit Services may perform unannounced audits of the fund to ensure proper control is maintained.

12. Forms

The following forms are located on the Student Business Services website:

- Petty Cash Fund Request/Change Form
- Petty Cash Log
- Petty Cash Replenishment Form

E. Review

This policy shall be reviewed by the Director of Student Business Services every five years or as legislation changes.