PURPOSE

To provide procedures and guidance to maintain an adequate system of internal control to protect petty cash and change funds from loss in accordance with ICSUAM Policy 3102.10 and ICSUAM 3103.11.

SCOPE

This policy applies to all University and auxiliary organization locations which utilize petty cash or change funds.

RESPONSIBILITIES

University Controller

The University Controller’s responsibilities as delegated by the CFO are to:

- Approve new petty cash and change funds and/or increases in those funds
- Ensure petty cash or change funds are reconciled to the general ledger at least quarterly

Director of Internal Operations

The Director of Internal Operations responsibilities are to:

- Maintain a listing of all petty cash and change fund locations and custodians of those funds
- Review and retain all petty cash and change fund approvals and forms
- Perform independent counts of petty cash and change funds
- Ensure and document that Custodian has received proper training

Dean/Senior Director

The Dean/Senior Director’s responsibilities are to:

- Request new petty cash and change funds
- Assign Petty Cash and Change Fund Custodian
- Request increases in petty cash and change funds

Change Fund and/or Petty Cash Custodian

The Petty Cash and/or Change Fund Custodian responsibilities are to:

- Ensure petty cash or change funds are only accessible by appropriate personnel
- Ensure petty cash or change funds are protected from loss and adequately safeguarded
PROCEDURES

1. Establishing a Change Fund or Petty Cash Fund
   A. Change funds may be approved on application to the University Controller by departments which routinely handle cash. Change funds may be established to provide cash in denominations and amounts necessary to permit the making of change in the day-to-day cash collecting operations of a department. A change fund is not to be used as a petty cash fund, for cashing personal checks, or for any other non-business purpose.
   B. Petty cash funds may be established on application to the University Controller by departments which need to utilize petty cash for small dollar University business related expenses when payment by cash is the most cost efficient method of payment.
   C. To request a change fund or a petty cash fund, complete the Request to Establish or Increase a Petty Cash or Cash Change Fund (Form 3102.10-A). The custodian must sign the form accepting custodianship and personal responsibility for the petty cash or change fund.
   D. Obtain a signature from the department’s dean or senior director and forward the form to the Director of Internal Operations. The Director of Internal Operations will review and forward the form to the University Controller for approval.
   E. Upon completion and approval of the form noted above, the University or auxiliary organization will provide payment to the petty cash or change fund custodian.

2. Petty Cash Guidelines
   A. Petty cash purchases may not exceed $100 per transaction exclusive of sales tax, with any one vendor in a day. Splitting transactions into multiple reimbursements is not allowed.
   B. When an expense is made, a receipt must be obtained which contains the following:
      1. Date; name of vendor; amount paid
      2. Positive evidence that a payment was made, i.e., a cash register receipt or a hand written receipt on which the word “paid” appears
      3. Description of the supplies or services purchased
      4. Signature indicating receipt of the supplies or services
   C. Petty cash reimbursement should be replenished by using the Employee Business Expense Reimbursement form located at https://www.sonoma.edu/finance/forms/. This form must be approved by an authorized signer and submitted to Accounts Payable along with all applicable original receipts. A payment will be issued to the petty cash custodian in the custodian’s name; and the custodian shall replenish the petty cash fund.
   D. The petty cash fund may not be used to pay for the following:
      1. Invoices from vendors
      2. Payments for services to employees or independent contractors
      3. Loans and advances

3. Change Fund Guidelines
   A. A change fund should be counted at the beginning of each day’s activity verifying that the amount received or maintained is correct. The cash should also be counted at the end of each day’s activity by another individual not performing cashiering functions, and be reconciled with daily receipts.
4. CSU Safe Requirements
   A. Any department having petty cash or change funds must adequately safeguard its cash by following the below safe requirements:

   • Up to $1,000 in a lockable receptacle
   • From $1,001 to $2,500 in a safe
   • From $2,501 to $25,000 in a steel-door safe, with a door thickness of not less than 1 inch and wall thickness of not less than ½ inch.
   • From $25,001 to $250,000 in a class TL-15 composite safe or better.
   • Over $250,000 in a class TL-30 steel or better safe.

5. Changing the Amount of Petty Cash or Change Funds
   A. To increase the amount of the petty cash or change funds, the department’s dean or senior director shall complete the Request to Establish or Increase a Petty Cash or Cash Change Fund Account (Form 3102.10-A). After signature by the department’s dean or senior director and approval from the University Controller, a payment will be issued to the fund custodian for the approved increase. The custodian shall certify by signature agreeing to accept custodianship for the increased petty cash or change fund.

   B. To decrease the amount of the petty cash or change fund, the department head shall complete the Request for Decrease or Termination of Petty Cash or Cash Change Fund Account (Form 3102.10-B).

   1. To validate the return of funds to the cashier, the custodian must attach the receipt to the form.

   2. After completion, the form shall be submitted to the Director of Internal Operations.

6. Terminating a Petty Cash or Change Fund
   A. To close a petty cash or change fund, the Request for Decrease or Termination of Petty Cash or Cash Change Fund Account (Form 3102.10-B) shall be completed and the funds shall be returned to the cashier at the Seawolf Service Center or University Cashier.

   B. To validate the return of funds to the cashier, the custodian must attach the receipt to the form.

   C. After completion, the form shall be submitted to the Director of Internal Operations.

7. Changing the Petty Cash or Change Fund Custodian
   A. To change a petty cash or change fund custodian, the Change of Fund Custodian (Form 3102.10-C) must be completed and submitted to the Director of Internal Operations.

   B. The exact dollar amount to be transferred must be noted and authorized on the form by the departing custodian, and the incoming custodian accepting the funds must accept the funds by way of signature and date. Only the full amount of the petty cash or change fund may be transferred, partial amounts of the fund or a transfer of receipts may not be transferred.

   C. The dean or senior director shall review for approval.

   D. Upon completion, the form shall be forwarded to the Director of Internal Operations.
8. **Reconciling the Petty Cash and Change Funds to the General Ledger**
   A. Petty cash and change funds are reconciled to the General Ledger. Petty cash and change funds are recorded in Account 101009 in various funds that advance the cash. Ledger balances in 101009 by fund are reconciled on at least a quarterly basis to the detailed listing of change funds maintained by the Director of Internal Operations.

9. **Accountability**
   A. The fund custodian assigned by a department’s dean or senior director is held accountable for the amount advanced.
   B. Petty cash and change funds must not be comingle with other funds for any reason.
   C. The Director of Internal Operations shall perform petty cash and change fund counts in the presence of the fund custodian, or a fund custodian representative, in accordance with the following audit schedule.

   **Schedule of Independent, Unannounced Counts**

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<th>Size of Fund</th>
<th>Frequency of Count</th>
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<tr>
<td>$200.00 or less</td>
<td>Annually (= every 12-month period)</td>
</tr>
<tr>
<td>$200.01 to $500</td>
<td>Quarterly (= every 3-month period)</td>
</tr>
<tr>
<td>$500.01 and over</td>
<td>Monthly</td>
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   D. The Cash Count Reconciliation (Form 3102.10-D) shall be used by the Director of Internal Operations to verify the independent cash counts. The completed form shall be signed by both the Director of Internal Operations and the department custodian participating in the cash count.
   E. Large variances or continuous patterns of small variances in the actual cash count from the expected amount may be communicated to the department’s dean or senior director and the University Controller at the discretion of the Director of Internal Operations.
   F. The Director of Internal Operations shall maintain documentation of all cash count reconciliations.
   G. Petty cash receipts should be turned into the Accounts Payable unit within a reasonable time period using the Employee Business Expense Reimbursement form located at [http://www.sonoma.edu/finance/forms/](http://www.sonoma.edu/finance/forms/).

10. **Theft of Petty Cash or Change Fund**
   A. In the event of theft, campus police should be notified immediately.
   B. A request for new funds should be submitted using the Request to Establish or Increase a Petty Cash or Cash Change Fund (Form 3102.10-A), which should include the following:
   1. Date and time of theft
   2. Amount of theft
   3. Circumstances involved
   4. Copy of police report
   5. Prevention taken against similar occurrences
## APPROVAL AND REVISION HISTORY

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