THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Business and Financial Services	**Number:**	501.2-1
		Revised:	3/11/03
SUBJECT:	Imprest Cash Funds	**Date Issued:**	
		Review Date:	3/11/07
APPLIES TO:	All Faculty and Staff	**Attachment(s)**	0
ISSUED BY:	Financial Operations		

I. Policy

Imprest Cash Fund is the designation given to monies advanced to departments from University funds to fill specific needs that cannot be accommodated through normal purchasing options. Although the use of regular University purchasing options such as Purchase Orders, Non-PO Vouchers or the University Purchasing Card (P-Card) is the preferred way to pay for goods and services, Imprest Cash Funds will be approved in limited situations when maintaining a cash-on-hand balance is clearly the best payment option.

Imprest Cash Funds are established at an initial fixed amount based on a specific departmental business need. Imprest Cash Funds may only be used in connection with University business and must not be loaned to or used by any individual for personal use or for cashing of personal checks, or used to reimburse employees for travel and hosting expenses. Imprest Cash must be kept in a securely locked compartment not accessible to anyone other than the fund custodian. Two or more individuals having access to any Imprest Cash Fund is prohibited.

The University has three (3) types of Imprest Cash Funds:

Petty Cash Fund

Petty Cash Funds are established for departmental use for incidental and emergency small dollar purchases where the use of alternative means (e.g. P-Card) is not feasible. Reimbursement for properly approved expenses may be obtained directly from the fund. If a department has not established a Petty Cash Fund, an employee may obtain reimbursement for incidental and emergency small dollar purchases from a University Cashier. Employees must present a Petty Cash Form signed by a Higher Administrative Authority together with original receipts at one of the University cashiers offices listed below.

- **Ann Arbor -Central and North Campus Cashiers**
  Web site: http://www.cashiers.umich.edu/findus.htm
- **Dearborn Campus Cashier** - Dearborn web site:
  http://www.umd.umich.edu/univ/cashiers/
- **Flint Campus Cashier**
- University Hospitals Cashier

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. Retail

activities open during the weekend/holiday periods need to consider potential increased change fund needs when establishing the fixed amount of the Fund.

Subject Fee Fund

Subject Fee Funds hold cash in advance for the purpose of making payments to individuals for their participation in University research projects. These projects are components of a contract, grant, study program, or other restricted areas of endeavor. A project eligible for a Subject Fee Fund is one that, due to geographical separation or other acceptable reasons, cannot avail itself of the normal University procedures of requisition, purchase, invoice and payment. An acceptable reason can be the rights to privacy and the sensitivity to the research activity involved. Subject Fee payments to employees of the University must be paid through the regular payroll process and not through Subject Fee Funds. **Names of human subjects and their related information must be treated with confidentiality.**

All three types of Imprest Cash Funds are established at an initial fixed amount, which may be adjusted up or down based on changing departmental needs over time. The cash in the fund plus receipts for expenditures should always equal the fixed amount of the fund. Imprest Cash Funds must not be maintained in checking or other bank accounts without specific authorization from the Controller of the University. The Imprest Cash Fund represents a loan (or advance) to a department, so the department must designate a custodian to sign the Imprest Change Fund Agreement Form when the fund is established, to safeguard and account for the Fund during its existence, and ultimately repay the advance when the need for the fund no longer exists. Since the department has the ultimate responsibility for the fund, a Higher Administrative Authority is also required to sign the Agreement Form, acknowledging responsibility when the fund is established and at each renewal/reimbursement.

All funds expire on December 31 of each year. As long as there is a continuing need, the custodian may renew the fund annually by signing a new agreement with approval by a higher administrative authority.

Original receipts or suitable evidence of payment must be obtained for each cash expenditure or incidental purchase made from an Imprest cash Fund. When the original receipt is not available or for confidentiality reasons a signed receipt cannot be submitted, a memo from a Higher Administrative Authority explaining the circumstances is acceptable as suitable evidence.

II. Imprest Cash Fund Guidelines

The following guidelines must be adhered to in the operation and disbursing of Imprest fund cash:

1. When a new custodian is appointed, an Imprest Cash Fund Change Agreement Form must be submitted and signed by the new custodian and a Higher Administrative Authority. An Imprest Cash Fund Change Agreement must be submitted for a vacation replacement custodian and a new form must be submitted when the original custodian returns. Forms are available on the Accounts Payable Web Site at www.umich.edu/~purch/AP/Forms. An explanation of approvals and Higher Administrative Authority can be found in SPG 500.01 Fiscal Responsibility, which is available at http://spg.umich.edu/pdf/500.01.pdf. Additional information is listed on the Financial Operations Web Site at http://www.umich.edu/~finops/index_js.htm.

2. Receipts must specify the business purpose for the expenditure. An appropriate expenditure is one which is necessary, reasonable and for which a clear business purpose exists.

3. As expenditures are made and the fund becomes depleted, Non-PO Vouchers for Imprest Cash Fund reimbursement must be prepared and submitted to the Accounts Payable Office. The usual time for processing of a reimbursement check is two weeks. In addition, Non-PO Vouchers must be prepared and submitted for all disbursement items prior to June 30 each year or by the specific contract grant expiration date. The Non-PO voucher must approved by the custodian's Higher Administrative Authority. Instructions for reimbursing and closing out Imprest Funds are available on the web site at http://www.cashiers.umich.edu/p&p.htm#imprest and www.umich.edu/~purch/AP/.

4. All imprest cash funds are subject to unannounced audits by the Office of University Audits.

5. Each imprest cash fund is to be maintained at its original amount unless it is increased or decreased by obtaining from or returning the proper Form to the Accounts Payable and Travel Office in accordance with the regular imprest cash fund procedures. Additional information and forms are available for this purpose at www.umich.edu/~finops/index_js.htm and http://www.cashiers.umich.edu/p&p.htm#Imprest.

6. When accounting discrepancies occur in the submission of vouchers, Financial Operations reserves the right to round off credit balances that it considers de minimus in amount.

III. Supporting Documentation for Expense Reimbursement

Acceptable Receipts:

- Original Receipts
- Original Canceled Checks
- Original Credit Card Statements
- Original Invoices-paid by cash – stamped PAID

Receipts That Are Not Acceptable:

- Photocopies of any receipts
- Documents not showing an amount or method of payment (invoices, order confirmations)