



Idaho State University

POLICIES AND PROCEDURES

Petty Cash and Change Fund

ISUPP 2540

POLICY INFORMATION

Policy Section: *Finance*

Policy Title: *Petty Cash and Change Fund*

Responsible Executive (RE): *Chief Financial Officer*

Sponsoring Organization (SO): *Finance*

Effective Dates: *8-22-2016; August 22, 2017*

Last Reviewed: *November 2023*

I. INTRODUCTION

This policy puts processes in place to assist departments with petty cash and Change Funds to maintain a high standard of accountancy and fiduciary responsibility for the University cash funds entrusted to their care.

II. DEFINITIONS

- A. **Petty Cash Fund:** A supply of a specific amount of cash established by a college or department to cover small miscellaneous expenses, usually under \$500 that arise in the department. The fund requires authorization and replenishment. Original receipts are submitted for reimbursement to department employees.
- B. **Change Fund:** A Change Fund is established in departments that accept cash payments for either services or goods and frequently have to give change.
- C. **Temporary Change Fund:** A fund often used by a PI for grant expenses to pay human subjects. The remaining balance and an expense accounting are returned to the Cashiers Office upon completion of the human subject payment portion of the grant.
- D. **Change Fund Custodian:** An employee of the University responsible for maintaining the security and accountability for the Petty Cash Fund and/or Change Fund.

III. POLICY STATEMENT

Some revenue collection centers on campus require the use of additional cash for making change. Only when absolutely necessary, Change Funds are established for this purpose. Authorized Change Funds must be requested by the University Business Officer (UBO) and the dean or department chair in writing to the Controller's Office.

Cash receipts may not be withheld from deposits to establish or replenish Change Funds.

IV. AUTHORITY AND RESPONSIBILITIES

A. Authority to Establish Funds: The authority to establish either a change or Petty Cash Fund must come from the Controller's Office under the purview of the Chief Financial Officer. A department employee is assigned as the person to whom such authority is granted and they hold overall responsibility for its safekeeping. The department should then provide their UBO, the Cashiers Office and the University's Internal Auditor with this person's name and the names of all employees having access to the fund.

B. Individual Responsibility: Individual responsibility is established by assigning the fund to a Change Fund Custodian (CFC), a specific departmental employee. This employee is responsible for the fund until the monies are either returned to the Controller or until another employee is assigned the responsibility. Any employee assigned responsibility for a change or Petty Cash Fund must sign and return a form provided by the Controller. The identities of all CFC must be kept up to date with the department UBO, the Cashiers Office and the Office of Internal Audit. Forms relating to Change Funds, Petty Cash Funds, and Temporary Change Funds are on the Finance website.

The UBO should physically inspect (count) the fund at least quarterly to determine that the proper procedures are being followed and the fund is being adequately controlled; the amount of the fund is adequate but not excessive; and the need for the fund continues to exist. The UBO should document their quarterly review and maintain the documentation in the department. A yearly report is forwarded to the Controller's Office.

C. Cashier's Office: is responsible for receiving deposits, disbursing cash reimbursements, and daily monitoring of accountability for receipts and Temporary Change Fund transactions.

D. Staff from the Controller's Office may at any time, without advance notice, conduct an audit of the funds in any department with a petty cash or Change Fund or acting in the capacity of a collecting agent with a Change Fund.

V. PROCEDURES TO IMPLEMENT

A. Change Fund

1. Purpose and Depositing of Change Funds: Change Funds are intended to provide a minimum amount of cash to facilitate change making when receiving revenues on behalf of the University. Keeping portions of receipts to be used as Change Funds is strictly prohibited. Revenues greater than \$100 must be deposited with the Cashier's Office within twenty-four hours. Revenues less than \$100 must be deposited at least weekly and kept in a secure location in between deposits.
2. Change Fund Balance: Change Funds shall be kept at the authorized level, with the same amount of cash on hand as originally approved.
3. Types of Change Funds: Change Funds may be for one-time, temporary, or long-term use. For one-time use, fund amounts are based on the need of a particular event.
4. Prohibited Use of Change Funds:
 - a. Cash Checks
 - b. Make Loans
 - c. Reimburse travel-related expenditures or to make travel advances
 - d. Pay wages for students or temporary employees, or pay overtime for any employee
 - e. Pay expenses relating to the use of private motor vehicles, including mileage and fuel
 - f. Travel, business meals, alcohol, gift cards, and services
 - g. Provide floral tributes, small gifts and other tokens of appreciation, or prizes or awards
 - h. Make purchases that would not be approved under normal policies and procedures
5. Change Funds in Relation to Other Funds: Change Funds should be separate from all other funds, including personal funds and petty cash.
6. Handling of Change Funds: All departments receiving Change Funds must keep them secure and practice good cash handling controls. Refer to ISUPP #2350 for the Cashiers Office entitled "Cash Handling Procedure" for a description of good cash handling controls.
7. Verification of Change Funds: The Controller's Office will send Change Fund verification for UBOs to verify annually. Change Funds will be renewed or eliminated annually as appropriate.

B. Petty Cash Funds

1. Purposes of Petty Cash Funds: Petty Cash Funds are for small purchases. Purchases must be under \$500
2. Permission for Petty Cash Funds: Petty Cash Fund requests will be granted on an exception basis only by the Controller's Office.
3. Use of Petty Cash Funds: Petty Cash Funds shall be used for university business only and should not be used for items that would not be approved through normal channels.
4. Prohibited use of Petty Cash Funds is the same as noted above for Change Funds (V.A.4).
5. Handling of Petty Cash Funds: All departments receiving Petty Cash Funds must keep them secure and practice good cash handling controls. Refer to ISUPP #2350 for the Cashier's Office entitled "Cash Handling Procedure" for a description of good cash handling controls.
6. Verification of Change Funds: All Petty Cash Funds will be verified by the Controller's office annually. Petty Cash Funds will be renewed or eliminated annually as appropriate. Fund Custodians should count Petty Cash Funds weekly.
7. Replenishment of Petty Cash Fund: Original receipts should be submitted to Cashier's Office in order to replenish the Petty Cash Fund. Petty Cash Funds should be replenished at least once a month. All funds should be replenished before year end.
8. Receipts: Receipts for items purchased with Petty Cash Funds must include the following information:
 - a. Vendor name
 - b. Date of purchase
 - c. Description of merchandise purchased
 - d. Amount
 - e. Purchaser
 - f. Business purpose
9. When reimbursing for an item through Petty Cash, the date on the receipt can only be 15 days prior to the reimbursement. Anything older must be reimbursed through Accounts Payable on a direct pay form. Receipts older than 3 months will not be reimbursed.

C. Temporary Change Fund

1. Usually used by PI with grant related payments to human subjects.

- a. With UBO and Institutional Research Board approval the PI submits a Temporary Change Fund Request Form to the Cashiers Office with the amount and denomination of bills requested.
- b. Upon completion of the monetary payment phase of the grant the PI submits documentation for the recipients of the funds to the Cashiers Office.