

COMPTROLLER POLICY MANUAL

	<b>POLICY: CMP 403-02</b>
	Section: 400 Disbursements
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	Responsible office: Comptroller
	Origination date: 01/01/2000
<b>Subject: Change Funds</b>	Effective date: 10/15/1987
	Revision date: 02/05/2016

**PURPOSE**

To provide university departments with the necessary guidelines to:

1. establish departmental Change Funds
2. permit efficient use of these funds
3. safeguard the funds and related documents
4. maintain satisfactory accounting controls
5. make change for the receipt of cash upon the payment of fees, services or ticket sales

**SOURCE**

University policy

**BACKGROUND**

The change system is operated on an imprest basis and is the only permanent change system authorized at the University. Under this imprest system, a fixed sum is authorized for the Change Fund and maintained by the fund custodian, the individual responsible for the Change Fund.

**POLICY**

**CMP 403-02: Change Funds**

A Change Fund may be established for various University functions which involve making change for transactions involving the receipt of cash upon the payment of fees, services, tickets, etc.

Change Funds are NOT to be used for any purchasing function including the following:

- A. Compensation to individuals for services.
- B. Capital items.
- C. Food or entertainment.
- D. Travel
- E. Inter-departmental purchases, such as NAU Bookstore, since inter-departmental requisitions are used to pay for goods or services from a campus service department.
- F. **Change Funds must never be used for the making of personal loans or cashing of checks.**

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### PROCEDURES

#### Establishing a Change Fund

The amount of a Change Fund should be limited to a level that permits efficient use of the cash fund, normally \$25 to \$100. Excessive Change Fund balances lead to unnecessary risks of loss. Each request to establish a Change Fund requires the submission of: [An "NAU Request To Establish A Petty Cash Fund or Change" form.](#)

All Change Fund applications require the approval of the Comptroller.

After the Comptroller's Office has reviewed the application for completeness/appropriateness and has authorized the new Change Fund, a payment voucher will be processed by the Comptroller's Office authorizing a check to be made payable to the fund custodian, who has sole responsibility for the security of the Change Fund and related documents.

**The fund custodian will be notified in 7 to 10 working days when the change fund check is ready for pick-up from the Comptroller's Office.**

In order to expedite and provide better service, [Student and Departmental Account Services](#) will cash the check if notified at least a day in advance as to the denominations of currency and coins required.

For security purposes, if the Change Fund check is cashed by the [Student and Departmental Account Services](#) in excess of \$500.00, [NAU Police](#) will deliver the funds to the fund custodian.


### SECURITY OF THE CHANGE FUND

The fund custodian must secure all change and related documents in a secure lockable cash box placed in a locking desk or cabinet. If a safe is available, the cash box should be placed in the safe at closing time. Keys and lock combinations should be restricted to the fund custodian.

If the Change Fund is lost or stolen, the fund custodian is responsible for filing a report with [NAU Police](#).

Property and Liability Insurance Services reviews all reports of lost or stolen cash to determine whether an insurance claim can be filed. If the theft/loss does not qualify for insurance recovery, the amount of the theft/loss will be charged to the fund custodian directly, or employee's departmental account as decided on a case by case basis.

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In the case of a theft or loss, a new Change Fund may be established after the following conditions are met-

- 1) The Comptroller is satisfied that the fund custodian has implemented the necessary procedures to prevent further thefts.
- 2) A memo is sent to the Comptroller's Office, requesting reissue, and signed by the appropriate Associate/Assistant Vice President for the department. The memo should signify that the Associate/Assistant Vice President is aware of the loss and provide instructions on which department and account number to charge for the reissue.

### **Redistribution of Funds**

When redistribution (changing of large bills or coins into smaller denomination or vice versa) is necessary, a redistribution change slip is placed in the cash box in lieu of the funds.

### **ADDITIONAL INFORMATION**

Certain cash funds are established to provide for low-cost purchases. These Change Funds do not relate to the purchasing function. See NAU Comptroller's Procedures for Petty Cash Funds for details.

If a custodian manages more than one Change Fund, transactions relating to each fund must be kept separate. The necessity of a Change Fund, size and uses are reviewed by the Comptroller's Office and Internal Audit. Recommended changes are communicated to the Department Head and Fund Custodian.

Additional cash advances cannot be issued to the custodian in lieu of redistribution to the current cash fund. Cash count audits may occur at any time and on an unannounced basis.

### **Termination of Fund Responsibility**

When a department decides to terminate or reduce their Change Fund, the cash must be deposited back into the Comptroller's cash account. Please contact the Comptroller's Office for the proper accounting. The department completes a Deposit Transmittal Form in duplicate, submitting the original to Student and Departmental Account Services with the appropriate amount of cash and forwards the duplicate to the Comptroller's Office.

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**CROSS-REFERENCE**

Petty Cash Funds CMP [403-01](#).

For a list of prohibited petty cash transactions, see CMP [401-03](#), Prohibited Transactions.