

Memo to: All UH-Downtown/PS Holders

From: Max Castillo, President

Subject: Petty Cash Policy

UH-Downtown/PS 05.A.04

Issue No. 2

Effective date: 11/19/99

Page 1 of 2

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. POLICY/PROCEDURES

2.1 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.

2.2 The Cashier's Supervisor shall serve as custodian of the petty cash fund for the University.

2.3 The following guidelines apply to all petty cash reimbursements (See Exhibit A Petty Cash Reimbursement Operational Procedures):

2.3.1 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 B) must be submitted to the Cashier's Office. The employee will be reimbursed in cash.

2.3.2 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.

2.3.3 A receipt properly documenting the purpose of each expenditure is required for any reimbursement and/or payment.

2.3.4 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.

2.3.5 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 Policy). 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.

2.3.6 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. Payments to individuals or other non-corporate entities for personal services;
6. Professional dues and subscriptions;
7. Computer software and hardware;
8. Office furniture and equipment;
9. Advertising;
10. Travel and entertainment expenses are specifically excluded as denoted in PS 05.A.01, respectively.

2.4 Petty cash funds are not to be used for routine or recurring expenditures.

2.5 As a general rule, departmental petty cash funds are earmarked for departments needing cash readily available for emergency purchases. Departmental Petty Cash Fund Operational Procedures are detailed in Exhibit C.

2.6 Petty cash fund custodians shall be responsible for the following matters relating to its operation:

- 2.6.1 Safe and secure storage;
- 2.6.2 Keeping the petty cash funds separate from all other funds;
- 2.6.3 Ensuring that each transaction is valid as stipulated by the fund;
- 2.6.4 Providing proper documentation to support each expenditure;
- 2.6.5 Replenishing the fund in a timely manner;
- 2.6.6 Balancing the fund daily;
- 2.6.7 Reporting non-balance of the fund in a timely manner to the Assistant Vice President for Business Affairs or designee;
- 2.6.8 Reporting theft from the fund to the Vice President for Administration or designee who will notify the Director of Internal Auditing and the police.

2.7 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 account will be debited at the time the petty cash fund is replenished.

2.8 The control procedures established to safeguard the petty cash fund are as follows:

2.8.1 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.

2.8.2 The department and General Accounting will be responsible for the reconciliation of petty cash to the general ledger.

2.8.3 Segregation of the petty cash account from other funds should be monitored departmentally.

2.8.4 General Accounting will verify that the proper accounting entry was used at the time the fund was established.

2.8.5 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.

3. REVIEW AND RESPONSIBILITIES

Responsible Party (Reviewer): President

Review: As needed

President

Policy History

Issue #1: 03/23/94

UNIVERSITY OF HOUSTON - DOWNTOWN
APPROVAL AUTHORITY FOR PAYMENT OR REIMBURSEMENT
OPERATIONAL PROCEDURES

- 1) All voucher requests must be signed by the authorized signatory for the budget account to which the expenditures will be charged.
- 2) Outlined below are the lines of authority for approval of expenditure vouchers should a higher level of authority be required.

The voucher requests of:

- a) the president will be approved by the University of Houston System Chancellor, Senior Vice Chancellor or Vice Chancellor Administration and Finance.
- b) the Vice Presidents and the Dean of Student Affairs will be approved by the President or the other Vice President.
- c) the Associate and Assistant Vice Presidents, the Deans of Colleges, and Executive Directors will be approved by the Dean of Student Affairs, the appropriate Vice President or the President.
- d) the Academic Department Chair will be approved by the appropriate Dean.
- e) the Academic Department Chair will be approved by the Vice President for Academic Affairs and Provost or the President.
- f) all personnel not specifically listed will be approved in accordance with their unit's approval structure.

**PETTY CASH REIMBURSEMENTS
OPERATIONAL PROCEDURES**

- 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; and
 - e) Amount of each item purchased.
- 2) The employee shall sign and date the request and attach the supporting documentation.
- 3) The appropriate signatures of approval must be obtained, as delineated in PS 05.A.02.
- 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) MasterCard, American Express, Visa, Diner's Club, or similar credit card receipts if there is an itemized listing on the receipt of the exact purchase and an imprint of the company's name and address;
 - d) 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;
 - e) 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; and
 - f) Computerized price tags which contain the company's name. The Assistant Vice President for Business Affairs or designee must approve the request.

**UNIVERSITY OF HOUSTON - DOWNTOWN
PETTY CASH REIMBURSEMENT REQUEST**

Date: _____

You may receive reimbursement for your petty cash expenditures by completing this form and presenting it to the Cashier's Office.

Receipts, sales tickets, or invoices supporting the expenditures must be attached. In the spaces provided below, the expenditures must be described and justification of the expense as official university business must be stated. This request will not be honored without appropriate approvals.

<u>DESCRIPTION OF EXPENSE</u>	<u>UHD ACCOUNT (11 digits)</u>	<u>AMOUNT (Not to exceed \$50.00)</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		TOTAL: \$ _____

Reason for purchase: _____

Department where items purchased will be used: _____

Building and Room Number: _____

_____	_____	_____	_____
Employee Seeking Reimbursement	Date	Reimbursement Received By	Date
_____	_____	_____	_____
Account Manager (Budget Authority)	Date	Reimbursement Made By (Cashier)	Date
_____	_____		
Higher Authority Signatory*	Date		

*If the employee seeking petty cash reimbursement and the account's authorized signatory are the same, approval by a higher authority level is required. For further explanation, refer to PS 05.A.04, Petty Cash Policy.

NOTE: Travel, meals and entertainment items, membership and registration fees, furniture and equipment, cannot be reimbursed through a Petty Cash Reimbursement Request.

**UNIVERSITY OF HOUSTON-DOWNTOWN
DEPARTMENTAL PETTY CASH FUNDS
OPERATIONAL PROCEDURES**

- I) The following steps must be followed in establishing a departmental petty cash fund:
- 1) A justification memorandum is prepared and signed by the department manager outlining the following information:
 - a) Detailed explanation of the need for a cash fund;
 - b) Justification why alternative methods are not feasible;
 - c) Estimated activity level; and
 - d) Name of proposed fund custodian and description of safeguarding methods.
 - 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.

Departmental petty cash funds are subject to all University of Houston System and University cash fund policies and procedures and will be closely monitored by the Business Affairs Office.
 - 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.

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* form at the Business Affairs Office.
- II) The fund custodian will be responsible for providing safe and secure storage for the funds as well as insuring the following:
- 1) All petty cash fund transactions are valid and meet the University's expenditure guidelines;
 - 2) Proper documentation is maintained;
 - 3) Timely replenishment of the fund;
 - 4) Notification is given to the Manager of Student Accounting when changes in custodian, location of fund, account number, or change(s) in the physical security of the fund take place;
 - 5) 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;
 - 6) Daily balancing and monthly and annual reporting of any overages or shortages in the fund;
 - 7) Funds be returned to the Business Affairs Office when the need for maintaining the fund ends; and
 - 8) Arrangements are made for temporary custodianship during the custodian's absence.
- III) 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.
- IV) 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.
- V) Departmental petty cash funds are replenished through the Cashier's Office.
- VI) When a department determines that a departmental cash fund is no longer needed, the following process should be followed to close the fund:
- 1) A memorandum, prepared and signed by the department manager, shall be forwarded to the Business Affairs Office explaining the desire to discontinue the fund.
 - 2) The cash is deposited in the Cashier's Office. A cash receipt is obtained and forwarded to the Business Affairs Office.

**UNIVERSITY OF HOUSTON - DOWNTOWN
ACKNOWLEDGEMENT OF RECEIPT**

I, _____, do hereby certify that I have been authorized to serve as custodian of the petty cash fund in the _____ department.

I have received a copy of the University of Houston - Downtown petty cash policy statement, PS 05.A.04, and agree to accept full responsibility for the accounting and control of the account.

Date: _____

Account #: _____

Amount: _____

Signature of Custodian

Date

Signature of Custodian's Supervisor

Date