

POLICY

Effective Date: July 18, 2005

Revised: June 4, 2019

Approved By: President Sabah Randhawa

Authority: RCW [42.26](#); SAAM [85.50.50 - 70](#)

See Also: [PRO-U5351.12A](#) Requesting Petty Cash or Change Funds Procedure
 [PRO-U5351.12B](#) Maintaining Petty Cash or Change Funds Procedure
 [PRO-U5351.12C](#) Advancing Temporary Change Funds to Departments Procedure
 [POL-U5348.01](#) Purchasing Goods and Services Policy
 [POL-U5315.25](#) Reporting Loss of University Funds or Property Policy
 [STN-U5348.01B](#) Standards for Controlled and Prohibited Purchases

POL-U5351.12 AUTHORIZING AND MAINTAINING PETTY CASH AND CHANGE FUNDS

This policy applies to all departments who wish to use petty cash funds for purchases or change funds for event or department operations.

Definitions:

Petty Cash Funds – funds used for payments when other payment methods are too expensive and time consuming.

Change Funds – funds used solely for making change in across-the-counter cash transactions. Change funds may be authorized on a permanent or temporary basis.

Cash Custodian – the individual (“trustee”) authorized to maintain physical custody of the cash and is entrusted with guarding the cash.

1. Director of Financial Services Oversees Process for Authorizing Funds

Under the purview of the Vice President for Business and Financial Affairs, the Director of Financial Services ensures processes through Treasury Services for authorizing and monitoring the use of petty cash or change funds to departments based on sufficient need.

2. Petty Cash Funds Prohibited Unless Exception Granted

No department may create a petty cash fund without proper authorization. Under rare circumstances, a petty cash fund may be authorized by Treasury Services if the department demonstrates an exceptional need.

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In the event a petty cash fund is authorized:

- a) The amount of petty cash issued to a department may not exceed or be below state limits (see SAAM 85.50.50), and
- b) The authorized department must comply with standards for petty cash funds provided by Treasury Services.

3. Treasury Services Authorizes Departmental Change Funds

The department must receive written authorization for the use of change funds in accordance with the *Requesting Petty Cash or Change Funds Procedures* (PRO-U5351.12A). Treasury Services will consider the purpose, frequency of need, amount, and proposed method for securing the fund when evaluating and authorizing requests.

4. Delegation of a Cash Custodian Required

A cash custodian is the individual (“trustee”) authorized to maintain physical custody of the cash and is entrusted with guarding the cash. Treasury Services will ensure a cash custodian is delegated by the financial manager via the authorization form and obtain the delegate’s attestation to the responsibilities of the role. The financial manager, however, remains fully accountable for the funds and ensuring internal control requirements are followed.

The custodial department must notify Treasury Services of any change in the financial manager or cash custodian in accordance with the *Maintaining Petty Cash or Change Funds Procedures* (PRO-U5351.12B).

5. Training Required for Authorized Cash Custodian and Supervisor

Once authorized, the assigned cash custodian and their supervisor must complete cash handling training prior to receiving change funds.

6. Cash Custodian Entrusted with Guarding and Maintaining Change Funds

The assigned cash custodian(s) is responsible for maintaining the security of the funds and reconciling the funds daily. Funds are to be secured in a locked manner when not in use and away from public view. Requests to decrease or increase change funds are approved by Treasury Services in accordance with the *Maintaining Petty Cash or Change Funds Procedures* (PRO-U5351.12B).

Cash custodians are to immediately report known or suspected loss of funds in accordance with the *Reporting Loss of University Funds or Property* policy (POL-U5315.25).

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7. Personal Use of Funds Prohibited

Using change funds for personal use is strictly prohibited even if the employee intends to reimburse the funds. Using change funds for cashing personal checks is also prohibited.

Exception: The Student Business Office is authorized to use change funds to cash personal checks for Western students and employees up to \$100.

8. Treasury Services Audits Change Funds Annually

At fiscal year-end, cash custodians must cooperate with Treasury Services with scheduled change funds audits. Treasury Services will address any issues discovered with the Financial Manager and other applicable personnel. Audit documentation will be forwarded to Accounting Services as supporting documentation for financial statements.

9. Auditors and Other Authorized Personnel May Audit Change Funds Without Notice

The cash custodian will immediately present change funds upon request by any auditor or other authorized personnel.

10. Treasury Services May Revoke Use of Change Funds

Treasury Services may revoke use of change funds for reasons including, but not limited to, when:

- a) There are irregularities in funds,
- b) Abuse of cash fund occurs, or
- c) Other non-compliance reasons are discovered.