

SECTION: Administration

SUBJECT: Change and Imprest Petty Cash Funds

Background: This policy sets forth the procedures and rules governing the creation, use, and replenishment of departmental change and petty cash funds.

Point of Contact: Controller's Office

Other LCSC offices directly involved with implementation of this policy, or significantly affected by the policy: All Academic and Administrative units

Date of approval by LCSC authority: November 19, 2015

Date of State Board Approval: N/A

Date of Most Recent Review: N/A

Summary of Major Changes incorporated in this revision to the policy: N/A. This is the initial iteration of this policy.

Policy: This policy outlines the process for creating and maintaining change and petty cash funds, and establishes controls for preventing the mismanagement or abuse of those funds.

Definitions: A change fund is used for collecting miscellaneous revenues, and making change for customers or patrons. A petty cash fund is used to purchase or reimburse individuals for small quantities of supplies and other items bought for academic or administrative use. An "imprest" cash system is one in which a cash account is set up with a fixed reserve amount—and in which the cash level will be replenished after a given amount of time or when the account is depleted. A fund custodian is the specific, full time employee that has individual responsibility for an assigned fund.

I. Authority and Responsibilities

- A. The Controller exercises the authority to approve the creation and elimination of change and petty cash funds.
- B. Requests to create a fund must be submitted by a department head or above.
- C. Fund custodian is responsible for the fund until the monies are either returned to the Controller's Office or until another employee is assigned responsibility.

II. Procedure

- A. To establish a change or petty cash fund, a *Change/Petty Cash Request* form should be submitted to the Controller. Once approved, a check payable to the designated fund custodian will be issued. The fund custodian can cash the check at the Cashier's window.
- B. Change Fund
 1. Change funds are intended to provide a modest amount of cash to facilitate change making when receiving revenues. Change funds are used for the operation of cash registers and drawers on campus, providing change when needed. Keeping portions of receipts to increase a change fund is strictly prohibited. Revenues greater than \$200 must be deposited through the Cashier's window within 48 hours. Revenues

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less than \$200 must be deposited at least weekly and kept in a secure location, approved by the Controller, in between deposits.

2. Change funds shall be kept at the authorized level, with the same amount of cash on hand as originally approved.
3. The use of change funds to cash employee checks is prohibited.
4. The use of I.O.U.'s to borrow money from change funds is prohibited.
5. Change funds should be separate from all other funds, including personal funds and petty cash.
6. All change funds will be verified, no less than annually, by the Controller's Office, internal or external auditors.
7. The revenue from the use of a Change fund will be recorded at the time of deposit in the Controller's Office.

C. Petty Cash Funds

1. On limited occasions, a department may need to purchase small quantities of supplies or other materials in order to meet an immediate academic or administrative need. Items purchased with, or reimbursed by, petty cash funds must be expenditures that are appropriate to the account(s) being charged, and would otherwise be purchased by use of a purchasing card or purchase order. Purchases which are otherwise prohibited by policy or require a policy exception (ex: personal items, flowers, cards, alcohol) may **NOT** be purchased with or reimbursed by petty cash.
2. **Limitations:** Petty cash may not be used for the following expenditures or reimbursements. These allowable items must be processed through standard college procedures:
 - a) Travel Expenses
 - b) Employee food or meals
 - c) Wages or other compensation, including gift cards
 - d) Items on State of Idaho contracts
3. All departments receiving petty cash funds must keep them secure.
4. All petty cash funds will be verified by the Controller's Office, internal auditor, or external auditors, annually, or as appropriate.
5. Receipts for items purchased with petty cash must include the following information:
 - a) Vendor name
 - b) Date of purchase
 - c) Description of merchandise purchased
 - d) Amount per item
 - e) Purchasing individual
6. The expenses from the use of a Petty Cash fund will be recorded at the time of reimbursement to the fund custodian via the online requisition process.

*Refer to Policy and procedures for Change and Imprest Petty Cash Funds for additional information and forms on the Controller's Office website: <http://www.lcsc.edu/controllers-office/home>