

Memo to: All UH-Downtown/PS Holders

UH-Downtown/PS 05.A.04

Issue No. 5

From: Dr. Juan Muñoz, President

Effective date: 12/20/2019

Page 1 of 8

Subject: Petty Cash Policy

1. PURPOSE

This PS provides principles and guidelines for the establishment and use of petty cash funds within the University of Houston-Downtown (UHD). It delineates custodial, accounting, and control responsibilities associated with the operation of petty cash funds. This policy applies to all university funds.

2. DEFINITIONS

There are no definitions associated with this policy.

3. POLICY

- 3.1 The petty cash fund is a fund established for a designated amount from which payments and/or reimbursements for small dollar expenses may be made. At all times, the cash on hand plus the dollar amount of expenses supported by paid receipts should equal the designated amount of the petty cash fund.
- 3.2 The Assistant Director of Student Accounting shall serve as custodian of the petty cash fund for the University.
- 3.3 The following guidelines apply to all petty cash reimbursements:
 - 3.3.1 The maximum amount of petty cash to be reimbursed on an individual request is \$50.00 (one or multiple items on a single request). A properly completed Petty Cash Reimbursement Request (Exhibit A) must be submitted to the Cashier's Office. The employee will be reimbursed in cash.
 - 3.3.2 Reimbursements greater than \$50.00 shall be processed through the Accounts Payable Department on a State of Texas Purchase Voucher. A check will be issued to the employee within two weeks. Splitting purchases to stay within the \$50.00 limit is not permitted.
 - 3.3.3 A receipt properly documenting the purpose of each expenditure is required for any reimbursement and/or payment.
 - 3.3.4 Reimbursements must be requested within 30 days of the date of purchase. Reimbursement requests over 30 days old must be processed on a State of Texas Purchase Voucher regardless of the dollar amount of the payment sought.

- 3.3.5 The Petty Cash Reimbursement Request shall be properly completed and include the signature of the account's authorized signatories (see [PS 05.A.02, Signature Authority of University Funds](#)). In cases where the employee seeking petty cash reimbursement and the account's authorized signatory are one and the same, approval by a higher authority level will be required.
- 3.3.6 All expenditures should conform within the University expenditure guidelines. Expenditures which may be reimbursed through the petty cash reimbursement system have the same restrictions as the budget account to which the reimbursement is charged. The following transactions are prohibited as petty cash reimbursements on any ledger. This list is not all-inclusive.
1. Registration expenses
 2. State and local sales taxes (Exemption of state and local sales taxes must be obtained, through the vendor, prior to the purchase. The department may not seek reimbursement through the University)
 3. Consulting fees
 4. Meals (food products used for teaching or research are reimbursable)
 5. Alcoholic beverages or tickets to social, cultural or athletic events
 6. Payments to individuals or other non-corporate entities for personal services
 7. Professional dues and subscriptions
 8. Computer software and hardware
 9. Office furniture and equipment
 10. Advertising
 11. Travel and entertainment expenses are specifically excluded as denoted in [PS 05.A.01, Entertainment Expenditures Policy](#)
 12. Transactions for which an original invoice is not available (copy certified by business administrator may be processed through Accounts Payable.)
 13. Expenses of any kind charged to a credit card
- 3.4 Petty cash funds are not to be used for routine or recurring expenditures.
- 3.5 As a general rule, departmental petty cash funds are earmarked for departments needing cash readily available for emergency purchases.

- 3.6 Petty cash fund custodians shall be responsible for the following matters relating to its operation:
 - 3.6.1 Safe and secure storage
 - 3.6.2 Keeping the petty cash funds separate from all other funds
 - 3.6.3 Ensuring that each transaction is valid as stipulated by the fund
 - 3.6.4 Providing proper documentation to support each expenditure
 - 3.6.5 Replenishing the fund in a timely manner
 - 3.6.6 Balancing the fund daily
 - 3.6.7 Reporting non-balance of the fund in a timely manner to the Assistant Vice President for Business Affairs or designee
 - 3.6.8 Reporting theft from the fund to the Vice President for Administration and Finance or designee who will notify the Director of Internal Auditing and the police
 - 3.6.9 The fund custodian for each petty cash fund will be required to complete the Acknowledgement of Cash Handling online training on an annual basis
- 3.7 The petty cash fund should be replenished by the custodian on or before the last day of the month even if the fund is not depleted. This is necessary so that disbursements will be recorded in the appropriate period. The proper department cost center will be debited at the time the petty cash fund is replenished.
- 3.8 The control procedures established to safeguard the petty cash fund are as follows:
 - 3.8.1 Petty cash funds are subject to surprise cash counts by representatives of the Business Affairs Office and/or by the University of Houston System internal auditors. Failure to comply with these guidelines may result in discontinuation of the departmental petty cash fund. Disciplinary action may be taken if deemed appropriate.
 - 3.8.2 The department and General Accounting will be responsible for the reconciliation of petty cash to the general ledger. Reconciliation of any departmental PeopleSoft cost center should never be assigned to the petty cash custodian.
 - 3.8.3 Segregation of the petty cash account from other funds should be monitored departmentally.

- 3.8.4 General Accounting will verify that the proper accounting entry was used at the time the fund was established.
- 3.8.5 The Assistant Vice President for Business Affairs or designee will insure that each petty cash fund is audited at least once annually. Departments will not be notified in advance. The purpose of the audit is to insure that the university funds are properly safeguarded. This would, in turn, enable an effective verification of cash held by the custodian with the official records.

4. PROCEDURES

4.1 Approval Authority for Payment or Reimbursement Procedures

- 4.1.1 All voucher requests must be signed by the authorized signatory for the budget account to which the expenditures will be charged.
- 4.1.2 Outlined below are the lines of authority for approval of expenditure vouchers should a higher level of authority be required.
 - a. The voucher requests of:
 - i. the President will be approved by the University of Houston System Chancellor, Senior Vice Chancellor or Vice Chancellor Administration and Finance
 - ii. the Vice Presidents will be approved by the President or other Vice President
 - iii. the Associate and Assistant Vice Presidents, the Deans of Colleges, and Executive Directors will be approved by the appropriate Vice President or the President
 - iv. the Academic Department Chair will be approved by the appropriate Dean
 - v. all personnel not specifically listed will be approved in accordance with their unit's approval structure

4.2 Petty Cash Reimbursements Procedures

4.2.1 Within 30 days of the expenditure, the employee shall complete a Petty Cash Reimbursement Request form denoting the following:

- a) Description of items purchased
- b) Justification for the purchase
- c) Name and location of department
- d) Account number to which the expenditures should be charged
- e) Amount of each item purchased

4.2.2 The employee shall sign and date the request and attach the supporting documentation.

4.2.3 The appropriate signatures of approval must be obtained, as delineated in [PS 05.A.02, Signature Authority of University Funds](#).

4.2.4 All supporting documentation must meet at least one of the criteria outlined below:

- a) Original, numbered receipts with the company's name and address, date of purchase, itemized listing or description of the item(s) purchased and price (In the event where only partial information is included on the receipt, the employee must supply the missing information.)
- b) Duplicate copies of receipts mentioned above are acceptable but must be certified by the department manager as a valid receipt which has not been previously reimbursed. The Assistant Vice President for Business Affairs or designee must approve the request.
- c) Numbered or non-numbered receipts that do not have a company's or individual's name imprinted thereon, provided the name and address of individual or company is included by person seeking reimbursement
- d) Register tape from cash registers that have the company's name and date of purchase on the tape, and all items are circled and described by the employee
- e) Computerized price tags which contain the company's name must be approved by the Assistant Vice President for Business Affairs or designee

4.3 Department Petty Cash Funds Procedures

4.3.1 The following steps must be followed in establishing a departmental petty cash fund:

A. A justification memorandum is prepared and signed by the department manager outlining the following information:

- Detailed explanation of the need for a cash fund
- Justification why alternative methods are not feasible
- Estimated activity level
- Name of proposed fund custodian and description of safeguarding methods

4.3.2 The Assistant Vice President for Business Affairs will review the request based upon the individual facts and circumstances. The department manager will be notified of the outcome of the departmental petty cash fund request. Additional information may be requested prior to approval.

4.3.3 If the request is approved, a State of Texas Purchase Voucher is prepared describing the type of fund requested, indicating a non-state general ledger account to be charged, and signed by the department manager.

4.3.4 The purchase voucher will be forwarded to the Accounts Payable department for processing. A check will be processed and returned to the Business Affairs Office who will notify the fund custodian. The fund custodian will acknowledge receipt of the check by signing an Acknowledgement of Receipt (Exhibit B) at the Business Affairs Office.

4.4 The fund custodian will be responsible for providing safe and secure storage for the funds as well as insuring the following:

- a. All petty cash fund transactions are valid and meet the University's expenditure guidelines
- b. Proper documentation is maintained
- c. Timely replenishment of the fund
- d. Notification is given to the Assistant Vice President for Business Affairs when changes in custodian, location of fund, account number, or change(s) in the physical security of the fund take place

- e. Formal transfer of funds to the new custodian is accomplished by having the new custodian assume responsibility for the fund using the Acknowledgement of Receipt form
 - f. Daily balancing and monthly and annual reporting of any overages or shortages in the fund
 - g. Funds be returned to the Business Affairs Office when the need for maintaining the fund ends
 - h. Arrangements are made for temporary custodianship during the custodian's absence.
- 4.5 Overages and shortages must be addressed by the fund custodian on a timely basis. It is the responsibility of the fund custodian to insure that the sum of cash and receipts on hand equals the amount issued at all times. Losses involving theft or burglary, regardless of the dollar amount, must be reported immediately to the Vice President for Administration and Finance.
- 4.6 Every petty cash fund custodian will be subject to at least one review and audit of departmental cash funds per year. Each departmental cash fund is subject to unannounced reviews and/or audits by representatives of the Business Affairs Office and University of Houston System internal auditors. Failure to comply with these guidelines may result in discontinuation of the departmental petty cash fund. Disciplinary action may be taken if deemed appropriate.
- 4.7 Departmental petty cash funds are replenished through the Cashier's Office.
- 4.8 When a department determines that a departmental cash fund is no longer needed, the following process should be followed to close the fund:
- a. A memorandum, prepared and signed by the department manager, shall be forwarded to the Business Affairs Office explaining the desire to discontinue the fund.
 - b. The cash is deposited in the Cashier's Office. A cash receipt is obtained and forwarded to the Business Affairs Office.

5. EXHIBITS

There are no exhibits associated with this policy

6. REVIEW PROCESS

Responsible Party (Reviewer): Vice President for Administration & Finance

Review: Every three years on or before August 1st.

Signed original on file in the Office of Human Resources.

7. POLICY HISTORY

Issue #1: 03/23/94

Issue #2: 11/19/99

Issue #3: 08/12/10

Issue #4: 05/20/15 – Reaffirmed as Issue #5

8. REFERENCES

[PS 05.A.01 Entertainment Expenditures Policy](#)

[PS 05.A.02 Signature Authority of University Funds](#)