

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:

A. 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 ac

B. PETTY CASH FUND

Petty Cash Funds are established in very limited circumstances for incidental and emergency small dollar purchases where using the university's preferred buying method (<https://procurement.umich.edu/u-m-employees/purchasing/>) is not feasible. Reimbursement for properly approved expenses may be obtained directly from the fund.

II. IMPREST CASH FUND CONTROLS

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

A. All Imprest Cash Funds

1. To request a new fund, renew an existing fund, or make any changes to it, an Imprest Cash Fund Request/Change Agreement (<https://ssc.umich.edu/accounting-services/imprest-cash-funds/>) ("agreement") signed by the fund's custodian and approved by a Higher Administrative Authority and Unit Financial Representative must be submitted.
2. The role of the custodian is to safeguard and account for the fund during its existence and to close the fund when no longer required. 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.
3. Imprest Cash Funds are established at an initial fixed dollar amount, which may be adjusted

based on changing departmental needs over time by submitting an updated agreement.

4. All funds are set to expire on June 30 annually. If there is a continuing need, the custodian may request to renew the fund by signing a new agreement with the approval of a Higher Administrative Authority and Unit Financial Representative.
5. Imprest Cash Funds cannot be maintained in a bank account without specific authorization from the Treasurer's Office.
6. All funds are subject to unannounced audits by the university's Audits Services or Accounting Customer Service.

B. Specific to Petty Cash Funds

1. As Petty Cash Funds are utilized, a Payment Request Form (located on the Shared Services Center website (<http://ssc.umich.edu/forms/>)) must be submitted to Accounts Payable along with appropriate documentation to replenish the fund. Custodians may also request an online Non-PO Voucher and attach the Payment Request Form with appropriate documentation.
2. At a minimum, Payment Request Forms must be prepared and submitted for all Petty Cash Fund disbursements prior to June 30 each year.
3. 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 Accounting Customer Service will discuss with the fund custodian, Higher Administrative Authority, and Unit Financial Representative whether the current balance is appropriate.
4. 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.
5. Purchases by employees that are reimbursed through the Petty Cash fund must be reimbursed within 45 days of the transaction. Purchases over 45 days old are considered taxable income and must be submitted as Additional Pay through Payroll.

III. SUPPORTING DOCUMENTATION FOR EXPENSE REIMBURSEMENT

Receipts are required for all purchases, regardless of dollar amount. A proper receipt is legible and shows the itemized description of the items purchased, the date of purchase, and the amount paid.

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 required.

IV. MISSING OR STOLEN IMPREST CASH FUNDS

In instances of missing or stolen Imprest Cash Funds, the fund custodian must file a police report with the Department of Public Safety and also report the incident to the university's Audit Services and Accounting Customer Service. In addition, a completed Proof of Loss (<https://finance.umich.edu/treasury/risk-management/proof-of-loss>) Form along with a copy of the police report should be submitted to the university's Risk Management Office (<https://finance.umich.edu/treasury/risk-management>).

Notes

Replaces SPG Section 501.2-1

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Date **Owner:**

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Vice

Last President

Updated: and
April Chief
22, Financial
2024 Officer

Next **Primary**
Review **Contact:**

Date: Procurement
April Services
22,
2029

Related Policies:

Fiscal Responsibilities (</policy/500.01>)
Procurement General Policies (</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)
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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