Guideline Statement

North Idaho College permits certain departments to maintain a petty cash fund, as described by this guideline. All departments maintaining a petty cash fund are required to abide by the College’s Cash Handling Administrative Guidelines.

Departments are responsible for adequate security and control of their petty cash funds. The fund should be secured at all times in a locked place. Because no insurance is available to cover losses from the fund, theft and any other losses of petty cash are the responsibility of the department/college.

Purpose and Use

Petty cash can be used to reimburse individuals for non-travel, out-of-pocket expenditures. Petty cash can sometimes be used in place of the college purchasing process where appropriate, for example, as reimbursement for small, incidental department expenses when it is infeasible or impractical to use normal purchasing means. Petty cash should be used in this manner only when absolutely necessary.

Prohibitions

Petty cash should not be used for the following:

- Travel expense reimbursements;
- Travel advances;
- Payment for items that are to be purchased through the purchasing system according to the college purchasing policy;
- Payments to vendors for invoices submitted directly to the department where a purchase order was issued;
- Payments to independent contractors, consultants, awards, etc., to non-college employees;
- Payments to employees for services, awards, bonuses, etc.;
- Payments of a taxable or non-taxable benefit to an individual;
- Payments to college service centers (e.g., Bookstore, etc.);
- Sales tax on purchases;
- Personal borrowing;
- Personal check cashing.
Initiating a Petty Cash Fund

A staff or faculty member, in coordination with the manager of that department, should send an e-mail to the Business Office. The email must detail the purpose and use of the fund, identify the custodian and their supervisor, and request an amount for which the fund will be established. The dollar limit for each use of the fund is set at the department's discretion, between $25 and $250, though individual departmental circumstances may dictate a need for a higher limit. In all cases, the Business Office will review each request for appropriateness based on documentation provided at the time of the request.

Petty Cash Custodian

Appointment
The petty cash fund should be secured at all times. The department is responsible to appoint a custodian, who is a member of the faculty or staff, to monitor its use and replenishment. Appointment and approval should be made by the department’s manager or higher; a custodian cannot appoint or approve himself/herself. In addition, there should be limited access to the fund.

The Business Office must be notified if there is a change in the petty cash custodian. In order to ensure accountability to the new custodian, the Business Office will audit and document the fund at the time of the change.

Responsibilities
It will be the responsibility of the custodian to ensure that this fund is used to cover only those expense reimbursements for which it is not possible, or is infeasible, to use normal purchasing methods. In addition, the custodian will ensure that fund use is consistent with the manner described in the documentation that initially established the fund. The petty cash custodian is also responsible to enforce the college’s policy regarding sales tax, which is not reimbursable.

The custodian is responsible to perform a full reconciliation of the fund at least quarterly, which he/she will provide to the Business Office. The custodian also handles fund replenishment and is responsible for reporting all instances of loss of funds, including filing a report with Campus Police, as soon as the loss is discovered.

Documentation
Properly document each transaction in the following manner:

- Submit a detailed journal of all transactions, identifying all pertinent information (who, purpose, transaction detail and date of expense). Identify each cost and the budget code to be charged.
- Tape original receipts onto an 8-1/2 x 11 sheet of paper, referencing each receipt's corresponding transaction on the detailed journal.
- Submit a summary page that shows only the total amount charged to each budget code. This data will be the basis for entry of transaction in the Datatel System.

It is important to remember that it will be the custodian's responsibility to determine whether expenditures are allowable and to use the proper object codes.
Reimbursement Process
When the fund is almost depleted, or it is the end of the quarter or fiscal year, the custodian should perform a reconciliation and send it, along with a request to replenish the fund, (if necessary), to the Business Office. Before being submitted, this reimbursement request must be approved by the immediate supervisor of the fund custodian. The Business Office will audit the request to ensure that proper documentation has been provided.

Once the audit is completed and the reimbursement request approved, a check will be prepared for fund replenishment.

Changing the Fund Amount

If there is a situation where it is determined that the size of the petty cash fund should be increased or decreased, an email should be forwarded to the Business Office, requesting this change. This should be done prior to requesting a replenishment of funds. An increase to a petty cash fund is subject to the approval of the Business Office, as well as the department manager, similar to when the fund is initially established.

Closing a Petty Cash Account

The petty cash fund should be closed with the Business Office when the purpose for which the fund was established has been completed, as determined by either the department manager or the petty cash custodian. In addition, the Business Office reserves the right to conduct periodic usage reviews and, based on the results, can request closure or reduction of the fund. When closing the fund, the custodian should deposit all remaining funds at Student Accounts, completing a Deposit Transmittal form, and being sure to credit the petty cash account. Along with the final reconciliation of expenses, this will relieve the balance in the petty cash fund as established for this use. The final reconciliation of funds and expenses must be provided to the Business Office, including the copy of the Deposit Transmittal receipt form containing the Student Accounts date stamp.

Audit

Petty cash accounts will be subject to audit by the Business Office or the College’s independent auditors. In addition, periodic unannounced audits of the fund will be conducted to ensure proper controls are maintained.

The department is required to provide the Business Office with a full reconciliation of the fund on, at minimum, a quarterly basis. This can be done as part of the request for reimbursement process (see above) but must be done at least quarterly and at the end of the fiscal year.