COLORADO STATE UNIVERSITY
Financial Procedure Instructions
FPI 6-2

1. **Procedure Title:** Petty Cash Funds and Change Funds

2. **Procedure Purpose and Effect:** To outline procedures to obtain and operate petty cash or change funds.

3. **Application of Procedure:** Due to the decentralized location and handling of petty cash or change funds, certain procedures and safeguards are essential and are prescribed in this instruction. All departments requesting a first-time petty cash or change fund may refer to this procedure. This procedure also applies to departments with established petty cash or change funds.

4. **Exemptions:** A department may be denied petty cash or change funds if there is a history of mishandling funds. Business and Financial Services (BFS) also reserves the right to withdraw the funds if it is discovered that the fund is improperly used. Exceptions to parts of the procedural steps below may be granted for unique situations and a request must be submitted to the Banking Services Manager in writing.

5. **Definitions:**

   A. **Change Fund:** An approved fund, held by a department which is used for making change for cash sales to customers. Purchases may not be made from a change fund. If this happens, BFS may deny reimbursement, and / or terminate the fund.

   B. **Petty Cash Fund:** An approved fund, held by a department which is used for making limited recurring or small emergency purchases of materials and services for the University. Change to customers may not be made from a petty cash fund. If this happens, BFS may terminate the fund.

   C. **Temporary Change Fund:** An approved fund, held by a department for a specified amount of time, which is used for making change for a short-term event. Once the event is completed the funds are to be returned to the Cashier's Office.

6. **Procedure Statement:**

   Petty cash and change fund forms are located on the BFS website
   https://busfin.colostate.edu/Resources/Forms.aspx?heading=6

   A. **Request for a petty cash or change fund:**

      The department, through the department head and dean or vice president, must make a written request justifying the need for a petty cash or change fund. This must be done on a Request for a petty cash or change fund form. The amount of the petty cash or change fund is $200 or less but should not exceed $1,000. The Banking Services Manager, based on the justification contained in the request, may approve higher limits.

      A cashier will receive, review, and recommend approval or disapproval of new petty cash or change fund requests to the Banking Services Manager. Upon approval, the Cashier's Office will provide the amount authorized and the recipient will sign for acceptance of the funds when

picked up at the Cashier's Office. The petty cash or change fund should remain at the designated location.

B. Request for a temporary change fund:

Complete the Request for a Temporary Change Fund form and obtain a signature from the departmental business officer. Please include specific reasons why the funds are needed and the justification for the duration. Amounts over $250 or requests for the duration to be longer than three weeks require approval from the Banking Services Manager. Upon approval, the Cashier's Office will provide the amount authorized and the recipient will sign for acceptance of the funds when picked up at the Cashier's Office. The temporary change fund should remain at the designated location during the duration of the event and be returned to the Cashier's Office by the date stated on the form.

C. Storage of funds:

Petty cash and change funds are to be securely stored in a locked box or cabinet. If the building location for the fund storage is changed, notify the Cashier's Office.

D. Increase in existing funds:

The department should submit a request to Banking Services, justifying the need for an increase using the Increase in Existing Fund form. Upon approval, the custodian receives the money at the Cashier's Office by signing for acceptance of the funds.

E. Decrease or close fund:

If the amount of the fund exceeds departmental needs, the excess amount should be returned to the Cashier's Office. If the fund is no longer needed, the total authorized amount should be returned to the Cashier's Office. Please use the Decrease or Close a Fund form for either of these actions.

F. Change in fund custodian:

The University's Director of BFS delegates responsibility for management and operation of the petty cash or change fund, in accordance with this instruction, to the designated custodian. When the custodian is changed the status of the fund should be verified by both the outgoing and incoming custodian. A Change in Fund Custodian form, detailing the status of the fund, should be jointly signed by both the outgoing and incoming custodian and forwarded to the Cashier's Office, with a copy retained by the department for audit purposes. If circumstances arise where the outgoing custodian is unable to sign the form, please complete all the information for the new custodian and provide the CSU ID number for the outgoing custodian.

G. Authorization for purchases from petty cash funds:

Authorization for purchases to be reimbursed from the petty cash fund should be secured from the custodian or other authorized signer prior to making the purchase. Normally, the custodian should be given signature authority for such transactions in accordance with Signature Authorization rules. Prior approval is necessary to ensure that:

1. The purchase can properly be made from the petty cash fund.
2. The department authorized the purchase and will reimburse the purchaser.
3. The purchaser understands the procedures for purchase, receipt documentation requirements, and procedures for reimbursement.

H. Making purchases from petty cash fund:

A petty cash fund may be used to purchase small repetitive or emergency items or services under $50 as required by a department and with approval by the fund custodian or alternate fund custodian. It may also be used for local mileage reimbursement for short trips in and around Fort Collins for up to $25. A petty cash or change fund may NOT be used for the following:

1. Payroll.
2. Cashing personal checks. The on-campus bank branch may cash checks. There are also several ATM machines available across campus that can be used to obtain cash.
3. Making cash advances (IOU's).
4. Purchases over $50 from outside vendors or from University departments. Internal Orders are encouraged for ALL interdepartmental sales, as this allows a department to avoid the sales tax that is charged to individuals and does not reduce availability of petty cash for external purchases.
5. Refunds to students are processed through the Accounts Receivable unit of BFS. Other reimbursements are processed through the Accounts Payable unit of BFS. Departments should contact the Director of BFS for exceptions.
6. Travel expenses other than the local mileage reimbursement noted above.
7. Official functions should not be paid with petty cash.

After obtaining approval to make the purchase, the purchaser will pay for the goods or services (including appropriate sales tax) and obtain an itemized sales ticket or receipt from the vendor that is marked "Paid." NOTE: If purchases are paid in cash, CSU is not exempt from paying sales tax.

I. Petty cash advance prior to purchase:

It is intended that the purchaser pays the vendor and secures reimbursement from the petty cash fund upon presentation of a receipt. However, under unusual circumstances and when necessary, cash may be advanced by the fund custodian to make a purchase under the following conditions:

1. The advance may only be used for the specific purchase approved and may not be outstanding for more than two working days.
2. The purchaser signs a Payment from Imprest Fund form, which must be marked 'Advance for Purchase'. The signed form should be placed in the petty cash fund box.
3. Completion of the purchase:
   a) The "advance" is marked "canceled" and returned to the purchaser. A new Payment from Imprest Fund form is filled out with the correct information and attached to the receipt.
   b) The purchaser is reimbursed or returns any difference between the advance and the actual cost of the purchase.

J. Petty cash reimbursement procedures:

Ideally, a petty cash fund should be reimbursed weekly to reduce the amount of cash necessary in the fund, and to timely record expenditures on University records. However, under no circumstances should reimbursement be made less than once a month.

To reimburse a purchaser, the petty cash fund custodian is to take the following actions:

1. Obtain a vendor receipt and prepare the Payment from Imprest Fund form.
2. Ensure that the above documentation clearly identifies the item(s)/ service(s) purchased, the cost, and purpose.
3. Verify that the purchase was authorized by the department, was a proper purchase from the petty cash fund and that the material or service was received by the department.
4. Obtain the purchaser's signature on the document and reimburse the purchaser from the petty cash fund; and
5. If local mileage is being reimbursed, ensure purpose, dates and miles are listed on the Payment from Imprest Fund form.

To reimburse the petty cash fund, the fund custodian completes the following actions:

1. Resolve any outstanding advance for purchase receipts.
2. Sort documents by account number to be charged. Total sales receipts and Payment from Imprest Fund forms.
3. Count remaining cash and verify that the total receipt plus the remaining cash equals the total authorized amount of the petty cash fund.
4. Shortages should be documented on a Payment from Imprest Fund form, an appropriate explanation entered, the form signed by the fund custodian, and then signed by the Banking Services Manager. The department is responsible for restoring the petty cash fund to the authorized amount. Any overage should be deposited at the Cashier's Office. Such transactions are recorded using object code 6634 - cash over or short.
5. Prepare a Disbursement Voucher (DV) (local departments use vendor #9592-0 Cashiers Univ, Student Center use #10232-0, and remote locations use CSFS assigned petty cash vendor numbers). On the DV list description of items purchased, quantity, unit price, and distribution of charges by account number and object code. Attach all receipts and Payment from Imprest forms to the Notes and Attachments section.
6. When approved by Accounts Payable, the DV preparer will receive an ad hoc acknowledgement in Kuali. Acknowledge the document and take the DV coversheet to the Cashier’s Office to collect money to reimburse the fund. For reimbursement of a petty cash fund located away from the main CSU campus, a check or ACH may be processed to your location.
7. Another copy of the DV should be placed in the petty cash fund box. When reimbursement is received and cash is placed in the box, the form should be removed.

K. Counting the petty cash or change fund:

Petty cash and change funds should be counted at least once a month and the results recorded and retained for audit. Any overages or shortages should be recorded in the month incurred as outlined above.

L. Audits:

1. The Banking Services department, CSU Cashiers, the Internal Auditor or the State Auditor will periodically (announced or unannounced) make an audit of the petty cash or change funds in the presence of a fund custodian.
2. Annually, in June, Banking Services will request departments to physically verify funds in their petty cash or change funds and confirm custodians are accurate.

7. References and Cross-References:

CSU Financial Rules - RULE 6 CASH AND CREDIT:
http://busfin.colostate.edu/Resources/Fin_Rules_Procs.aspx

State of Colorado Fiscal Rules – Chapter 6 Cash
https://osc.colorado.gov/financial-operations/fiscal-rules-procedures/fiscal-rules

See FPI 2-1 Authorized Business Function for Official Function procedures.
https://busfin.colostate.edu/Forms/FRP/Expense_Revenues/FPI_2-1_Authorized_Business_Function.pdf#zoom=100

8. Forms and Tools:

All petty cash and change fund related forms can be found on the Business and Financial Services website under Resources - Forms in the Cashier Forms section:
https://busfin.colostate.edu/Resources/Forms.aspx?heading=6