### Imprest Cash Funds and Change Funds

**Authority:** Associate Vice Chancellor for Financial Services

**History:**
- First Issued: Business Manual: Accounting – Policy #7 (10/15/09)
- Revision History:
  - February 26, 2014
  - January 12, 2017

**Related Policy:** N/A

**Contact:** Compliance Management in Financial Services, 737-4914 or 737-1133, compliancemanagement@ecu.edu

**Additional References:**
- Imprest Cash Fund and Change Fund Request Form
- Imprest Cash Fund and Change Fund Request Form Instructions
- Imprest Cash Fund and Change Fund Monthly Reconciliation Report
- Imprest Cash Fund and Change Fund Monthly Reconciliation Report Instructions
- Change in Custodian Form
- Change in Custodian Instructions
- Direct Payment Form
- East Carolina University Spending Guidelines
- Cash Management SharePoint Site

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1. **Definitions**

   A change fund is a cash fund used by campus departments that process cash payments. These funds are used specifically to exchange currency as a result of a business transaction. Change funds should not be used to make purchases.

   An imprest cash fund is a cash fund used by campus departments to purchase inexpensive items used in the daily activities of the office.

2. **General Guidelines**

   **Application**

   This standard operating practice applies to all University funds.

   **Fund Custodian:**

   Only employees working 75% or more in a probationary, permanent or time limited position should be the Fund Custodian. Unless previously established, each Fund
Custodian will need a unique Banner ID to replenish or increase the fund. Contact Compliance Management for guidance.

**Imprest Cash Fund Purchases**

Purchases of items costing less than $50 and not on state contract may be made from established imprest cash funds. A unit may make several purchases from the fund and accumulate the costs on one payment authorization, thereby reducing processing costs and facilitating the acquisition of small items. ProCard is the preferred method for small purchases; however, an imprest cash fund may be an alternative for those transactions that can only be paid for with cash.

The custodian must follow the [East Carolina University Spending Guidelines](#) and only purchase allowable items.

**Prohibited Uses**

Loans and advances to employees for personal use from both imprest and change funds are prohibited. Borrowing from the funds or any other personal use of these funds is prohibited as well.

Payments from imprest cash accounts for alcoholic beverages, food, labor, or other items which should be processed through a ProCard or Payroll are prohibited. Cash funds must be used for the business purpose approved in the imprest cash account request.

**Overage, Shortfall or Theft**

Overage, shortfall or theft should be reported to Compliance Management in Financial Services as soon as identified. Suspected theft should be reported to the Office of Internal Audit and Management Advisory Services and ECU Police in addition to Compliance Management.

**Fund Accountability**

Funds are recorded in the general ledger when issued. The dean, director, or department head is responsible and accountable for proper control of the fund.

**Physical Safeguarding of Funds**

All funds will be stored securely on campus under lock and key in a secure location, and access will be limited to the Fund Custodian or his/her designated back/up.

3. **Procedures**

   **General**
The procedures to be followed in establishing a fund, increasing a fund, changing a fund custodian, reimbursing a fund, required reporting, overages and shortfalls, consequences of noncompliance, surprise cash counts and closing a fund are set forth below.

Establishing a Fund

A college, department, or other administrative unit desiring an imprest cash account or change cash account should submit an Imprest Cash Fund and Change Fund Request Form and a Banner Direct Pay Form payable to the Fund Custodian to Compliance Management in Financial Services. These forms must be signed by the person requesting the fund and indicate which type of cash account is requested. The forms must be approved by an appropriate individual, i.e., dean, director, department head, etc. Justification for establishing the fund must be provided. Send forms via campus mail to Financial Services-Compliance Management, Mailstop 203. Compliance Management will forward the approved form to Accounts Payable. The check will be made payable to the Fund Custodian named on the Imprest Cash Fund and Change Fund Request Form and Banner Direct Pay Form.

Increasing a Fund

A college, department, or other administrative unit desiring to increase the balance in the specified fund should submit an Imprest Cash Fund and Change Fund Request Form and Banner Direct Pay Form to Compliance Management in Financial Services. Business reason(s) for increasing the fund must be provided. Compliance Management will forward approved form to Accounts Payable. The check will be made payable to the Fund Custodian named on the Imprest Cash Fund and Change Fund Request Form.

Change of Custodian

If there is a temporary or permanent change of custodian, then the Change in Custodian Form must be completed and signed by the current and future custodians as well as by an appropriate individual, i.e., dean, director, department head, etc. Submit the form to Financial Services Cash Management SharePoint site.

Reimbursing a Fund

Reimbursement of a fund will be requested using a Direct Payment Form, which is sent to Accounts Payable. Paid invoices and receipts or appropriate documentation for imprest funds totaling the amount of the requested reimbursement must be attached to the Direct Payment Form. The reimbursement check will be made payable to the Fund Custodian named on the Direct Payment Form.

Required Reporting and Accountability

Fund custodians must maintain documentation to support all advances made from the fund from the time of the advance until the receipt and/or any change are returned.
All fund custodians must file the Imprest Cash Fund and Change Fund Monthly Reconciliation Report by the 10th of each month. The completed form should be uploaded to the Cash Management SharePoint site. Note that the cash count must be certified by a University employee other than the Cash Custodian.

In the case where a fund is closed and the cash is deposited, the Cashier generated receipt must be attached. Any balance other than zero must be fully explained. See the section, Closing a Fund, for more information.

**Overages/Shortfalls**

The following procedures apply to any overages or shortfalls identified on the Imprest Cash and Change Fund Monthly Reconciliation Report.

**Overages:** If an overage is identified on the Imprest Cash and Change Fund Monthly Reconciliation Report, enter a Miscellaneous Receipt into the Banner Miscellaneous Receipt system (account 73085) and transfer the cash along with the completed daily receipt summary to the Main Campus Cashier Office. Indicate in the comments section of the Imprest Cash and Change Fund Monthly Reconciliation Report that the overage has been deposited. For an overage, account 73085 will be a credit on the deposit.

**Shortfalls:** If a shortfall of less than $10.00 is identified on the Imprest Cash and Change Fund Monthly Reconciliation Report, prepare an ID Charge for the amount of the shortfall and the fund amount authorized will be adjusted to the new balance. For a shortfall, account 73085 will be a Debit and the cash account will be the credit. Send the journal entry through the normal approval processes.

**Replenishment due to Shortfall**

If the shortfall is more than $10, reimbursement of the fund should be requested using a Banner Direct Payment Form payable to the Fund Custodian and sent to Compliance Management. Compliance Management will review, approve and forward the Banner Direct Payment Form to Accounts Payable.

**Consequences of Noncompliance**

Compliance Management will notify the fund custodian and appropriate dean, director, or department head if the Imprest Cash Fund and Change Fund Monthly Reconciliation Report is not submitted timely. Noncompliance with reporting requirements or other applicable University policies **may result in the closing of the imprest cash fund or change fund.**

**Surprise Cash Counts**

Imprest cash funds and change funds are subject to surprise cash counts by Compliance Management within Financial Services and/or the Office of Internal Audit and Management Advisory Services.
Closing a Fund

An imprest cash fund or change fund should be closed when it is no longer required. For imprest accounts, the custodian should follow procedures outlined above for reimbursing the fund for all outstanding receipts. After receiving the reimbursement check, the custodian should verify the cash balance to ensure the balance equals the original authorization plus any approved and documented increases. The Fund Custodian will then enter a miscellaneous receipt in Banner and transfer the cash along with the completed daily receipt summary to the Main Campus Cashier Office. The cashier office will issue the Fund Custodian a receipt for the cash deposited.

To close a Change Fund, the person functioning as the departmental cashier will enter a miscellaneous receipt in Banner and transfer the cash along with the completed daily receipt summary to the Main Campus Cashier Office. The Cashier’s Office will issue the Fund Custodian a receipt for the cash deposited.

A reduction in a fund will be processed in the same manner as closing a fund.

A final Imprest Cash Fund and Change Fund Monthly Reconciliation Report must be submitted by the Fund Custodian by the 10th of the month following the end of the month in which the fund was closed. The report should show that the amount of imprest cash authorized and the total cash on hand equal zero. A balance other than zero must be explained fully.