

Imprest Funds

Imprest Funds

An imprest fund is a specific amount of money assigned to a University employee (custodian/agent) for specific authorized purposes. Funds can be assigned only to an employee of the University of Arkansas. Imprest funds are categorized as either petty cash or change funds.

Petty Cash Funds

Petty cash funds are revolving, fixed amount, imprest accounts that are used to make miscellaneous, small, or emergency purchases.

Departments that make frequent, low-cost purchases may request a petty cash fund from the Cash Management Office. Before requesting the establishment of a petty cash fund, the department should ascertain that the goods and services to be purchased could not be obtained from one of the following:

- An on-campus vendor, such as the University Bookstore.
- An off-campus vendor, using standard purchasing procedures.

Only expenditures specifically authorized on the approved *Request for Imprest Fund* are allowed.

Petty cash vouchers, receipts, cash on hand, and bank balances must at all times equal the total amount authorized for the petty cash fund. A petty cash voucher is issued at the time money is advanced to a third party to make purchases on the University's behalf. It should include the amount and purpose of the proposed expenditure and be signed and dated by the recipient. Vouchers cannot be used as a substitute for a sales receipt.

Change Funds

A change fund may be established for a department that has been authorized to receive cash for sales, services, or fees. No expenditures are to be made from the change fund. The fund should be kept completely separate from any other change or petty cash funds. Good accounting practices require that the change fund be verified daily, with any overages or shortages recorded on the next daily cash receipt submitted to the University Cashiers.

Imprest Fund Custodians

Each imprest fund is assigned to the custody of a single individual that is the University's agent and custodian for the fund. A department head or equivalent administrator must authorize the *Request for Imprest Fund* form and designate the custodian. The custodian is personally responsible for maintaining and reconciling the fund.

The fund custodian must submit a signed reconciliation report to the Cash Management Office within fifteen (15) days after the end of each month. If the fund is maintained in a bank account,

the account must have a month-end cutoff and a copy of the bank statement and bank reconciliation must be submitted with the fund reconciliation. The reconciliation must include a listing of all outstanding checks, showing check number, issue date, payee, and amount.

Any interest earned on the bank account must be specifically identified on the reconciliation. All interest earnings must be remitted to the University Cashiers at least annually by June 20 of each year.

Cash Management will monitor the listed outstanding checks; if any checks are determined to be subject to the State Unclaimed Property law, Cash Management will advise the fund custodian of the proper method of disposal.

The reconciliation must include the following statement over the signature of the fund custodian:

“As fund custodian, I recognize that I am personally responsible for the full amount of the fund entrusted to me and certify this amount is currently represented by either bank funds, cash on hand, receipts for reimbursement, or signed vouchers.”

If the fund reconciliation is not submitted within forty-five (45) days, the Cash Management Office may withdraw authorization for the fund. No further reimbursements will be forwarded to the custodian, and any undocumented or non-reimbursable amounts will be invoiced to the fund custodian. If necessary, payroll deduction from the fund custodian will be used to reimburse the University.

Fund shortages are the responsibility of the fund custodian. All cash discrepancies should be immediately reported to and investigated by the custodian’s immediate supervisor. Significant shortages should be reported immediately to the Cash Management Office. If it is determined the shortage resulted from negligence on the part of the custodian, they will be held personally responsible and will be expected to reimburse the University.

Imprest Fund Controls

In order to properly control the University’s imprest system, the following restrictions and regulations have been established and maintained:

- Each petty cash transaction must be documented with a receipt, invoice, or similar item.
- All funds and transaction documents must be held in a secure location, e.g., safe, vault, or locked desk drawer.
- Petty cash funds greater than \$500 should be held in a bank account authorized by the University. Smaller funds may use a bank account at the discretion of the custodian.
- Commingling of imprest funds and associated documents with other funds is not permitted.
- One person is responsible for the fund at all times.
- Post-dated checks and notes payable (IOUs) are not accepted.
- Imprest funds must be reconciled monthly.

- No checks may be cashed from imprest funds.
- Only expenditures specifically authorized on the approved *Request for Imprest Fund* form will be allowed.
- No payroll, payroll advance, or related transactions may be made from an imprest fund without prior approval from Human Resources.
- Travel expenses - i.e. toll fees, gasoline or vehicle costs, tips, etc – may never be paid from imprest funds.
- Disbursements made for business meals, entertainment, or gifts may never be paid from imprest funds.

Refer to Business Affairs Purchasing web page, <http://www.uark.edu/admin/busaffrs/>, for more details on purchasing restrictions and regulations. Refer to Fayetteville Policy and Procedures 306.0, <http://www.uark.edu/admin/vcfainfo/policyprocedures/3060.pdf>, for guidance on cash handling.

Establishing an Imprest Fund

To establish a new imprest fund, submit a completed *Request for Imprest Fund* form to the Cash Management Office that includes the following information:

- Justification for intended use of the fund
- Justification for the amount of money requested
- Dean or Department Head approval.

Only expenditures specifically authorized on the approved *Request for Imprest Fund* will be permitted.

This form is available at the Cash Management WEB site at <http://avcf.uark.edu:81/cash.asp>. All requests approved by the Cash Management Office will be forwarded to the Chief Fiscal Officer of the State. Sufficient time must be allowed for this authorization process to be completed.

The Cash Management Office will notify the department of the approval/disapproval of the request and initiate issuance of a check to the fund custodian when the request has been approved.

Bank Account Authorization

The Director of Cash Management must authorize all bank accounts. A copy of the completed signature card must be on file in the Cash Management Office. All bank accounts (1) must have at least two signatures, one of which must be the Director of Cash Management, and (2) must have a month end closing and statement date.

Expenditures from a Petty Cash Fund

Petty cash may only be used to purchase items requiring immediate payment and is limited to the items stated in the justification in the authorized *Request for Imprest Fund*. The fund may not be used to avoid any University or State purchasing restrictions. See the Business Affairs web site, <http://www.uark.edu/admin/busaffrs/>, for further information on regulations and restrictions.

Replenishing a Petty Cash Fund

To replenish a petty cash fund a *Schedule of Petty Cash Disbursements* must be prepared and signed by the fund custodian. Attach receipts, sales slips, etc. to support each item on the Schedule. In the case of recurring items such as postage due, a summary sheet may be used as documentation with the total placed on the Schedule. The department requesting the fund is responsible for all bank service fees. Bank fees should be reimbursed to the fund in the same manner as other expenditures.

Reimbursements made to a fund custodian for petty cash expenditures are based on a check request initiated through the UPAY command in the UPS system, and must be supported by purchase receipts. A University of Arkansas employee who is neither the fund custodian nor reports to the fund custodian must approve UPAY reimbursement requests and must be authorized to approve expenditures on company cost centers. Complete the reimbursement by submitting a signed *Schedule of Petty Cash Disbursements* to the Accounts Payable Office. The *Schedule* must include the following information:

- Each transaction listed separately
- Dated signature of the fund custodian
- Receipts, invoices, and other supporting papers that properly document each expenditure
- The company and cost center to be charged for the reimbursement.

Each fund custodian should submit a reimbursement request at least monthly.

The Purchasing Office must receive the Schedule and documentation before a reimbursement will be approved.

Change of Custodian

Any change in the custodianship of the fund must be immediately reported to the Cash Management Office. Complete the *Imprest Fund Change of Custodian* form at the department level and send it to the Cash Management Office. The purpose of this form is to document the department head has confirmed:

- The change of custodian
- The total of the cash and receipts equal the specified amount of the fund
- The new custodian is aware of his or her specific responsibilities related to custody of the fund
- The bank account signatures (if a bank account is used) have been changed to reflect the new custodian.

It is important to perform a count of the fund in the presence of the old and new custodians at the time of transfer. If it is impossible for the old and new custodians to be present at the same time, the count should be performed in the presence of another responsible employee of the department who will assume custody of the fund until the new custodian arrives. The count must be documented with a statement signed by the custodians (and the third-employee custodian, if

used). This statement must be sent to the Cash Management Office with the next monthly reconciliation.

Change of an Imprest Fund Balance

Fund custodians are required to maintain their fund at the minimum balance necessary to accomplish their needs. Excess funds held in imprest accounts cost the University by reducing investment income.

The balance of the fund may be reduced by depositing a portion of the fund balance into the appropriate cost center and notifying the Cash Management Office in writing.

A proposed increase in the fund balance must follow the same steps as requesting a new fund, i.e., submitting a request with justification to the Cash Management Office.

Close-Out of an Imprest Fund

When an imprest fund is to be discontinued:

1. Process all outstanding receipts for reimbursement
2. Deposit the total fund balance to the appropriate cost center through the University Cashiers
3. Notify the Cash Management Office in writing.

Recall of an Imprest Fund

The Cash Management Office monitors the usage of each fund. If it is determined that a fund's balance is substantially in excess of the department's needs based on historic usage, the fund custodian and the department head will be asked to either reduce the fund balance or further justify its continuance at the current level.

The Cash Management Office may recall an imprest fund if any violation of this policy occurs.

Fund Verification

Imprest funds are subject to unannounced review by Financial Affairs, Financial & Management Analysis, Internal Audit, and Legislative Audit personnel.

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