

Applies to: All Faculty and Staff

. Policy

Imprest Cash Fund is the designation given to monies advanced to departments from University funds to fill specific needs that cannot be accommodated through normal purchasing options. Although the use of regular University purchasing options such as Purchase Orders, Non-PO Vouchers or the University Purchasing Card (PCard) is the preferred way to pay for goods and services, Imprest Cash Funds will be approved in limited situations when maintaining a cash-on-hand balance is clearly the best payment option.

Imprest Cash Funds are established at an initial fixed amount based on a specific departmental business need. Imprest Cash Funds may only be used in connection with University business and must not be loaned to or used by any individual for personal use or for cashing of personal checks, or used for subject fee payments or used to reimburse employees for travel and hosting expenses. Imprest Cash must be kept in a securely locked compartment not accessible to anyone other than the fund custodian. Two or more individuals having access to any Imprest Cash Fund is prohibited.

The University has two (2) types of Imprest Cash Funds:

Petty Cash Fund

Petty Cash Funds are established for departmental use for incidental and emergency small dollar purchases where the use of alternative means (e.g. PCard) is not feasible. Reimbursement for properly approved expenses may be obtained directly from the fund. If a department has not established a Petty Cash Fund, an employee may obtain reimbursement for incidental and emergency small dollar purchases from a University Cashier. Employees must present a Petty Cash Form (which can be found at <http://www.finance.umich.edu/finops/cashier/forms/pettycashform>) signed by a Higher Administrative Authority together with original receipts at one of the University cashiers offices listed below.

- Ann Arbor -Central and North Campus Cashiers: Web site: <http://www.finance.umich.edu/finops/cashier>
- Dearborn Campus Cashier: Web site: <http://www.umd.umich.edu/univ/cashiers/>
- Flint Campus Cashier: Web site: <http://www.umflint.edu/studentaccounts/>
- University Hospitals Cashier, phone: (734) 936-6906.

Change Fund

Change Funds are established for the sole purpose of making change for customer sales. The authorized amount of the Fund should not exceed what is needed to support cash drawer activity. Retail activities open during the weekend/holiday periods need to consider potential increased change fund needs when establishing the fixed amount of the Fund.

NOTE: Imprest Cash funds are no longer to be used for paying subject fees. Units should request funds through the Human Subject Incentives Office. Information can be found at: <http://www.finance.umich.edu/treasury/hsip>.

Both types of Imprest Cash Funds are established at an initial fixed amount, which may be adjusted up or down based on changing departmental needs over time. The cash in the fund plus receipts for expenditures should always equal the fixed amount of the fund. Imprest Cash Funds must not be maintained in checking or other bank accounts without specific authorization from the Treasurer's Office. The Imprest Cash Fund represents a loan (or advance) to a department, so the department must designate a custodian to sign the Imprest Change Fund Agreement Form when the fund is established, to safeguard and account for the Fund during its existence, and ultimately repay the advance when the need for the fund no longer exists. Since the department has the ultimate responsibility for the fund, a Higher Administrative Authority is also required to sign the Agreement Form, acknowledging responsibility when the fund is established and at each renewal/reimbursement.

All funds expire on June 30 of each year. As long as there is a continuing need, the custodian may renew the fund annually by signing a new agreement with approval by a Higher Administrative Authority.

Original receipts or suitable evidence of payment must be obtained for each cash expenditure or incidental purchase made from an Imprest cash Fund. When the original receipt is not available a memo from a Higher Administrative Authority explaining the circumstances is acceptable as suitable evidence.

II. Imprest Cash Fund Guidelines

The following guidelines must be adhered to in the operation and disbursing of Imprest fund cash:

1. When a new fund is requested or a new custodian is appointed, whether a Petty Cash Fund or a Change Fund, an Imprest Cash Fund Request/Change Agreement form must be submitted and signed by the new custodian and a Higher Administrative Authority. The usual time for Procurement Services to create an imprest cash fund is five business days. An Imprest Cash Fund Change Agreement must be submitted for a vacation replacement custodian and a new form must be submitted when the original custodian returns. Forms are available on the Procurement Services Web Site at http://procurement.umich.edu/sites/default/files/icf_request_form_oct_2016.pdf . An explanation of approvals and Higher Administrative Authority can be found in SPG 500.01 Fiscal Responsibility, which is available at <http://spg.umich.edu/policy/500.01>.
2. For Petty Cash Funds, receipts must specify the business purpose for the expenditure. An appropriate expenditure is one which is necessary, reasonable and for which a clear business purpose exists.
3. Also for Petty Cash Funds, as expenditures are made and the fund becomes depleted, Non-PO Vouchers for Imprest Cash Fund reimbursement must be prepared and submitted to Accounts Payable. The usual time for processing of a reimbursement check is within five business days. In addition, Non-PO Vouchers must be prepared and submitted for all disbursement items prior to June 30 each year or by the specific contract grant expiration date. The Non-PO voucher must be approved by the custodian's Higher Administrative Authority. Instructions and the form for reimbursing Imprest Funds are available on the website at <http://ssc.umich.edu/node/291> .
4. All imprest cash funds are subject to unannounced audits by the Office of University Audits or Procurement Services.
5. Each imprest cash fund is to be maintained at its original amount unless it is increased or decreased by obtaining from or returning the proper Form to Procurement Services. Additional information and forms are available for this purpose at <http://procurement.umich.edu/about-us/forms>.
6. Generally, a petty cash fund should be turned over at least 4 times per year. If not it could have too high a dollar balance and Procurement Services will discuss with the fund custodian and/or the higher authority to decide if the balance is warranted (this does not apply to a change fund).
7. When accounting discrepancies occur in the submission of vouchers, Accounts Payable reserves the right to round off credit balances that it considers de minimus in amount.

III. Supporting Documentation for Expense Reimbursement (for greater detail of acceptable and non-acceptable receipts, see instructions at:

<http://www.finance.umich.edu/finops/cashier/forms/pettycashform>.

Acceptable Receipts:

- Original Receipts

- Original Canceled Checks
- Original Credit Card Statements
- Original Invoices-paid by cash – stamped PAID by vendor

Receipts That Are Not Acceptable:

- Photocopies of any receipts
- Documents not showing an amount or method of payment (invoices, order confirmations)

IV. Missing or Stolen Imprest Cash Funds

- Unit must file a police report and must also report to both University Audits and to Procurement Services.
- The University Risk Management Office will cover the loss with a \$50 deductible per occurrence to the department. For a Proof of Loss form, go to: <http://www.finance.umich.edu/treasury/risk/proof-of-loss> and submit completed Proof of Loss form together with a copy of the police report. Other documentation may be required by the Risk Management Office (e.g.: ledger, etc.).

Notes:

Replaces SPG Section 501.2-1

| Attachment | Size |
|---|-----------|
| Printable PDF of SPG Section 507.02, Imprest Cash Funds | 102.35 KB |

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| SPG number: | Applies to: | Related policies: |
| 507.02 | All Faculty and Staff | Fiscal Responsibilities |
| Date issued: | Primary contact: | Related links: |
| January 17, 2014 | Procurement Services | Imprest Cash Fund Request/Change form |
| Last updated: | | Ann Arbor -Central and North Campus |
| January 17, 2014 | | Cashiers |
| Next review date: | | Dearborn Campus Cashier |
| January 18, 2016 | | Flint Campus Cashier |
| | | Human Subject Incentives Office |

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