

COMPTROLLER POLICY MANUAL

	POLICY: CMP 403-02
	Section: 400 Disbursements
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	Responsible office: Comptroller
Subject: Change Funds	Origination date: 01/01/2000
	Effective date: 07/01/2019
	Revision date: 07/01/2019

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's Office. After the Comptroller's Office has reviewed the application for completeness/appropriateness and has authorized the new Change Fund, the approved request is sent to Student and Departmental Account Services (SDAS).

The fund custodian will be notified in 7 to 10 working days when the Change Fund is ready for pick-up from SDAS. At the time of the request, please identify the denominations of currency and coins needed, see exhibit A2. Upon pickup, the fund custodian will sign the Change Fund form acknowledging the receipt of the Change Fund. At that point, the custodian has sole responsibility for the security of the Change Fund as described in this policy.

SDAS will return the Change Fund form to the Comptroller's Office as evidence that the Change Fund was transferred to the department. The Comptroller's Office will then record the transfer under the Speedchart provided by the department (must be local fund Speedchart) using balance sheet account 101200 – Cash On Hand. Logs documenting quarterly cash counts verified by two employees will be maintained for all departments and provided to the Comptroller's Office. Custodians will be required to confirm the Change Fund balance at year-end and report any discrepancies from the recorded balance.

For security purposes, a department may ask NAUPD for an escort to ensure the safety of the employee as well as the security of the funds.

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 [403-01 Petty Cash Funds](#)

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. 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, and will be conducted at least once a year.

At the end of the fiscal year, change fund balances must be provided to the Comptroller's Office and any reported shortages will be charged to the departments expense under the speedchart associated with the change fund. Any overages should be deposited through the normal deposit transmittal process before the year-end deadline for deposits.

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Termination of Fund Responsibility

When a department decides to terminate or reduce their Change Fund, the cash must be deposited back into the 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.

CROSS-REFERENCE

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