5.4.4 PETTY CASH FUNDS

Last updated on: 11/02/2015

Formerly Known As Policy Number: 36.6

This Guide Memo outlines policy on establishing and managing a petty cash fund. It should be used in conjunction with procedural information, resources, and forms, which outline the application of this policy and may be found on the Petty Cash Administration [1] section of the Gateway to Financial Activities [2] website (Fingate).

Authority:
Approved by the Senior Associate Vice President for Finance.

1. Overview and Purpose

The purpose of a Petty Cash Fund is to allow for the reimbursement or purchase of minor, small-dollar (less than $100), unanticipated business expenses, where the use of alternative means is neither feasible nor cost effective. In general, departments are strongly encouraged to use Stanford Purchasing Cards or to request reimbursement through the Expense Requests system rather than use petty cash, whenever possible.

2. Principles

a. Authority
The Office of the Treasurer is responsible for approving all Petty Cash Fund account requests.

b. Fund Types and Limits
The University has three types of Petty Cash Funds. Fund levels should be reassessed annually and modified as needed based on the volume of activity during the year.

(1) Petty Cash Fund
Petty Cash Funds are established for departmental use for incidental and emergency small-dollar purchases where the use of alternative means (e.g., Purchasing Card) is not feasible. Reimbursement for properly approved expenses may be obtained directly from this fund. The size of a Petty Cash Fund will be determined by the business needs of the requesting department, but will typically not exceed $500 in cash on hand, unless otherwise approved by the Office of the Treasurer.

(2) Petty Cash Checking Account

Petty Cash Checking Accounts may be established in departments that make small disbursements by mail (e.g. purchase of subscriptions), or that must make immediate payment (e.g. C.O.D. (cash on delivery) for goods delivered by UPS). The size of a Petty Cash Checking Account will be based on the business needs of the requesting department, but will typically not exceed $2,500, unless otherwise approved by the Office of the Treasurer.

(3) Change Fund

Change Funds may be established by a department, used to give change to customers when they are paying for goods and/or services, and must be reconciled daily. The size of a Change Fund will be determined by the business needs of the requesting department. A written request with the details of the business needs must be submitted to and approved by the Office of the Treasurer.

c. Number of Petty Cash Funds per Department

Unless the department is very large or geographically dispersed, a single petty cash fund per department is usually adequate. Reimbursements from one petty cash fund may be charged to any type of account including sponsored projects. If more than one petty cash fund is needed, a written justification must be submitted to and approved by the Office of the Treasurer.

4. Petty Cash Custodian

The department head must appoint an individual to be custodian of the department’s petty cash fund. Petty cash custodians must be salaried employees of the University, and may not be undergraduate students, graduate students or temporary personnel. Custodians are required to complete Petty Cash Training. The custodian remains accountable for the petty cash fund until another person is officially designated as the new custodian, or the fund is closed.

5. Periodic On-Site Audits of Petty Cash Funds

The Office of the Treasurer may conduct on-site audits of selected department Petty Cash Funds, Petty Cash Checking Accounts and Change Funds each year. The funds will be selected randomly and the custodian for the selected fund(s) will be notified and an appointment to conduct the audit must be made within 72 hours. For an audit, the custodian will need to provide the auditor with evidence of reconciliations, reimbursement receipts showing the types of reimbursements being made with the fund, and provide evidence that the fund is being stored securely when not in use.

6. Handling of Petty Cash Funds

Failure to properly safeguard, reconcile and administer petty cash funds may lead to revocation of the petty cash fund from the department and/or disciplinary action up to and including termination.

3. Uses of Petty Cash Funds
a. When Petty Cash May be Used
Reimbursements from petty cash are authorized for purchases and expenditures up to $100 per transaction. Allowable uses:

(1) Incidental supplies needed for department operations totaling less than $100;

(2) Local transportation (e.g., taxi), parking (non-University related) and bridge tolls, totaling less than $100, that may arise as part of a day trip on official University business;

(3) Necessary and reasonable food (e.g., sandwiches and beverages) brought into the office for business meetings, totaling $100 or less, including tax, delivery and tip.

Special rules apply for the reimbursement of alcoholic beverages.

2. When Petty Cash May Not be Used
Petty cash may NOT be used for:

- Payment for services performed by employees or non-employees
- Advances
- Gifts
- Personal loans and cashing personal checks
- Buying hazardous materials
- Stanford Faculty Club dues
- University parking fees
- Traffic citations
- Personal expenses
- Interest charges
- Social or travel club dues
- Expenses incurred more than 120 days prior to the petty cash reimbursement request (anything older than 120 days must be reimbursed through the Expense Requests system)
- Recurring expenses (e.g. employee business-related home internet or cell phone expenses)
- Amounts over $100, unless a department requests, and the Office of the Treasurer approves, a higher limit for the department
- Transactions involving students (e.g., students receiving any type of cash from stipends, excess financial aid, or refund of excess tuition payments must be processed through Financial Aid and Student Financial Services)

c. Accounting
Reimbursement for petty cash must be for the exact amount of the expense. Splitting one transaction in excess of $100 into several parts, or requesting reimbursement of less than the full amount of the expense is specifically not allowed.

4. References
This policy should be read in conjunction with the following related policies and procedures. Additional information (i.e., procedures and forms) related to Petty Cash may be found in the Petty Cash Administration section on Fingate.


Links