**Petty Cash**

**Procedure Type:** District Accounting

**Procedure Name:** Petty Cash

**Procedure Owner:** Associate Vice Chancellor of Finance and Administration

**Secondary Owner:** Budget Director

**Cross-Functional Divisions:**

**Finance and Administration Division – Purchasing, Accounts Payable, and Accounting**

**Colleges – Bursar and Business Services Office**

**Category:** Cash Management

**Procedure Purpose:**

The purpose of this document is to provide additional district-wide guidance for the proper use and administration of petty cash funds.  This document should be used in conjunction with [AP 6300 General Accounting (peralta.edu)](https://web.peralta.edu/trustees/files/2013/12/AP-6300-General-Accounting1.pdf).

Petty cash funds provide a convenient way to pay for small emergency expenses but keeping cash in any office entails a risk of misuse or theft.  This document provides information designed to mitigate these risks.

**Procedure Summary:**

All Peralta colleges and departments must comply with administrative procedures AP 6300 – Section F and this document.

When other disbursement methods cannot be used, petty cash funds can provide cash to the college/department to cover minor expenses, such as reimbursement of staff members for small emergency purchases of supplies, not to exceed $100.

Petty cash funds must not be used as an operating fund, i.e., to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans. Wherever possible, campus units should use other disbursement methods (i.e., reg purchase orders [PO], open account [OA], travel [TV]) instead of petty cash.

This document should be used in conjunction with existing administrative procedures:

* [AP 6300 General Accounting (peralta.edu)](https://web.peralta.edu/trustees/files/2013/12/AP-6300-General-Accounting1.pdf) – Section F. Petty Cash | page 5-6
* [AP 6330 Purchasing (peralta.edu)](https://web.peralta.edu/trustees/files/2021/08/AP-6330-Purchasing.pdf) – Section D. General Purchasing Information | page 1

The **Associate Vice Chancellor (AVC) of Finance and Administration** [or designee] is responsible for ensuring proper usage and administration of petty cash funds. Peralta requires each petty cash fund to have a Custodian.

The **Vice President of Administrative Services (VPAS)** is responsible for appointing a Custodian for each petty cash fund. The **VPAS** at least once per year, must evaluate the need for petty cash and re-examine whether the petty cash account is still required to meet the college’s business needs, or if alternative disbursement methods could suffice. Inactive funds should be terminated by the colleges.

A **Custodian** is the person appointed to oversee the petty cash fund, document expenditures, keep receipts, and safeguards the funds.  The **Custodian** is responsible for:

* Maintaining receipts for each transaction, which may be subject to unannounced reviews by the AVC of Finance and Administration [or designee].
* Maintaining a log of expenses on a Petty Cash Reconciliation.
* Using a District approved bank account to replenish the petty cash funds.
* Replenishing the petty cash fund quarterly or when the balance runs low. The total replenishment amount cannot exceed the full balance of the fund.
* Safeguarding the cash. All cash, sales receipts, and other related documents shall be kept in a locked metal box. When unattended, the box shall be placed in a safe, desk or cabinet that is also to be kept locked.

The Origin Codes to replenish a Petty Cash account are as follows:

|  |  |
| --- | --- |
| LOCATION | ORIGIN CODES |
| College of Alameda | APC |
| Berkeley Community College | BPC or VPC |
| Laney | LPC |
| Merritt | MPC |

The **College/Department Cost Center Manager** must understand the appropriate use of petty cash and is responsible for assigning the account number.

The **District Finance and Administration Division – Buyers and Accounts Payable Specialists** must understand the appropriate use of petty cash and is responsible for ensuring that transactions processed using an origin code designated to replenish a petty cash account is strictly used for the intended purposes.

**Procedures:**

***Establish or Increase a Petty Cash Account***

1. **To request the creation or increase of a petty cash fund, the VPAS submits a written request to the District Finance and Administration Division [Budget Director].** 
   1. **If an authorization change in custodian occurs, the status of the fund should be verified before any transactions are completed by the new custodian.**
   2. **A status memo signed by both the outgoing and incoming custodians must be sent to the AVC of Finance and Administration.**
2. **Upon receiving a request to create or increase a petty cash fund, AVC of Finance and Administration may modify the requested amount and approve or deny the request as follows:** 
   1. **Approve: If the AVC of Finance and Administration approves the request, the Budget Director advises the requesting college business services office of the approval and any modifications made to the amount.**
   2. **Deny: If the AVC of Finance and Administration denies the request, the Budget Director advises the requesting college business services office of the denial and the reasons for denying the request.**
3. **Upon notification of the petty cash request approval, the VPAS [or designee] processes a transaction in Peralta’s accounting and finance system [PeopleSoft] to produce a check and presents the check to the bank to obtain the petty cash amount.**

***Petty Cash Disbursement.***

1. The **College/Department Cost Center Manager** completes and approves a Request for **Cash Reimbursement [Appendix A]** form and gives it to the individual incurring the expense. The College/Department Cost Center Manager must indicate why purchase meets emergency purposes. This form is submitted to the VPAS [or designee].
2. The **Individual** incurs cost and submits the approved Request for Petty Cash Reimbursement Form, along with the receipt attached to the Custodian.
3. The **Custodian** reviews the Request for Petty Cash Reimbursement Form and verifies that the expense incurred is for emergency purposes and is under $100. **The custodian must also obtain receipts and other documents demonstrating that the disbursed funds were used for authorized purposes.** 
   1. If the cost incurred submitted does not meet petty cash usage criteria the **Custodian** rejects the request.
4. The **Custodian** processes the reimbursement and fills out the Total and Date fields on the Form. The **Custodian** requests the Individual to sign the Received By field on the Form.
5. The **Individual** confirms that the cash is received and signs the Received By field on the Form.

***Document Expenditure and Replenish Funds.***

1. Before requesting replenishment of a petty cash fund, the **Custodian** must balance the fund by determining that the receipts and other documents plus the remaining cash equal the authorized amounts.
   1. The Custodian replenishes the petty cash fund when substantially depleted. Before June 30 of each fiscal year the account must be fully replenished or closed for expenditures to be recorded in the proper fiscal year.
2. The **Custodian** initiates a purchase requisition in PeopleSoft with Origin Code Type for Petty Cash [ORG ends in: PC].
   1. An itemized list of expenditures is recorded in PeopleSoft purchase requestion and a separate Request for Cash Reimbursement form with sales receipt shall be presented for each expenditure.
   2. Upload the separate Request for Cash Reimbursement form with sales receipt as an attachment in PeopleSoft.
   3. Petty cash funds must not be used as an operating fund. Reimbursements of petty cash are to be the only deposits into the fund.
   4. Use of Origin Code Type for Petty Cash [ORG ends in: PC] would be restricted for replenishment of petty cash account.
3. Upon notification (via PeopleSoft), the **Business Services Office Staff Member** [**Level 1 Approver**]confirms that the account number recorded for each itemized transaction in PeopleSoft is accurate, each itemized transaction is for an emergency purpose only, and each itemized transaction is less than $100 - prior to approving the purchase requestion.
   1. If an error is noted, the purchase requisition shall be rejected and Custodian will be notified. A reason for why PO is rejected should be provided.
4. Upon notification (via PeopleSoft), the **VPAS** [**Level 2 Approver**]performs a high-level review of the purchase requestion.
   1. If an error is noted, the purchase requestion shall be rejected and Level 1 Approver should be notified. A reason for why PO is rejected should be provided.
5. PeopleSoft will auto source the approved purchase requisition to a District Buyer assigned by location. Upon receipt of a purchase order, the **District Buyer** reviews the attached supporting documents and confirms that each itemized transaction is for an emergency purpose only, each itemized transaction is less than $100, and verifies that the PO amount is supported by a supporting

document for each transaction.

* 1. If an error is noted, the purchase order shall be rejected. A reason for why purchase order is rejected should be provided to the Level 2 Approver.
  2. The **District Buyer** should also monitor the occurrence of exceptions noted. If exceptions are persistent the **District Buyer** should be escalated non-adherence to the Director of Procurement and Budget Director. If misusage of the petty cash fund is pervasive, the **Budget Director** should consider revoking the petty cash account.

1. The **District Buyer** indicates in PeopleSoft [check box] “Items are not received” and approves/dispatches the purchase order.
2. Upon notification (via PeopleSoft), the **District Accounts Payable Specialist** assigned by location calculates, agrees the amount to the total purchase order, and confirms that the correct origin code type is accurate. A new voucher is generated based on the PO number.
   1. If an error is noted, a new voucher should not be created. The **District Accounts Payable Specialist** should discuss this matter with the District Buyer. If exceptions are persistent the **District Accounts Payable Specialist** must escalate noncompliance to the Budget Director.
3. The **District Accounts Payable Specialist** runs a batch process at the end of the day. An electronic nonfiction is sent to the College/Department Cost Center Manager for Level 1 Approval.
4. **College/Department Cost Center Manager** **[Level 1 Approval]** reviews the voucher for accuracy.
5. Upon electronic notification, the **Business Services Office Staff Member** [**Level 2 Approver**] reviews the voucher for accuracy.
6. Upon electronic notification, the **VPAS** [**Level 3 Approver**] reviews the voucher for accuracy.
7. The **Budget Director** approves voucher as part of the twice per week Pay Cycle.
8. The **District Accounts Payable Specialist** prints and sends a check (via interdepartmental mail) to the College’s business services office.
9. The **VPAS** [or designee] presents the warrant to the bank to obtain the petty cash replenishment amount.

***Closing a petty cash account.***

1. **The VPAS and Custodian verifies the status of the fund and notifies the District Budget Director.**
2. **Upon notification, the District Budget Director [or designee] coordinates with the Custodian to provide directions on closing of petty cash account.**
3. **A memo signed by the Custodian is sent to the AVC of Finance and Administration.**

**Glossary**

**“Fund Custodian” means the employee designated to oversee the fund and enforcing petty cash rules and regulations, requesting replenishments, and dispensing funds.**

“Inactive Funds” means petty cash funds that have no or limited activity during a fiscal year.

“Petty Cash Funds” a small fund of cash provided to a college specified or discretionary purposes. The monies in a petty cash fund may be referred to generally as “petty cash” or “petty cash funds.”

**Related Policies:**

* [AP 6300 General Accounting (peralta.edu)](https://web.peralta.edu/trustees/files/2013/12/AP-6300-General-Accounting1.pdf)
* [AP 6330 Purchasing (peralta.edu)](https://web.peralta.edu/trustees/files/2021/08/AP-6330-Purchasing.pdf)

**Related Forms and Information:**

* Request for **Cash Reimbursement [Appendix A]**

**History:**

New Procedure

