

**Financial Policy & Procedure Instructions Manual**  
**FPI G-1 Petty Cash/Change Funds**  
**Last Updated 5/27/05**

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**I. PURPOSE**

To define policies and procedures to obtain and operate a petty cash or change fund.

**II. GENERAL**

Under certain circumstances a petty cash or change fund may be authorized. A petty cash fund is used for making limited recurring or small emergency purchases of materials and services for the University. A change fund is used for making change. One must separate the activity in a petty cash fund from a change fund. Due to the decentralized location and handling of a petty cash or change fund, certain procedures and safeguards are essential and are prescribed in this instruction.

**III. POLICIES**

- A. The University's Director of Business and Financial Services (B&FS) will receive, review, and approve or disapprove requests for a petty cash or change funds. If the request is approved, the University's Bursar will provide the amount authorized. The petty cash or change fund should remain at the designated location. Generally, the size of the petty cash/change fund should not exceed \$200. The University's Director of B&FS, based on justification contained in the request, may approve higher limits. A petty cash or change fund which is unused or improperly used may be withdrawn.
- B. A petty cash fund may be used to purchase small repetitive or emergency items or services under \$50.00 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 \$25.00. A petty cash or change fund may NOT be used for the following:
  - 1. For payroll.
  - 2. To cash personal checks. Petty Cash or Change funds cannot be utilized to cash personal checks. There are two banks in the Student Center that may cash checks. There are several ATM machines available in the Student Center that can be used to obtain cash.
  - 3. To make cash advances (IOU's). Colorado Law, CRS.18-8-407, states: Every public servant who lawfully or unlawfully comes into possession of any public moneys or public property of whatever description, being the

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property of the state or of any political subdivision of the state, and who knowingly converts any of such public moneys or property to his own use or to any use other than the public use authorized by law is guilty of embezzlement of public property.

(Note: Repayment of an unauthorized "loan" does not negate the original criminal act!)

4. For purchases from University departments. Purchases up to \$50.00 from University departments including the bookstore may be made out of a department's petty cash fund. Purchases over \$50.00 require an IMO. The use of IMO's is 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. For refunds. Refunds to students are processed through the Accounts Receivable Office. Other refunds are processed through the Accounts Payable Office. Departments should contact the Director of B&FS for exception to this policy.
  6. Travel expenses other than the local mileage reimbursement noted in section B above.
  7. Official functions should not be paid with petty cash. See FPI D-5 for proper payment methods for official functions.
- C. Ideally, a petty cash fund should be reimbursed weekly to reduce the amount of cash necessary in the fund, and to record expenditures on University records. However, under no circumstances should reimbursement be made less than once a month.
- D. Purchases may not be made from a change fund.

IV. **PROCEDURES**

- A. **Request for a petty cash or change fund.**  
The department head through the dean or vice president should make a written request justifying the need for a petty cash or change fund to the University Bursar's Office. If you would like the "Request for Petty Cash or Change Fund" form in Microsoft Word format go to <http://www.colostate.edu/Depts/BusFin/fm.html>.
- B. **Receipt of cash.**  
Upon approval, the fund custodian receives the money at the University Cashiers' Office by signing a receipt for the authorized amount. The designated custodian is responsible for the security and proper use of the money.
- C. **Change in fund custodian.**  
The University's Director of B&FS 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 the outgoing and incoming custodian. A memo detailing the status of the fund jointly signed by both the outgoing and incoming custodian should be forwarded to the University Bursar's Office with a copy retained for audit purposes. If you would like the "Change in Fund Custodian" form in Microsoft Word format go to <http://www.colostate.edu/Depts/BusFin/fm.html>
- D. **Change in the amount of the fund.**  
The department head should submit a request to the University Bursar's Office justifying the need for an increase in the amount of the fund. Upon approval, the custodian receives the money at the University Cashier's Office by signing a receipt. If you would like the "Change in the Amount of the Fund" form in Microsoft Word format go to <http://www.colostate.edu/Depts/BusFin/fm.html>

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If the amount of the fund exceeds requirements, the excess amount should be returned to the University Cashier's Office.

If the fund is no longer needed, the total authorized amount should be returned to the University Cashier's Office.

**E. 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 FPI B-1, Signature Authorization. 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, requirements for receipt and procedures for reimbursement.

**F. Making purchases from petty cash fund.**

After obtaining approval for the purchase, the individual making the purchase should pay for the purchase (including appropriate sales tax) and obtain an itemized sales ticket or receipt from the vendor that is marked "Paid."

NOTE: If purchases are paid for by cash, CSU is not exempt from sales tax.

**G. 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 deemed necessary, cash may be advanced by the fund custodian for a purchase under the following conditions:

1. The advance may be used only 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 (Attachment 1) which should be marked "Advance for Purchase". The signed form should be placed in the petty cash/change fund box.
3. Upon 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 any difference between the advance and the actual cost of the purchase.

**H. Reimbursement procedures (petty cash).**

1. To reimburse a purchaser. The petty cash fund custodian should take the following actions:
  - a. Obtain a vendor receipt and prepare the "Payment From Imprest Fund" form (Attachment 1);
  - b. Ensure that the above documentation clearly identifies the item(s)/ service(s) purchased, the cost and purpose;
  - c. Ensure that the purchase was authorized by the department, was a proper purchase from the petty cash fund and that the material or service was actually received by the department;
  - d. Obtain the purchaser's signature on the document and reimburse the purchaser from the petty cash fund.
  - e. If local mileage is being reimbursed, ensure purpose, dates and miles are listed on the "Payment From Imprest Fund" form.

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2. To reimburse the petty cash fund. The fund custodian should take the following actions to reimburse the petty cash fund.
  - a. Resolve any outstanding "advance for purchase" receipts.
  - b. Sort documents by account number to be charged. Total sales receipts and "Payment from Imprest Fund" forms (on adding machine tape if available.)
  - c. Count remaining cash and verify that the total obtained per paragraph b. above plus the remaining cash equals the total authorized amount of the petty cash fund.
  - d. Shortages should be documented on a "Payment from Imprest Fund" form, an appropriate explanation entered and the form signed by the fund custodian and counter signed by the University Bursar's Office. The department is responsible for restoring the petty cash fund to the authorized amount. Any overage should be deposited at the University Cashier's Office. Such transactions should use subcode 4520 "cash over or short".
  - e. Prepare an Authorization for Expenditure (AFE) for the amount of payments and any shortages as outlined above. On the AFE list description of items purchased, quantity, unit price, and distribution of charges by account number and subcode.
  - f. For reimbursement, print a file copy (Attachment 2) and an official copy (Attachment 3) of the Authorization for Expenditure (AFE). Hand carry to Accounts Payable all original vendor receipts, "Payments from Petty Cash or Imprest Fund" forms, and both the original and file copy of the AFE. For reimbursement of a petty cash fund located away from the CSU campus, prepare an AFE payable to the petty cash fund custodian. Mail all documents as described above to Accounts Payable. Allow at least two weeks for payment.
  - g. Another departmental file copy of the AFE should be placed in the petty cash fund box. When reimbursement is received and cash placed in the box, the form should be removed. The forms should be retained for six years. See FPI J-7, Record Retention.

**V. 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 outline in IV.H.2.d. above.

**VI. SAFEGUARDING THE PETTY CASH OR CHANGE FUND**

All cash and sales slips, receipts, or other documents should be secured in a metal lock box. This box, when unattended, should be safeguarded by placing in a locked safe, locked desk or locked cabinet.

**VII. AUDIT**

The University Treasurer, the Internal Auditor or the State Auditor will periodically (announced or unannounced) make an audit of the petty cash or change fund in the presence of the fund custodian.

**VIII. FORMS**

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"Payment from Imprest Fund" forms may be obtained from the University Cashier's Office. "Request for Petty Cash or Change Fund" forms, "Request for Increase to an Existing Petty Cash or Change Fund" forms, and "Change of Petty Cash or Change Fund Custodian" forms may be downloaded from the B&FS website at -

<http://www.colostate.edu/Depts/BusFin/fm.html>

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Attachment 1

This is a two part carbonized form. Please contact the University's Cashiers Office to obtain this form.



**PAYMENT FROM IMPREST FUND**

Amount \$ \_\_\_\_\_ DATE \_\_\_\_\_

I certify that I received the above amount in payment for

**EXAMPLE**

\_\_\_\_\_  
Signature of payee

The above amount was disbursed by me for the purpose stated. The amount should be charged to account :

ACCOUNT	
NUMBER	SUBCODE

\_\_\_\_\_  
Fund Custodian

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Attachment 2

**FILE COPY** 769815  
 \*\*\*\*\* FILE COPY NON-NEGOTIABLE \*\*\*\*\*

Date Requested: 01/29/99

V CASHIERS CSU  
 E COLORADO STATE UNIVERSITY  
 N FT. COLLINS CO 80523  
 D  
 O  
 R

S COLORADO STATE UNIVERSITY  
 H CENTRAL RECEIVING  
 I REFERENCE DOCUMENT NUMBER: XPO 769815  
 P FORT COLLINS CO 80521-6011

ORDERING DEPARTMENT INFORMATION  
 Ordered by:  
 Phone:  
 Department: LABORATORY ANIMAL RESOURCES

TO:

Item #	Description	Qty	UOM	Unit Price	Extension	Acct#	Sub	User
1)	Office Supplies	1	EA	13.7600	13.76	212470	3414	
2)	Feed	1	EA	2.0000	2.00	212470	3416	
3)	Clothing	1	EA	24.5300	24.53	212470	3419	
4)	Equip. Accessories	1	EA	30.6200	30.62	212470	3412	
5)	Vehicle Expense	1	EA	28.5400	28.54	212470	4402	
<b>TOTAL:</b>					<b>\$99.51</b>			

NOTIFY THE ORDERING DEPARTMENT  
 IMMEDIATELY IF THERE ARE ANY  
 EXCEPTIONS TO THIS ORDER

SIGNATURE

DATE

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Attachment 3



**Colorado  
State  
University**

**DEPARTMENTAL PURCHASE ORDER  
 OFFICIAL ORDER**

**NOT VALID FOR PURCHASES OVER \$1 000.00  
 SEE REVERSE SIDE OF THIS FORM FOR TERMS AND CONDITIONS**

Date Requested : 01/29/99

**V CASHIER / CSU  
 E COLORADO STATE UNIVERSITY  
 M FT. COLLINS CO 80523  
 D  
 O  
 R**

**DPD 769815**  
 SHOW THIS NUMBER ON ALL PACKAGES, CASES, INVOICES, DELIVERY

**INVOICE TO:  
 COLORADO STATE UNIVERSITY  
 ACCOUNTS PAYABLE  
 FORT COLLINS, CO 80523-6003**

**COLORADO STATE UNIVERSITY  
 TAX EXEMPT NUMBER IS  
 98-02301**

**\$ COLORADO STATE UNIVERSITY  
 H CENTRAL RECEIVING  
 I REFERENCE DOCUMENT NUMBER- XPO769815  
 P FORT COLLINS CO 80537-6017  
 TO:**

**ORDERING DEPARTMENT INFORMATION  
 Ordered by:  
 Phone:  
 Department: LABORATORY ANIMAL RESOURCES**

Item #	Description	Qty	UOM	Unit Price	Extension
1)	Office Supplies	1	EA	13.7600	13.76
2)	Feed	1	EA	2.0000	2.00
3)	Clothing	1	EA	24.5300	24.53
4)	Caging Accessories	1	EA	30.6800	30.68
5)	Vehicle Expense	1	EA	28.5400	28.54
<b>TOTAL:</b>					<b>\$99.51</b>

**NOTIFY THE ORDERING DEPARTMENT  
 IMMEDIATELY OF THERE ARE ANY  
 EXCEPTIONS TO THIS ORDER**

**SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_**