

## **Business/Non-Instructional Operations**

### **Petty Cash Funds**

A petty cash fund may be used by CREC programs and schools to assist with small purchases that often occur on a day-to-day basis. These funds must be tracked and accounted for like all other purchases. Each purchase must be coded to the proper budget line and supported by a store receipt (or similar equivalent documentation). Petty cash accounts will be replenished after appropriate supporting documentation is supplied. The petty cash account must be reconciled on a periodic basis to ensure the proper recording of expenses.

Policy adopted: No Date

## **Business and Non-Instructional Operations**

### **Petty Cash Funds - Procedures**

Petty cash accounts should be established to assist with small day-to-day purchases which would be difficult to make using CREC's purchasing procedures. Petty cash purchases are limited to \$50 for any single item.

Examples of appropriate petty cash purchases include:

- Miscellaneous postage
- Collect deliveries
- Small disbursements, including miscellaneous hardware and cleaning supplies

Petty cash cannot be used for purchases which are defined under CREC's purchasing policies, and cannot be used for printing, temporary employee hiring, contracted services, travel, telephone, loans to staff, advertising or bid requirements.

Petty cash accounts are not generally allowed for grant programs.

Program managers and school principals are responsible for the funds and shortages of funds

### **To Open an Account**

All petty cash accounts must be approved in advance by the Assistant Executive Director of Finance & Operations.

To open a petty cash account, a program manager must first determine a monthly limit for the account. CREC's guideline is 10 percent of the total of the Material and Supply lines of the budget divided by 10 or 12 (the number of months in the program year). This is a guideline and can be adjusted depending on program needs. A secure place for the cash must be guaranteed, and a petty cashier must be assigned. All checks will be issued to the petty cashier who becomes personally responsible for these funds.

To request the initial advance purchase order is issued made payable to the petty cashier/petty cash for the monthly amount determined above. This advance is coded to the budget code 611, Instructional/Technical supplies, since this is the most commonly used line item. Attach a memo requesting a petty cash account to be established; stating supporting reasons and assigning a cashier in the next check writing cycle.

The petty cashier will receive a check, Petty Cash Record Sheet and Petty Cash Reimbursement Form (Exhibit W). The Petty Cash Record Sheets are used to post (or list) each transaction as it occurs. As each disbursement is made, a Petty Cash Receipt, or Petty Cash Voucher is completed and entered in the Petty Cash Record and then placed with the remaining money in the petty cash box. The petty cash box should always contain paid petty cash receipts and/or money equal to the

amount of the original advance.

To replenish the account the Petty Cash Reimbursement Form should be completed and sent to the CREC Business Services Office with a purchase order made payable to the petty cashier/petty cash along with all petty cash receipts. The receipts will be checked for proper coding and are needed for auditing purposes. Unless otherwise notified a check will be issued to the petty cashier in the amount of the receipts turned in, coded to the budget line items summarized, restoring the petty cash account to its original balance. It is recommended that a request for reimbursement be done when approximately half of the fund is depleted. This should allow enough time for the processing of a new check before all funds are gone.

An account can only be reimbursed for paid petty cash receipts. No advances can be granted.

Note that within these procedures programs may vary the way in which petty cash is handled. Some programs have a strict voucher system in which no one receives any funds without a voucher signed by the program manager. This can be an important safeguard for a program with specific budget restrictions, i.e. Federal funds, grants. It is critically important that no expenditures be made which do not conform to your budget restrictions.

At the end of each fiscal year, or at the end of the specific budget/grant the petty cash account must be closed. To accomplish this, all receipts and/or cash totaling the amount of the original advance must be turned in to Business Services with a completed Petty Cash Reimbursement Form.

If the program and/or the petty cash account is to be terminated the above procedure should be followed.

If the program and the petty cash account are to continue in the next fiscal year with no break, the normal reimbursement procedures should be followed noting the change of fiscal years on the purchase order. If the program will re-open the petty cash account at a later date the original procedures prevail, i.e. close in June – re-open in September.

If the petty cash account has been depleted, do not to mix PAID petty cash receipts with UNPAID petty cash receipts. It is best not to accept receipts from staff until the funds to pay them are available.

If there is difficulty in balancing the petty cash account, or, if any problems arise, please call Business Services for assistance.

Regulation approved: No Date