

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Fiscal Affairs

NUMBER: 03.A.07

AREA: General

SUBJECT: Petty Cash Funds

1. PURPOSE

This administrative memorandum establishes custodial, accounting and control policies associated with the operation of petty cash funds for the University of Houston System.

2. POLICY

2.1. Upon approval by the chief financial officer, a petty cash fund may be established with a designated amount from which payments and reimbursements for small dollar expenses may be made. Expenses have the same restrictions as the budget cost center, and additional restrictions on use apply. At all times, the cash on hand plus the dollar amount of expenses supported by paid receipts should equal the designated amount of the petty cash fund.

2.2. Cash advances are inherently risky and should be minimized. In the rare instances when employed, cash may be advanced only to System and university employees or students and only in emergency situations, and must be documented at the time of the advance. A valid receipt for items purchased with the advanced funds must be submitted as soon as possible, but no later than 7 days after the cash advance was issued.

2.3. The amount of petty cash to be expended, reimbursed, and/or advanced per transaction (one item or multiple items at a single point in time) is \$100 or less. The maximum allowable amount for a petty cash fund is \$500.

Note: In extraordinary circumstances, exceptions may be considered and approved by the System Office of the Treasurer.

2.4. A receipt properly documenting the purpose of each expenditure is required for any reimbursement and/or payment.

2.5. All expenditures must conform within the System expenditure guidelines, as well as state and federal regulations. The following transactions are prohibited as petty cash reimbursements on any ledger except where noted:

- a. Entertainment and travel reimbursements, as well as registration expenses are specifically excluded from authorized petty cash disbursements (exception: police officers required to transport prisoners out of town on short notice)
 - b. Sales tax is not an authorized reimbursable expense from sponsored project funds
 - c. Transactions split between two or more receipts to stay under \$100 limit, or single receipts split between Petty Cash and a voucher for reimbursement
 - d. Reimbursements for meals; for alcoholic beverages; or tickets to social, cultural or athletic events
 - e. Payments to individuals or other non-corporate entities for personal services or honorariums, including consulting and professional services
 - f. Transactions for which an acceptable receipt is not available (see Section 2.12 below for receipt requirements)
 - g. Expenses of any kind charged to a credit card
- 2.6. The chief financial officer or designee at each university is responsible for administration of university petty cash funds.
- 2.7. When a separate petty cash fund is established, the department head requesting the fund, or a designee assigned by the chief financial officer, will be the custodian of that fund. The department head may assign custodial duties regarding the operation and maintenance of the fund to another university employee, but the responsibility of proper custodianship remains with the fund's custodian.
- 2.8. The chief financial officer and the department head will determine the designated amount of cash in a departmental fund, which shall not exceed \$500.
- 2.9. The fund custodian shall be responsible for the following matters relating to the operation of the fund:
- a. Safe and secure storage
 - b. Keeping the petty cash fund separate from all other funds
 - c. Ensuring that each transaction is for the established purpose of the fund
 - d. Providing proper documentation to support each expenditure
 - e. Replenishing the fund in a timely manner

- f. Any changes to a petty cash fund's physical location, custodian, amount, status, and security must be reported immediately by the fund custodian or designee to the System Office of Treasury, the university's Accounting or Controller's office and the university's Police Department
 - g. Reconciling the fund each time a disbursement is made or a minimum of once a month if no disbursements have been made
 - h. Reporting out of balance funds in a timely manner to the chief financial officer or designee
 - i. Reporting theft from the fund to the chief financial officer or designee and university Police Department (for UH - Victoria, local law enforcement officials)
- 2.10. The fund custodian will be required to take online petty cash training annually and sign a statement indicating responsibility for the petty cash cost center. Reference MAPP 05.01.01 – Addendum A. Go to “[Acknowledgment of Receipt of Funds and/or Cash Policies and Procedures](#)” form.
- 2.11. A properly completed voucher and acceptable documentation, as defined by the university, is required for cash reimbursement.
- 2.12. The reimbursement request must be supported by proper receipts. Receipts must provide, at minimum, a) Company name and address; b) Date of purchase; c) Itemized listing or description of the item(s) purchased; and d) Price of items purchased. The following types of receipts are acceptable:
- a. Original, numbered receipts with the company name and address imprinted on the receipt, which includes an itemized listing or description of items purchased, plus a price of the item(s).

Copies of receipts mentioned above are acceptable but must be certified by the department head as a valid receipt, which has not been previously reimbursed.
 - b. Numbered or non-numbered receipts that do not have a company's or individual's name imprinted on the receipt, provided the name and address of individual or company is included by person seeking reimbursement.
 - c. COD charge lists are acceptable only if they are marked “Paid” and signed by the individual delivering the items, or stamped “Paid” with a company stamp and signed by the individual delivering the items.

- d. Register tape from cash registers that have the company's name and date of purchase at the top of the tape, and all items are circled and described by individual seeking reimbursement.
 - e. Price tags taken from various items which contain a computerized or other type numbering system, and name of company is supplied.
 - f. Hand written paper receipts which contain a full name, address and telephone number of person from whom purchased, and is signed by this person (provided they are verified by the department head, and a full description is made as to why no other type of receipt mentioned above can be obtained).
- 2.13. The petty cash fund shall be replenished by the custodian on or before the last day of each month if the disbursements made since the time of last replenishing exceeds \$50. The fund must be replenished on or before the last day of the fiscal year regardless of the amount of disbursements made.
- 2.14. Each campus may have its own process to replenish petty cash funds. Documents requesting replenishment of petty cash funds must be submitted or routed through the fund custodian and the requests must be accompanied by the receipts received since the last request for replenishment.
- 2.15. The following control procedures are in place and will be utilized to safeguard the Petty Cash Fund:
- a. Petty cash funds are subject to surprise cash counts by the university's accounting department and the System's Internal Audit Department.
 - b. The department that maintains the petty cash fund will be responsible for the reconciliation of petty cash with the general ledger. (Reconciliation of any departmental PeopleSoft cost center may not be assigned to the petty cash custodian.)
 - c. Segregation of petty cash funds from other funds shall be monitored departmentally.
 - d. The campus Accounts Payable or Accounting department shall verify that the proper account is used at the time the fund is set up.
 - e. The department shall submit the reimbursement request in accordance with campus guidelines.

