HSC OP: 50.20, Regional Campus Spot Purchases Petty Cash Fund

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish the policies and procedures to be followed when making small purchases using the Spot Purchases Petty Cash Funds.

REVIEW: This HSC OP will be reviewed on March 1 of even-numbered years (ENY) by the Director of Accounting Services and by the Director of Purchasing and, with recommendations for revisions, forwarded through administrative channels to the Executive Vice President by March 15.

POLICY/PROCEDURE:

1. Petty Cash Funds. Each TTUHSC regional campus maintains a spot purchases petty cash fund (hereafter referred to as “the fund”) for the purpose of purchasing locally procured goods and services costing less than $500.00. The Spot Purchases Petty Cash fund should be used only when extenuating circumstances prohibit the use of regular purchasing procedures or the use of the purchasing card. These circumstances should be clearly stated on the PETTY CASH PURCHASE form (Attachment A). Purchases may be made either by paying for goods or services with personal funds, then requesting reimbursement from the Spot Purchases Petty Cash Fund or by determining the cost and availability first, then obtaining a check to make the purchase.

2. Procedure.
   
   a. Administrative Requirements.
      
      (1) A PETTY CASH PURCHASE form (Attachment A) or reasonable equivalent should be used to make a purchase using the fund. The form must be either typed or handwritten (with a pen), signed by an authorized signer, and contain must include an adequate description of the required item(s) to be purchased. When reimbursement is made to an individual who has signature authority, another departmental approval is necessary. This approval should be obtained from the employee’s supervisor or a higher administrative level within their department. To be adequate, a description means must include the name and/or functional description. This is a four-part form separated by carbon paper and each carbon copy of the form should be legible.

      A fund should not be greater than $3,000.00. If a required payment is greater than the bank balance, the cash custodian must contact Accounting Services in advance for approval of an overdraft.

      (2) The vendor’s original itemized invoice or sales slip is required must be submitted. If no receipt is available, it will be necessary to itemize the purchase on a CERTIFICATION FOR RECEIPT OF MATERIALS OR SERVICES form (Attachment B) or reasonable equivalent. Attachment B may be reproduced and used for this procedure.

   b. Check Payment Procedure. The person making the purchase should prepare and take the PETTY CASH PURCHASE form to the petty cash disbursement area located in the Bursar’s Office at the Lubbock campus, the finance office at the El Paso campus and the administrative offices at the Amarillo and Odessa campuses. These offices will issue a check and any other required forms. Vendors’ original receipts and invoices should must be returned to the petty cash disbursement area within working business days from the time the check is issued. If a receipt is not returned within two working business days, the petty cash privilege will be discontinued for the entire department until the receipt is returned.
c. **Reimbursement. Procedure.** The person to be reimbursed should prepare and take the signed PETTY CASH PURCHASE form and all supporting documentation to the Petty Cash Disbursement Area in the Bursar’s Office, where a check for reimbursement will be issued. Request for reimbursements should be submitted within five working days of the purchase. After five working days, requests for reimbursements should be processed through the Purchasing Department by normal purchasing procedures. Spot purchase petty cash funds should be reimbursed at least monthly.

d. **Taxes.** If the vendor requires payment of a sales tax, it may be reimbursed and should be listed as a separate item on the PETTY CASH PURCHASE form. Sales tax will be reimbursed to employees on local accounts only. Sales taxes will not be paid directly to the vendor. Exception: Sales tax cannot be reimbursed on state accounts (6000-6299).

3. **Restrictions.**

   a. Purchases utilizing state appropriated funds cannot be made using the fund from the Spot Purchases Petty Cash Fund (hereafter referred to as “the Fund”) if the item to be purchased is on state contract and the dollar value of the purchase exceeds the minimum order amount specified in the General Services Commission (GSC) Contract Book. (The state contract minimum order restriction may be waived if a bona fide emergency exists and such is documented and justified on the PETTY CASH PURCHASE form.)

   b. The fund cannot be used to purchase from vendors outside the geographical limits of the city or county. (Exception to this policy/procedure exists for reimbursement to an individual who has the necessary receipts.)

   c. The fund cannot be used to purchase and/or pay for registration fees, membership dues, professional fees, subscriptions, books, gifts, donations, or awards.

   d. When payment is being made directly to the vendor, the fund cannot be used to pay for items that have already been delivered. (Payment of for such items should be processed through normal purchasing procedures.)

   e. The fund cannot be used when orders have been split to bypass the $500.00 limit.

   f. The fund cannot be used by a TTUHSC department when purchases have exceeded the daily maximum of $500.00 per vendor.

   g. The fund cannot be used for travel reimbursements payments including mileage and airport parking advances. Reimbursements for this type of expenditure (Payments for such items should be processed on a Travel Voucher.)

   h. The Fund cannot be used for patient reimbursements.

   h. The fund cannot be used for payments that necessitate the generation of a 1099 or W-2 reportable, as outlined by IRS guidelines.

   i. The fund for the Lubbock campus cannot be used to purchase Object Code 35 for food and entertainment expenditures (food, entertainment, flowers, decorations, etc.).

4. **Responsibility of Fund Custodian.** The custodian of the fund is responsible for ensuring that petty cash purchases are in compliance with this HSC OP and other applicable HSC OPs. Non-compliance may result in loss of custodianship or closing of the fund.

5. **Resolution Process for Cash Issues.** Appropriate custodians will be notified by a representative from Business Affairs or the Office of Audit Services in the event of cash control questions or concerns.

   a. Cash concerns must be addressed by the custodian immediately, even if a resolution is not
There will be zero tolerance for unresponsiveness and/or failure to resolve concerns in a timely manner. Custodians are expected to be responsible. Any unaddressed or subsequently unresolved cash concerns will be quickly forwarded to the next higher level of administration for resolution or disciplinary action.

b. Where needed, cash collection or deposit custodians should seek out assistance from Business Affairs or the Office of Audit Services in researching, assessing, and addressing cash concerns.