

## COMPTROLLER POLICY MANUAL

 <b>NORTHERN ARIZONA UNIVERSITY</b>	<b>POLICY: CMP 403-01</b>
	Section: 400 Disbursements
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	Responsible office: Comptroller
<b>Subject: Petty Cash Funds</b>	Origination date: 01/01/2000
	Effective date: 07/01/2019
	Revision date: 07/01/2019

### PURPOSE

To provide university departments with the necessary guidelines to:

1. Establish departmental petty cash funds
2. Permit efficient use of these funds
3. Safeguard the funds and related documents
4. Maintain satisfactory accounting controls

### SOURCE

University policy

### BACKGROUND

Certain low-cost purchases must sometimes occur outside of the normal Purchasing function. Example situations include needs which occur outside of regular office hours, when personal pickup is required or when delivery delays could cause hardship to the department. Petty cash funds can be used by University departments to reimburse individuals for monies spent on these purchases. Petty cash funds can be established for limited or extended periods, but should not be established for only occasional purchases

The petty cash system is operated on an imprest basis and is the only permanent petty cash system authorized at the University. Under this imprest system, a fixed sum is authorized for the petty cash fund and maintained by the fund custodian, the individual responsible for the petty cash fund. A voucher or receipt replaces the cash paid out when payments are made from the fund. The total of cash available and accumulated vouchers must equal the original fund amount.

### POLICY

#### **CMP 403-01: Petty Cash Funds**

Petty cash funds are subject to the following restrictions:

1. The purchase cost of a particular item must not exceed \$25.00.
2. The purchase cannot be for any of the following purchases:
  - A) Compensation to individuals for services.
  - B) Capital items.

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- C) Food or entertainment.
  - D) Travel
  - E) Inter-departmental purchases, such as NAU Bookstore, since inter-departmental requisitions are used to pay for goods or services from a campus service department.
- Petty cash funds are established on a fiscal year basis (July 1st to June 30th). June 30th of each fiscal year has been established as the year end due date for all outstanding petty cash custodian reimbursements. Each petty cash fund must be fully reimbursed prior to the beginning of each fiscal year.

**PROCEDURES**

**Establishing a Petty Cash Fund**

The amount of a petty cash fund should be limited to a level that permits efficient use of the cash fund, normally \$25 to \$100. Excessive petty cash fund balances lead to unnecessary risks of loss. Each request to establish a petty cash fund requires the submission of [An "NAU Request To Establish A Petty Cash Fund" form](#). All Petty Cash Fund applications require the approval of the Comptroller’s Office. After the Comptroller's Office has reviewed the application for completeness/appropriateness and has authorized the new Petty Cash Fund, the approved request is sent to Student and Departmental Account Services (SDAS).

FAS will request that the department provide the denominations of currency and coins required. The fund custodian will be notified in 7 to 10 working days when the petty cash fund is ready for pick-up from SDAS. Upon pickup, the fund custodian will sign the Petty Cash Fund Form acknowledging the receipt of the Petty Cash Fund. At that point, the custodian has sole responsibility for the security of the Petty Cash Fund as described in this policy.

SDAS will return the Petty Cash Fund form to the Comptroller’s Office as evidence that the Petty Cash Fund was transferred to the department. The Comptroller’s Office will then record the transfer under the Speedchart provided by the department (must be local fund Speedchart) using balance sheet account 101200 – Cash On Hand. Logs documenting quarterly cash counts verified by two employees should be maintained for all departments and provided to the Comptroller’s Office. Custodians will be required to confirm the Petty Cash Fund balance at year-end and report any discrepancies from the recorded balance.

For security purposes, a department may ask NAUPD for an escort to ensure the safety of the employee as well as the security of the funds.

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### Purchasing Card

The Purchasing Card is the preferred method of making off-campus small-dollar purchases for those departments authorized to use it. Some on-campus service providers also accept the Purchasing Card. For more information on the Purchasing Card, see the Purchasing Card Web Page.

### SECURITY OF THE PETTY CASH FUND

The fund custodian must secure all petty cash in a secure lockable cash box placed in a locking desk or cabinet. If a safe is available, the cash box should be placed in the safe at closing time. Keys and lock combinations should be restricted to the fund custodian. Related documents and receipts should be stored in a secure place separate from the petty cash.

If the petty cash fund is lost or stolen, the fund custodian is responsible for filing a report with [NAU Police](#).

Property and Liability Insurance Services reviews all reports of lost or stolen cash to determine whether an insurance claim can be filed. If the theft/loss does not qualify for insurance recovery, the amount of the theft/loss will be charged to the fund custodian directly, or employee's departmental account as decided on a case by case basis.

In the case of a theft or loss, a new petty cash fund may be established after the following conditions are met:

- 1) The Comptroller is satisfied that the fund custodian has implemented the necessary procedures to prevent further thefts.
- 2) A memo is sent to the Comptroller's Office, requesting reissue, and signed by the appropriate Associate/Assistant Vice President for the department. The memo should signify that the Associate/Assistant Vice President is aware of the loss and provide instructions on which department and account number to charge for the reissue.

### Disbursements

Petty cash funds must never be used for making personal loans or cashing checks. The custodian should disburse cash from the petty cash fund only when each of the following conditions is met:

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- 1) Expenditure must be an original invoice showing paid. Invoice must show date, vendor name, items purchased and cost of goods. Each invoice must be securely attached to a completed "[Petty Cash Expenditure Summary](#)" form.
- 2) The purchase results from an expediency requirement or cost efficiency where acquisition cannot be done through the Purchasing process.

Note: Cash register receipts must indicate the actual items purchased and must not include a combination of University and personal purchases.

### Reimbursements

Departments should replenish their petty cash fund when the balance has been sufficiently depleted, or when \$200 has been expended. When petty cash replenishment is necessary, the Fund Custodian must follow these steps:

- 1) Complete a [Petty Cash Expenditure Summary](#) with original supporting documentation.
- 2) Obtain signature of authorized Department Head.
- 3) Forward original documentation to Financial Accounting Services, Box 4080.

Financial Accounting Services will review the reimbursement requests and supporting documentation for appropriateness. If approved, the department will be asked to provide the denominations of currency and coins required. The fund custodian will be notified in 7 to 10 working days when the petty cash reimbursement is ready for pick-up from SDAS. Upon pickup, the fund custodian will sign the Petty Cash Expenditure Summary form acknowledging the receipt of the petty cash reimbursement.

### ADDITIONAL INFORMATION

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Certain cash funds are established to provide change for University functions, such as ticket sales. These change funds do not relate to the purchasing function. See NAU Comptroller's Procedures for Change Funds ([403-02](#)).

If a custodian manages more than one petty cash fund, transactions relating to each fund must be kept separate. The necessity of a petty cash fund, size and uses are reviewed by the Comptroller's Office. Recommended changes are communicated to the Department Head and Fund Custodian.

Additional cash advances cannot be issued to the custodian in lieu of processing requests for reimbursements to the current cash fund. Cash count audits may occur at any time and on an unannounced basis, and will be conducted at least once a year.

At the end of the fiscal year, petty cash balances must be provided to the Comptroller's Office and any reported shortages will be charged to the departments expense under the speedchart associated with the petty cash fund. Any overages should be deposited through the normal deposit transmittal process before the year-end deadline for deposits.

### **Termination of Fund Responsibility**

If a custodian terminates employment at the University, the account representative must notify the Comptroller's Office immediately. All receipts and cash are to be returned to the Comptroller's Office for close out of the petty cash fund prior to preparation of the custodian's terminating payroll action request and before issuance of the custodian's final pay check. A new custodian can be appointed by the Department Head through processing of a new application.

### **Termination or Reduction of Petty Cash Fund - Exhibit E**

When a department decides to terminate or reduce their Petty Cash Fund, the cash must be deposited back into the Comptroller's cash account. Please contact the Comptroller's Office for the proper accounting. The department completes a Deposit Transmittal Form in duplicate, submitting the original to Student and Departmental Account Services with the appropriate amount of cash and forwards the duplicate to the Comptroller's Office.

## **CROSS-REFERENCE**

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Change Funds CMP [403-02](#).

For a list of prohibited petty cash transactions, see CMP [401 03](#), Prohibited Transactions.