

Business Services

Petty Cash Fund

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PURPOSE

The Petty Cash Fund policy has been created to provide guidelines for the appropriate establishment, use, and accountability of such funds. Procedures have been established to encourage effective administration and internal control of cash handling operations throughout the University.

POLICY

General Guidelines

A petty cash fund may be established in a department to improve the efficiency of departmental operations. The fund is a relatively small amount of cash to pay for incidental expenses when another form of payment (procurement card, purchase order, direct payment or Shop@UW) is not appropriate or expedient.

A Fund Custodian must be designated by the department to maintain the petty cash fund. The Fund Custodian is personally responsible for the accounting and return of the fund. The Fund Custodian must maintain physical custody of the fund on campus in a secure, locked location which will be noted on the [Petty Cash or Change Fund Action Form](#). A petty cash fund is kept separately from change funds when both are in the same department or location.

Proper documentation of all disbursements from the fund is required. Documentation must include a properly completed receipt with detail, a paid invoice, or other supporting documentation.

- Sales tax will not be reimbursed to a petty cash fund. UW-La Crosse is exempt from Wisconsin sales tax. When transacting business on behalf of the University, please provide the sales tax exempt number (ES40706) to the vendor. To request a copy of the sales tax exemption certificate, please contact Accounts Payable.

The petty cash fund should be counted and reconciled each day it is used, but at minimum once per month. At all times, the expenditure receipts plus cash on hand must equal the authorized fund amount. Overages and shortages must be investigated and reported to the Accounts Payable Manager for resolution. University Police must be notified immediately of any theft or misappropriation of the fund.

The fund must be periodically reimbursed to its original authorized amount. Reimbursement is required prior to the end of the fiscal year.

Expenses that are not within the scope of the fund's purpose may not be paid from the fund. The Fund Custodian may be considered personally responsible for improper disbursements from the fund.

PROCEDURES

Establishing a fund

The department must designate a Fund Custodian and complete a [Petty Cash or Change Fund Action Form](#). The completed form is then submitted to Business Services for approval. Upon approval, a check will be issued to the Fund Custodian. The check can then be immediately cashed at the Cashier's office.

NOTE: Revenues must never be used to establish or increase the size of a petty cash fund.

Safekeeping the Fund

- The fund must be kept in a safe, locked drawer, or cabinet with access limited to the Fund Custodian.
- A [Petty Cash Receipt](#) should be used to document the disbursements of cash. Every petty cash receipt should be signed by the recipient and supported with original receipts.
- The receipts, plus cash on hand, must equal the total amount of the fund at all times.
- The fund is subject to audit at any time without prior notice.
- Petty cash funds must be kept separate from any other University funds or personal funds.

Purchasing from the Fund

Disbursements from the petty cash fund must be properly documented and be for a valid University business purpose. Adequate receipts and documentation must be maintained to support all transactions made from the petty cash fund.

The University does not reimburse Wisconsin sales tax. Sales tax exemption information is available from the Accounts Payable department. Use of the University sales tax number when purchasing items for other than University purposes is prohibited and may result in disciplinary action.

Petty cash funds may NOT be used for the following:

- Payment of sales or excise tax on any purchase within Wisconsin.
- Cashing personal checks or providing of personal loans.
- Purchases which require reporting in a specific manner, including but not limited to personal services, travel expenses, payroll advances, and business meals.
- Purchasing food without a food approval form.
- Purchasing gifts, awards, or prizes to be given to others.
- Purchases or expenses not within the scope of the fund's purpose.

An employee using the petty cash fund to make a purchase should:

1. Obtain prior approval from the proper department authority.
2. Obtain the University sales tax number, if necessary.
3. Obtain an advance from the petty cash fund. The advance is provided to the employee only to purchase necessary items. Each time an advance is given, the Fund Custodian should

complete a [Petty Cash Receipt](#) indicating an advance was provided. The receipt should include the amount of the advance, date, purpose, recipient's name, and recipient's signature.

4. Make the purchase, paying for the item(s) with the petty cash advance and obtain an itemized receipt or cash register sales slip.
5. Present the original receipt or sales slip to the Fund Custodian and return any unused portion of the advance.

The Fund Custodian is responsible for ensuring unused monies are returned to the fund and securing valid supporting documentation for the purchase made.

Replenishing the Fund

Replenishment of the petty cash fund must be done on a timely basis, but may vary by department based on activity levels. All petty cash funds must be reimbursed at least monthly (when used), regardless of the dollar amount to be reimbursed. In addition, all funds must be reimbursed before the end of the fiscal year to ensure there are no outstanding receipts as of June 30.

To replenish the fund the Fund Custodian must:

1. Complete a [Petty Cash Reimbursement form](#). The Fund Custodian is listed as the payee. The amount of the reimbursement request should bring the fund back to its original balance. Attach supporting documentation to the completed form.
2. Obtain the approvals required on the form.
3. Submit the completed form, with supporting documentation, to Business Services.

Business Services will review the receipts, record the expenditures, and issue a check to the Fund Custodian for the amount of the reimbursement request. The Fund Custodian may then immediately cash the check at the Cashier's Office and returned the cash to the secure fund location.

Increasing or Decreasing the Fund

As departmental operations change, petty cash fund needs may change as well.

To request an increase or decrease of the fund:

1. Complete a [Petty Cash or Change Fund Action Form](#) and submit it to Business Services.
 - a. For a requested increase, indicate "Increase Request" on the form and a new check payable to the Fund Custodian will be issued.
 - b. For a requested decrease, indicate "Decrease/Returned Fund" on the form and return the surplus cash to Business Services.
2. Business Services is the final approval authority for any changes to petty cash accounts.

Transferring or Closing the Fund

It is the Fund Custodian's responsibility to relinquish ownership of a petty cash fund. The Fund Custodian can either close the fund when it is no longer needed, or transfer ownership of the fund to a new Fund Custodian.

To close or transfer ownership of the fund:

1. Replenish the fund to the original amount. Any overages or shortages must be investigated and reported to the Accounts Payable Manager for resolution.
2. The Fund Custodian must complete a [Petty Cash or Change Fund Action Form](#) indicating the intent to decrease/return the fund.
 - a. Close the Fund – turn in the completed Action Form indicating “Decrease/Returned Fund” and the fund’s cash to Business Services.
 - b. Transfer the Fund – turn in a completed Action Form indicating “Decrease/Returned Fund” and the fund’s cash to Business Services. Indicate in the Purpose for Action text box the request to transfer the fund to a new Fund Custodian and the reason for the change. The new Fund Custodian must complete a new Action Form indicating “Initial Fund Request” and a new check will be issued to the new Fund Custodian.
3. Business Services is the final approval authority for any changes to petty cash funds.

Annual Renewal of the Fund

Petty cash funds must be renewed annually by reviewing the fund’s intended purpose (ensuring it is still valid) and completing a [Petty Cash or Change Fund Action Form](#).

1. Before the end of the fiscal year (by June 15), each Fund Custodian will receive an Action Form to complete.
2. The Fund Custodian must complete the Action Form and return it to Business Services by June 25.
 - a. If upon review, the funds purpose is still valid – complete the Action Form and indicate “Fund Carryover.” Obtain the appropriate signature approvals.
 - b. If upon review, the fund is no longer needed – complete the Action Form and indicate “Decrease/Returned Fund” and follow the Transferring or Closing the Fund procedures.

Overages and Shortages

At all times, the expenditure receipts plus cash on hand must equal the authorized fund amount. A log should be kept for any overages and shortages, which must be investigated and reported to the Accounts Payable Manager for resolution. University Police must be notified immediately of any theft or misappropriation of the fund.

REFERENCES & RESOURCES

UWSA Preaudit Manual: <http://www.uwsa.edu/fadmin/preaudit/partfive.htm>

Wisconsin State Legislature – Statute 16.52(7):
<https://docs.legis.wisconsin.gov/statutes/statutes/16/III/52/7>

APPLICABLE FORMS

[Petty Cash or Change Fund Action Form](#)

[Petty Cash Fund Reimbursement Form](#)

[Cash Count and Reconciliation](#)

[Petty Cash Fund Receipts](#)

Petty Cash Fund Running Balance