SAN MARCOS UNIVERSITY CORPORATION  
PETTY CASH AND CHANGE FUND POLICY

I. Introduction
The Petty Cash and Change Fund Policy has been created to provide for the appropriate establishment, use and accountability of such funds.

Petty Cash and Change Funds are two separate fund types with different purposes. Petty Cash Funds are operated on a reimbursement basis and provides cash for purchases and/or services which are not to exceed $50.00 (exclusive of sales tax) per purchase or service.

Change Funds may be established to provide cash in denominations and amounts necessary to permit the making of day to day cash collecting operations of a cash handling department.

II. Policy Statement
It is the policy of San Marcos University Corporation (hereinafter “University Corporation”) to establish petty cash funds for expenditures which are considered low cost, locally available and for which cash is the most practical and convenient means of acquisition, and to facilitate the cash handling function by establishing change funds that will permit cash collecting operations on a daily basis.

III. Terms and Definitions
Cash Handling Department – A San Marcos University Corporation department that typically collects cash or cash equivalents and deposits to either the University Cashier’s office or a satellite cashiering station.

Change Funds – Used to provide a constant amount of change, both in currency and coin, at cash collection stations.

Custodian – The employee that is solely responsible for a petty cash or change fund.
Petty Cash Funds – Established for small expenditures (usually $50.00 or less) when the use of regular purchasing procedures is not required.

Petty Cash Disbursement Voucher – A form used to detail purchases and document reimbursements made from a petty cash fund.

IV. Policy Guidelines and Procedures

Guidelines

A. A procurement card is the preferred purchasing method for low dollar business expenses. When the use of a procurement card is not possible, University Corporation departments may use funds from petty cash.

B. Petty cash or change funds must not be co-mingled with other funds. Change funds should not be used to supplement petty cash or for other unrelated purposes.

C. The integrity of the petty cash or change fund must be maintained at all times. Overages and shortages should be accounted for on a daily basis.

D. Requests from San Marcos University Corporation departments for petty cash or change funds must be in writing by the departmental manager/supervisor of the department and include:
   • Purpose and reason for the petty cash or change fund
   • Amount of fund
   • Name of custodian who will assume responsibility for the fund
   • Signature of departmental manager/supervisor

Approved petty cash and change fund requests are forwarded to the University Cashiers for issuance of monies to start the fund in the name of the custodian.

E. Transfer of petty cash or change funds from a custodian to a successor is not authorized. If a change in custodianship is required, the following shall occur:
• The departmental manager/supervisor is notified immediately
• A cash count and verification of funds (audit) will be conducted involving both the departing and successor custodian
• Departing custodian will certify in writing releasing him/her from personal responsibility for the fund(s)
• A new request for petty cash or change funds will be submitted by the departmental manager/supervisor
• Once approved the successor custodian will assume responsibility for the fund(s)

F. An unannounced cash count and verification of funds (audits) for Employees who handle, and are accountable for cash must be performed and documented by someone other than the fund custodian on a periodic basis.

G. Since the custodian is responsible for the amount advanced to him/her, the custodian must be present during unannounced audits and must sign off on audit result forms.

H. Inconsistencies noted during an unannounced audit will be noted and brought to the attention of the custodian’s supervisor.

I. Recommended frequency of cash counts (audits) relative to the size of the petty cash or change fund are as follows:
   • $200.00 or less          Frequency of Count - Annually
   • $200.01 to $500.00      Frequency of Count - Quarterly
   • $500.01 and over        Frequency of Count - Monthly

J. When petty cash or change funds are no longer needed, they will be re-deposited at the University Cashiers Office.

Procedure for Petty Cash
A. Expenses that cannot be paid from petty cash include, but are not limited to:
   • Invoices from vendors
   • Payment for services to employees or independent contractors
• Loans or advances.

B. Individuals responsible for the custodianship of petty cash funds will need to complete a San Marcos University Corporation (SMCOR) Fiscal Authority-Designation of Fiscal Authority and Responsibility Information form.
http://www.csusm.edu/ucorp/documents/smcorforms/FisAuthorityResponsibilityDesignationSMCOR070112.doc

C. Petty cash funds cannot exceed $200.00 for each fund. Petty cash purchases may not exceed $50.00 per transaction (exclusive of sales tax) with any one vendor in a day. Splitting a transaction into multiple reimbursements is not allowed.

D. Employees wishing to utilize petty cash for a purchase that is necessary in support of San Marcos University Corporation’s programs and activities and in compliance with general purchasing guidelines of the San Marcos University Corporation should complete a Petty Cash Disbursement.

E. Once completed, the voucher should be submitted to an authorized account signer for approval prior to the expenditure. Once approved, this form can be used for the advance of petty cash to acquire the specified item or can be used for reimbursement if personal funds are expended. An original itemized receipt is required in both situations and should contain:
  • Date, name of vendor or payee and amount paid
  • Positive evidence that a payment was made i.e., a cash register receipt or a hand written receipt on which the word “paid” appears
  • Description of the supplies or services purchased
  • Signature indicating receipt of the supplies or services

F. Petty Cash Disbursement Vouchers should be closed within one week of issue, unless otherwise authorized by the employee’s supervisor.
Documentation of Petty Cash Expenses
   A. A log documenting the cash balance and pending Petty Cash Disbursement Vouchers will be maintained which will detail purchases and document reimbursements made from a petty cash fund. Cash and receipts should be reconciled weekly by the Custodian of the fund.

How to Replenish Petty Cash Funds
   A. To replenish a petty cash fund, the Custodian of the fund will return completed Petty Cash Disbursement Vouchers and all applicable petty cash receipts (original itemized receipts) to the University Cashiers Office.

Procedure for Change Funds
   A. Change funds exceeding $100.00 may be approved, but only if the University Corporation department(s) have safes, vaults or money chests that are adequate to safeguard cash.

   B. A change fund consisting of cash, equivalent to a minimum of two or four, but no more than five start up drawers (tills) will be established for each San Marcos University Corporation cash register. Start up drawers will contain the following amounts in various denominations:
   - Two start up drawers–each drawer will contain $50.00 for a total of $100.00
   - Four start up drawers–each drawer will contain $25.00 for a total of $100.00
   - Five start up drawers–each drawer will contain $20.00 for a total of $100.00

   C. In order to provide change for larger bills when needed, an additional change fund that contains a maximum of $100.00 in various smaller denominations may be established. This change fund should be kept in a secure location, preferably a safe, vault or money chest. Unannounced cash counts and verification of funds (audit) of all change funds will be performed by someone other than the fund custodian on a periodic basis.
D. At the beginning of each week, startup drawers for each San Marcos University Corporation cash register will be placed in the safe, in separate envelopes.

E. Each morning, San Marcos University Corporation staff will open the safe and provide one of the envelopes to the till operator opening the cash register for the day. At the beginning and end of each shift, till operators will be required to sign in/out on a log or worksheet. Each incoming and outgoing till operator will be required to count and record the amount of funds located in the startup drawer at the beginning/end of each shift.

F. For University Corporation departments that have extended business hours, a large number of transactions, and/or a large number of shift changes, a department manager/supervisor (or shift lead) at the end of each till operator’s shift will count down the register and total out the till operator going off shift, removing all cash and cash equivalents collected during the till operator’s shift and placing them in the safe. Cash totaling the amount of the startup fund will be placed back in the cash register for the next shift.

G. Upon closing for the day, all start up drawers will be returned to the safe with the last shift, after register procedures are completed.

H. If during the course of the day, a sale requires change other than what is available in the drawer, University Corporation staff may access the additional change fund (maintained in the safe) to make change.

I. Before a deposit is made containing cash, University Corporation staff will confirm that sufficient small denominations are in the cash fund for the purposes of making change.

V. Adoption and Review
A. The San Marcos University Corporation’s Board of Directors has adopted this Petty Cash and Change Fund Policy, dated December 7, 2012.

B. The policy guidelines and procedures shall be evaluated as necessary to reflect substantial organizational, financial, or physical change(s) at San Marcos University Corporation or any change required by law or by other governing policy.

VI. Related Documents
A. CSU San Marcos Student Financial - Cash Handling Procedure

B. Integrated CSU Administrative Manual (ICSUAM) Policies Change Funds - 3102.10 and Petty Cash - 3103.11
   http://www.calstate.edu/icsuam/sections/3000/3102.10.shtml

VII. Related University Corporation Forms
A. Designation of Fiscal Authority and Responsibility Information (SMCOR Fiscal Authority)
   http://www.csusm.edu/ucorp/documents/smcorforms/FiscalAuthorityResponsibilityDesignationSMCOR070112.doc

B. CSUSM Petty Cash Disbursement Voucher (CSUSM 439)
   http://www.csusm.edu/sfs/sfsdocs/Petty%20Cash%20Disbursement%20Form.pdf

Adopted by Board Action 12.7.2012