

 UNIVERSITY OF DENVER	UNIVERSITY OF DENVER POLICY MANUAL CHANGE FUNDS		
<u>Responsible Department:</u> Controller <u>Recommended By:</u> Provost, Assistant Vice Chancellor for University Financial Services, Senior Vice Chancellor for Business and Financial Affairs <u>Approved By:</u> Chancellor	<u>Policy Number</u> FINA 2.30.019	<u>Effective Date</u> 6/27/2022	

I. INTRODUCTION

This policy applies to all departments and offices of the University wishing to make use of change funds.

II. POLICY OVERVIEW

- A. For purposes of this policy, a "change fund" is an advance of cash to begin and sustain a cashiering, revenue-producing activity. It maintains its original cash level at all times. At the end of each day, the amount of the advance is removed from the till and kept separate. The remaining cash in the till is turned in as the current day's receipts. Any discrepancy between receipt records and this remaining cash affects the day's receipts but not the original amount of the change fund.
- B. It is the policy of the University to establish change funds at the departmental level where necessary and justified. Such funds will be established for the specific period of time the funds are actually needed; if the requirements are permanent and continuing, the period may be for an indefinite time.
- C. Change funds are not to be used for expenditures or reimbursement.
- D. Units with multiple change funds must appoint separate custodians for each fund; i.e. a single person may not be custodian for two change funds.
- E. It is the policy of the University to ***not*** establish *petty cash* funds for expenditures or reimbursement, and as such, has developed alternative means of conducting business to replace using cash as a payment method.

III. PROCESS OVERVIEW

- A. Authority to establish a change fund must be requested by the department head from the Controller. Except in extraordinary circumstances, the Controller will not establish more than one change fund per department.

- B.** Change funds will be established as required, but for restricted periods coinciding with specific events or cashiering requirements. Purchases are not to be made from change funds.
- C.** The head of a department or activity must: (i) determine the justification for the change fund and the amount of fund requested, and (ii) obtain the approval for such change fund from the University business officer to whom such department head reports. The head of a department, or their designee, is the custodian of the fund and is therefore responsible for the safekeeping and maintenance of the change funds in accordance with this policy and the University's [cash and cash equivalent handling procedures](#).
- D.** It is the sole responsibility of the department to ensure that the change funds are secured at all times in a secure area such as a locked drawer or small safe.
- E.** In the event of theft or unexplained disappearance of all or part of the change fund, Campus Safety should be notified immediately. University Financial Services and the Controller should be notified as soon as practical. Once new security measures have been taken, the appropriate Campus Security report and an explanatory memorandum from the custodian should be sent to the Controller, who will arrange for the re-establishment of the fund if appropriate. The Controller has the authority to decline to replace a fund in cases of custodial mishandling.
- F.** Under no circumstances may undeposited receipts be used as a change fund, nor may change funds be commingled with other funds. Change funds may not be used to cash checks of any kind. Change funds may not be used to make personal loans or salary advances.
- G.** A fund represents a loan to the department by means of a cash advance from the Controller. It is always subject to audit and must be "whole" at all times; i.e., the fund custodian must always have in hand a sum of cash and receipts equal to the original advance.
- H.** Cash payments to human subjects for research projects may only be made with approval through the [Human Subject Payments Procedure](#).
- I.** At least monthly, the custodian should balance the fund, determining that the equation of cash and receipts is correct. The custodian should maintain a log of these monthly reviews and turn in receipts.
- J.** Upon a change of custodian, the fund should be reconciled. Each of the exiting custodian and the new custodian must independently audit the fund and certify the audited amount(s) to University Financial Services. A covering memorandum from the departmental manager should give the reason for the

change and provide the name, office, and phone number of the new custodian.

- K.** Not less frequently than once a month (and more frequently if required by the Controller's office), the custodian will submit all receipts to account for advances from the fund. Twice during the year, custodians will be required to reconcile their accounts and submit all receipts and other documents to completely account for the cash advance:

December 15 - to ensure that all transactions with tax implications are accounted for.

April 20 - to ensure that all-outstanding advances are properly accounted for in the close of the fiscal year.

- L.** The Controller's Office is responsible for auditing change funds and for general management questions or issues. Unannounced audits of change funds will be conducted by the Controller.

Note: Custodians also are expected to perform self-audits of their fund(s) periodically, and in any event more often than twice per year.

- M.** Change funds are to be carefully managed and may not be used to circumvent the University's procurement systems, travel policies, or other procedural restrictions. Change fund expenditures must also conform to the University's Business Expense and Travel Expense Policies, as applicable.
- N.** If the needs of the division have changed and the fund is no longer necessary, the change fund should be closed. If the change fund is not active for a full fiscal year, the funds must be deposited, and the fund closed. A change fund is closed by submitting the current receipts and the remaining cash to University Financial Services with a covering memorandum.

IV. DEFINITIONS

None

Revision Effective Date	Purpose
6/27/2022	<i>Minor revision to change Responsible Department to University Financial Services</i>