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Responsible Official: Assistant Vice President, Finance

Responsible Office: University & Student Business Services

## BFGuide

### Purpose

This guideline explains how cash accountability is maintained during any exchange or transfer of monies.

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### Procedures

#### **Establishing and Maintaining Cash Accountability**

Once a department or activity has been approved to handle cash for the University, procedures must be followed to ensure proper accountability and responsibility is understood and followed by all the cash handlers.

Access to the cash should be restricted and limited to as few employees as possible. All cash must be properly secured on the cash handling site and large amounts of cash should be deposited more frequently than the minimum required. A designated cash custodian may only transfer cash to another

employee within the unit to transact approved University business. The department is required to maintain an audit trail of assigned and collected cash at all times.

All transfers of cash should be documented to maintain strict accountability. Documentation should include amount transferred, date, and signatures of persons involved in the exchange. In some situations, the purpose of the transfer of cash is required. The documentation should be kept in a location separate from the cash funds. Each party involved in the transaction should have a copy of the documentation. During an official cash count, documentation and cash must be available for verification.

**Exchanging Cash between USBS Office and Designated Cash Custodian** The initial cash exchange is between the USBS Office and designated cash custodian. The exchange may be by actual cash or by University check made payable to the designated cash custodian. The initial transfer of cash is referred to as a “change fund” for a cash collection unit or a “petty cash fund” for a department approved to make cash disbursements. The cash fund is designated for either a “change fund” or a “petty cash fund”; not both.

Cash distributed by the USBS Office to establish a change fund or a petty cash fund shall be counted concurrently by the two individuals involved in the transaction. A Cash Exchange form will be completed. The USBS office may issue a University check in place of cash and the cashing of the check will establish the designated custodian’s change fund or petty cash fund.

**Exchanging Cash between Designated Cash Custodian and Cash Handlers within the Cash Handling Unit** When an activity’s cash custodian transfers money to another employee within the same department or activity, the exchange should be clearly documented on a USBS approved Cash Accountability Form. The two employees must agree as to the amount being distributed, document the amount on a form used to evidence the transfer, and sign their agreement. A copy should be maintained by each of the employees. The form should not be maintained with the cash. The process should be reversed when the employee returns the cash.

**Changing Designated Cash Custodian** Transfer of the fund by the designated cash custodian to a successor is not authorized. Upon transfer to a position not requiring the use of the assigned fund, or upon termination of

duties with the University, the custodian and supervisor/manager are responsible for completing the Cash Accountability Form to release the custodian from the accountability of the fund. Typically, the transfer should be to the cash custodian's supervisor/manager. Management should complete the Cash Accountability Form when the status of funds has transferred to a new cash custodian. If a particular suspicious situation has occurred with a cash custodian, management will need to take over the cash fund and notify the USBS Office and Internal Audit immediately. In all cases, a copy of the Cash Accountability Form must be turned in to the USBS Office.

**Returning Change Fund to the USBS Office**

If a change or petty cash fund is no longer needed:

1. Take the money to the USBS Office.
2. Deposit funds and obtain receipt from the USBS cashier.

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**Contacts**

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**USBS Office**

<https://www.memphis.edu/usbs/staff.php>

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**Revision Dates**

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**May 2021**