

# Standard Practice Guide Policies

## Imprest Cash Funds

507.02

**Applies to:** All departments and units of the university

### I. Policy

Imprest Cash Funds may be advanced to departments for change funds or, in certain limited circumstances, for petty cash to fill specific needs.

It is the fund custodian's responsibility to safeguard Imprest Cash in a securely locked compartment, not accessible to anyone other than the custodian. Imprest Cash Funds cannot be loaned or used to cash personal checks. In addition, Imprest Cash Funds cannot be used to pay subject fees (<http://spg.umich.edu/policy/501.07>) or reimburse employees for travel and hosting expenses (<http://spg.umich.edu/policy/507.10-1>). The University has two (2) types of Imprest Cash Funds:

#### **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.

#### **Petty Cash Fund**

Petty Cash Funds are established for departmental use only in limited circumstances for incidental and emergency small dollar purchases where the use of alternative means (including the university's purchasing card or expense reimbursement system) is not feasible. Reimbursement for properly approved expenses may be obtained directly from the fund.

Departments may also obtain reimbursement for approved incidental and emergency small dollar purchases (maximum of \$200) made by students from a university cashier, with a Petty Cash Form (<http://finance.umich.edu/resource/petty-cash-form>) signed by a Higher Administrative Authority together with original receipts, at one of the Cashier's Offices listed below:

- Ann Arbor Central Campus Teller Services  
(<http://www.finance.umich.edu/finops/cashier>)
- Flint Cashier's Office (<http://www.umflint.edu/studentaccounts>)
- University Hospitals Cashier, phone: (734) 936-6906.

This service is also available at the Pierpoint Commons location of the University of Michigan Credit Union, In addition, in limited situations, certain hospital employees may receive petty cash reimbursements from the University Hospital Cashier.

## II. Imprest Cash Fund Controls

The following controls for safeguarding and use of Imprest Cash Funds must be adhered to:

- An Imprest Cash Fund Request/Change Agreement ([http://procurement.umich.edu/sites/default/files/icf\\_request\\_form\\_oct\\_2016.pdf](http://procurement.umich.edu/sites/default/files/icf_request_form_oct_2016.pdf)) ("agreement") signed by the custodian of the fund and a Higher Administrative Authority must be submitted to Procurement Services to request a new fund or appoint a new custodian. As use of the university's typical procurement options such as Strategic Contracts (<http://procurement.umich.edu/buying/buying-methods/strategic-contracts>), M-Marketsite (<http://procurement.umich.edu/buying/buying-methods/m-marketsite>), and Purchase Orders are the preferred method to obtain and pay for goods and services, Imprest Cash Funds for petty cash will only be approved in limited situations when maintaining a cash-on-hand balance is clearly the best payment option.
- The role of the custodian is to safeguard and account for the fund during its existence, and close-out the fund when a need for it no longer exists. In instances where the fund's custodian will be away for an extended period, an updated agreement must be submitted to appoint a new custodian.
- Imprest Cash Funds are established at an initial fixed amount, which may be adjusted up or down based on changing departmental needs over time by submitting an updated agreement.
- All funds expire on June 30 of each year. If there is a continuing need, the custodian may renew the fund annually by signing a new agreement with the approval by a Higher Administrative Authority.
- Imprest Cash Funds cannot be maintained in checking or other bank accounts without specific authorization from the Treasurer's Office.
- As Petty Cash Funds are utilized, a Payment Request Form (Available at the Shared Services Center website (<http://ssc.umich.edu/forms/>)) must be prepared and submitted to Accounts Payable along with appropriate documentation (e.g., original receipts). Custodians may also create an online Non-PO Voucher and attach the Payment Request Form and appropriate supporting Documentation.

- At a minimum, Payment Request Forms must be prepared and submitted for all Petty Cash Fund disbursements prior to June 30 each year or by the specific contract expiration date if established for a particular sponsored project.
- Generally, a Petty Cash Fund should be turned over at least four times per year. If not, it could have too high a balance and Procurement Services will discuss with the fund custodian and/or the Higher Administrative Authority whether the current balance is appropriate.
- The cash on hand plus receipts for expenditures that have not yet been submitted to and/or paid by Accounts Payable must always equal the fixed amount of the Petty Cash Fund.
- All Funds are subject to unannounced audits by the Office of University Audits or Procurement Services.

### **III. Supporting Documentation for Expense Reimbursement**

#### **Acceptable Receipts:**

- Original Receipts
- 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)

Supporting documents must also specify the business purpose for the expenditure. If the original receipt is not available, a memo from a Higher Administrative Authority explaining the circumstances is acceptable as suitable evidence.

### **IV. Missing or Stolen Imprest Cash Funds**

In instances of missing or stolen Imprest Cash, the fund custodian must file a police report and report the incident to University Audits and Procurement Services. In addition, a completed Proof of Loss Form (<http://finance.umich.edu/risk-management/proof-of-loss>) along with a copy of the police report should be submitted to the university's Risk Management Office, which will cover the loss with a \$1,000 deductible per occurrence to the department. The Risk Management Office may require other documentation to support the loss.

#### **Notes**

**Replaces SPG Section 501.2-1**

**SPG Number:**

507.02

**Applies To:**

All departments and units of the university

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Financial Officer**Last Updated:**

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**Primary Contact:**

Procurement Services

**Next Review Date:**

July 20, 2023

**Related Policies:**

Fiscal Responsibilities (/policy/500.01)

Procurement General Policies and Procedures (/policy/507.01)

Research Subject Incentives (/policy/501.07)

Travel and Business Hosting Expense Policy (/policy/507.10-1)

**Related Links:**

Imprest Cash Fund Request/Change form

[http://procurement.umich.edu/sites/default/files/icf\\_request\\_form\\_oct\\_2016.pdf](http://procurement.umich.edu/sites/default/files/icf_request_form_oct_2016.pdf)Higher Administrative Authority Guidance (<http://www.finance.umich.edu/controls/resources>)Petty Cash Form (<http://finance.umich.edu/resource/petty-cash-form>)Procurement Services (<http://procurement.umich.edu/about-us>)

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