

Prepared by Treasury Office.
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A8.700 Treasury

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A8.751 Cash Count of Change Fund

1. Purpose

To provide procedures for cash counts, confirmation of authorized fund amounts and reporting overages and shortages to authorized fund amounts.

2. Definitions

- a. Alternate Change Fund Custodian - An individual designated in writing by the Campus/Department Head and approved by the Treasury Office to act for a change fund custodian during his/her absence. The alternate must be a regular, full-time University employee.
- b. Authorized Fund Amount - An established dollar amount that has been approved by the Treasury Office. The authorized fund amount should be sufficient to conduct a normal day's business. The authorized fund amount may also be based on the justification given for the fund and the physical security that will be provided.
- c. Campus/Department Head - The top administrator of a college, institute, school, or other major unit of the University. Included in this listing would be Deans, Directors, Chancellors, and Vice-Presidents.
- d. Change Fund - An authorized sum of money advanced to a responsible individual for business transactions made within a department for the specific purpose of making change. Any other use such as the cashing of checks or making temporary loans from this fund is strictly prohibited. The change fund is not be used for purchases of any kind.
- e. Change Fund Cash Count Sheet (Form CF-2) - A form used to document the cash count.
- f. Change Fund Cash Overage/Shortage Report (Form CF-3) - A form used to report cash differences.

- g. Change Fund Custodian - An individual designated in writing by the Campus/Department Head and approved by the Treasury Office to handle, safeguard and account for cash in a change fund. The custodian must be a regular, full-time University employee.

3. Responsibilities

Any individual (custodian, alternate, fiscal officer) who performs a cash count and discovers or confirms an overage or shortage is responsible for reporting the discrepancy and initiating action to prepare and submit the "Change Fund Cash Overage/Shortage Report."

a. Change Fund Custodian Responsibilities

- 1. The custodian is responsible for the physical security of the change fund. The change fund must be kept in a locked cash box in a location not readily susceptible to theft.
- 2. The custodian is responsible for performing cash counts:
 - a) upon receipt of the initial authorized fund amount;
 - b) at least once a week (preferably daily);
 - c) when either the custodian or the alternate changes;
 - d) prior to the closing of a change fund.
- 3. The custodian is responsible for reporting change fund overages and shortages on the "Change Fund Cash Overage/Shortage Report." The Report must be certified by the custodian, the Fiscal Officer, and the Campus/Department Head.

b. Fiscal Officer Responsibilities

- 1. The Fiscal Officer is responsible for conducting unannounced cash counts, as frequently as necessary, to ensure proper administration of the change fund, but at least once a year. The cash count must be performed in the presence of either the custodian or the alternate. The Fiscal Officer is also responsible for ensuring cash counts related to a change in the custodian or the alternate are conducted.

c. Treasury Office Responsibilities

- 1. The Treasury Office is responsible for reviewing overage and shortage reports, transmitting copies

of these reports to the Internal Auditor and ensuring overages and shortages are properly recorded in FMIS.

2. The Treasury Office coordinates the reporting of claims for shortages with the University Risk Management Office.

d. Internal Auditor Authority

1. The Internal Auditor's Office is responsible for auditing change funds. This office conducts field audits to monitor compliance with detailed procedures. Campus/department units that are not in compliance are required to report corrective actions to this office.

4. Policies

- a. All cash counts should verify that the amount of cash in the fund is equal to the established authorized fund amount. Any discrepancy (shortage or overage) must be fully researched in an attempt to resolve the situation. In any inexplicable cash shortage situation, consideration must always be given to the possibility of theft or embezzlement.
- b. Change fund overages are the property of the State (State of Hawai'i Accounting Manual - Vol. II, section 825). This policy must be followed even if the source of the cash advance is a non-General fund operating account.
- c. In exceptional cases where the Fiscal Officer is also acting as the fund custodian, a different individual should be assigned the responsibility of conducting the unannounced cash count.
- d. The Fiscal Officer is responsible for ensuring cash counts related to a change in the custodian or the alternate are conducted. Both the outgoing custodian/alternate and the new custodian/alternate must certify cash counts to transfer responsibility and accountability. The Fiscal Officer's signature is required on the cash count sheets to certify the accuracy of the information.
- e. The custodian and the alternate are to inform the Fiscal Officer and the Campus/Department Head of any discrepancies. Appropriate corrective action must be initiated by the Fiscal Officer and the Campus/Department Head in response to discrepancies.
- f. Campus/Department Documentation Requirements -

The change fund custodian and the Fiscal Officer are jointly responsible for maintenance and retention of cash count sheets to document proper performance of duties. The cash count sheets need not be submitted to the central offices (except in overage/shortage situations, the closing of a change fund, or a change in custodian/alternate) but must be maintained in the departmental files and made available for review upon request.

- g. In the case of a shortage situation, reimbursement of the change fund must be carefully considered if the source of the shortage is not determined. In situations where the problem is not identified, the fund will not be reimbursed until corrective action is implemented.
- h. Embezzlement situations involve the stealing of funds entrusted to one's care. The required separation of duties in the administration of the change fund serves to reduce embezzlement possibilities. If a shortage is discovered and embezzlement is suspected, the Campus/Department Head, the Treasury Office and the Internal Auditor's Office are to be immediately informed of the situation.

5. Procedures

a. Overages

1. Campus/Department Office:

- a. Conduct a cash count and complete the "Change Fund Cash Overage/Shortage Report."
- b. Research the overage to determine its origin. If the overage is fully researched and it cannot be clarified and corrected, the funds become the property of the State.
- c. Prepare an eDeposit crediting your campus general fund account (992500 - 992999) and subcode 0860, "Unclaimed Monies and Cash Overages" (Refer to A8.701 - Receipting and Depositing of Funds Received by the University).
<http://www.hawaii.edu/svpa/apm/treas/a8701.pdf>.
- d. Prepare and submit the "Change Fund Cash Overage/Shortage Report" to the Treasury Office with a copy of the cash count sheet and a copy of the departmental deposit form.

2. Treasury Office:

- a. Review the "Change Fund Cash Overage/Shortage Report." If the circumstances dictate, the Internal Auditor's Office will be directed to conduct an audit.
 - b. Transmit the overage to the State.
- b. Shortages
1. Campus/Department Office:
 - a. Conduct a cash count and complete the "Change Fund Cash Overage/Shortage Report."
 - b. Research the shortage indicated by the cash count to determine the reason for the shortage. In inexplicable cash shortage situations, consideration must always be given to the possibility of theft or embezzlement.
 - b. Contact Campus Security (campuses without Campus Security should call the Police Department) to conduct an investigation. The investigation may confirm any indication of forced entry to the building, safe, cash box or any security deficiencies. As determined by the situation, the Police Department should be notified if appropriate. Investigative reports by the Campus Security and the Police Department are to be retained by the department.
 - c. Institute appropriate safeguards based on the outcome of the investigation (e.g., installation of new locks, safety glass, restricted entry, etc.).
 - d. Prepare documents to report the shortage:
 - i. Prepare the "Change Fund Cash Overage/Shortage Report" (Attachment B). Explain the circumstances and the corrective actions initiated or planned.
 - ii. Prepare the Loss or Damage Report of State Property <http://www.svpa.hawaii.edu/svpa/apm/riskmgmt/att4001.pdf> for the insurance claim required by the State Insurance Program (Program). This document should be filed within 30 days of the discovered shortage. All claims should be filed. The Program, which is

administered by DAGS Risk Management Office, will determine the disposition of the claim. (Refer to A8.370 - Risk Management.)

- iii. Prepare an Authorization for Payment Form (UH Form 2) to reimburse the change fund for the shortage. (Refer to A8.861 - Authorization for Payment.)
<http://www.hawaii.edu/svpa/apm/disb/a8861.pdf>

- The funding source should be a related account code.
- The sub code "7200" is to be used.
- The payee is the change fund custodian.
- The "Reason for Payment" section should be completed with:

Change Fund Shortage.

Approved by: _____
Treasury Office

- e. Submit the original "Change Fund Cash Overage/Shortage Report" to the Treasury Office with a copy of the "Change Fund Cash Count Sheet", Campus Security report, the Police report, and any other relevant documentation. Also attach the original Loss or Damage Report of State Property and the original Authorization for Payment form for reimbursement.

2. Treasury Office:

- a. Review and approve the "Change Fund Cash Overage/Shortage Report."
- b. Transmit the Authorization for Payment to the Disbursing Office for processing.
- c. Submit a copy of the shortage report to the Internal Audit Office and the University Risk Management Office.
- d. Retain a copy of the "Change Fund Cash Overage/Shortage."

3. Internal Audit Office:

- a. Conduct an audit if appropriate.

b. Retain a copy of the "Change Fund Cash Overage/Shortage Report".

4. Risk Management Office:

a. Coordinate the processing of the insurance claim and assist the Campus/Department Office in the handling of a Program award.

6. Forms

a. Detailed Instructions for Completing the "Change Fund Cash Count Sheet" (Form CF-2). (Attachment A)

1. UH Campus/Dept.: Enter the appropriate campus or department (e.g., Agr-Bio Chem; Maui CC).

2. Date of Cash Count: Enter the month, day, and year on which the cash count is being conducted (e.g., 08/31/06).

3. Vendor Code: Enter the 11-digit vendor code assigned to the custodian.

4. Location of Fund - Bldg/Room #: Enter the name or number of the building and room number in which the change fund is kept.

5. Custodian Name, Alternate Name, Fiscal Officer Name and F.O. Code: Print or type the required information for documentation purposes.

6. Cash Count:

a. Indicate the number of currency and coins of each denomination. Multiply the denomination by the number of currency and coins to get the value on hand.

b. Total Currency: Add the value of currency on hand. Total Coins: Add the value of coins on hand.

c. Total Currency and Coins: Add Total Currency and Total Coins.

d. Authorized Change Fund: Enter the amount authorized for the change fund.

e. Temporary Increase: Enter the amount of increase.

- f. Difference - Overage: Enter the amount that the Total Currency and Coins exceeds the Authorized Change Fund plus Temporary Increase amount in the overage space. Prepare the "Change Fund Cash Overage/Shortage Report."
 - g. Difference - Shortage: Enter the amount that the Authorized Change Fund plus Temporary Increase amount exceeds the Total Currency and Coins in the shortage space. Prepare the "Change Fund Cash Overage/Shortage Report."
 - h. Custodian Signature and Date, Alternate Signature and Date: The custodian is to sign and date the completed form to certify the accuracy of the information. The alternate is to sign and date the completed form as verification for the accuracy of the information.
 - i. Former Custodian Signature and Date, Former Alternate Signature and Date: The former custodian/alternate signatures are required only if there is a change in custodian or alternate.
 - j. Fiscal Officer Signature and Date: The Fiscal Officer's signature is required for any cash count related to a change in custodian/alternate. The Fiscal Officer's signature is also required on the yearly unannounced cash count. In unusual situations, an individual other than the Fiscal Officer should sign and date this section. (Refer to section 4.c. of this procedure for details.)
- b. Detailed Instructions for Completing the "Change Fund Cash Overage/Shortage Report" (Form CF-3). (Attachment B)
- 1. UH Campus/Dept.: Enter the appropriate campus or department (e.g., Agr-Bio Chem; Maui CC).
 - 2. Date: Enter the month, day, and year on which the form is being submitted (e.g., 08/31/06).
 - 3. Vendor Code: Enter the 11-digit vendor code assigned to the custodian.

Section I. Overage.

4. Amount: Enter the amount of the overage in dollars and cents.
5. Explanation of Circumstances: Provide details of the situation.

Note: Attach copies of the "Change Fund Cash Count Sheet" and the departmental deposit to this form.

Section II. Shortage.

6. Amount: Enter the amount of the shortage in dollars and cents.
7. Reimbursement to be charged to -- Account Code: Indicate the account code that is being charged for the reimbursement of the change fund.

Note: Attach copies of the "Change Fund Cash Count Sheet," Campus Security Report, Police Report, Loss or Damage Report of State Property, AFP for reimbursement, and any other relevant documentation to this form.

8. Discovered missing on -- (Date), (Time), By (Name), (Title): Enter the required information. The individual will normally be the custodian, alternate, or Fiscal Officer through performance of the cash count.
9. Campus Security notified on -- (Date), (Time): Enter the date and time that a request was initiated for Campus Security to conduct an investigation.
10. County Police notified on -- (Date), (Time),: Enter the date and time that a request was initiated for the Police to conduct an investigation.
11. Explanation of Circumstances: Provide details of the situation. Specifically indicate if theft or embezzlement is suspected.
12. Corrective Action: Provide details for any corrective action/security measures instituted to prevent recurrence of the shortage. Indicate any planned corrective action/security measures and the anticipated inception of such action.

13. Custodian, Fiscal Officer, Campus/Department Head
Signature and Date: The Custodian, the Fiscal Officer, and the Campus/Department Head (Dean/Director/Chancellor/Vice-President) are to sign and date the form to certify the accuracy of the information provided and to certify the request for reimbursement.

c. Availability of Forms

The "Change Fund Cash Count Sheet" (Form CF-2), "Change Fund Cash Overage/Shortage Report" (Form CF-3), and the Loss or Damage Report of State Property <http://www.svpa.hawaii.edu/svpa/apm/riskmgmt/att4001.pdf> should be reproduced as required.

Form CF-2
APM 8.751
(TREA) 6/2006

UNIVERSITY OF HAWAI'I
Change Fund Cash Count Sheet

UH Campus/Dept.: _____ Date of Count: _____

Vendor Code: X _____ Location of Fund
Bldg/Rm #: _____

Custodian: _____

Alternate: _____

Fiscal Officer: _____ FO Code: _____

Cash Count

Currency		Coins	
\$100.00 X _____ = \$ _____		\$.50 X _____ = \$ _____	
50.00 X _____ = \$ _____		.25 X _____ = \$ _____	
20.00 X _____ = \$ _____		.10 X _____ = \$ _____	
10.00 X _____ = \$ _____		.05 X _____ = \$ _____	
5.00 X _____ = \$ _____		.01 X _____ = \$ _____	
1.00 X _____ = \$ _____			

Total Currency \$ _____ Total Coins \$ _____

Total Currency and Coins _____

Authorized Change Fund _____

Temporary Increase _____

Difference (+ over/- short) _____ Complete Form CF-3 if over or short.

I certify that the cash count was conducted on the date noted above is true and correct.

Custodian Signature

Former Custodian Signature

Alt. Custodian Signature

Former Alt. Custodian Signature

Fiscal Officer Signature

FO Code

The custodian and alternate signatures are required for all cash counts. Cash counts are to be done at least weekly, preferably daily. Former custodian/alternate signatures are required when there is a change and all individuals are present for the transfer of responsibility and accountability. Otherwise separate cash counts are required for the new custodian/alternate and the former custodian/alternate. The fiscal officer signature is required for custodial changes and cash counts, including unannounced cash counts.

Form CF-3
APM 8.751
(TREA) 6/2006

UNIVERSITY OF HAWAI'I
Change Fund Cash Overage/Shortage Report

UH Campus/Dept.: _____ Date: _____

Vendor Code: X _____

OVERAGE

Amount: _____ Deposited to account no.: _____

Explanation: _____

Attach (a) Form CF-2 and (b) copy of Departmental Deposit Form.

SHORTAGE

Amount: _____ Charged to account no.: _____

Discovered missing on: _____ Time: _____

By (Name): _____ Title: _____

Campus Security notified on: _____ Time: _____

County Police notified on: _____ Time: _____

Explanation (indicate if theft or embezzlement suspected): _____

Corrective Action: _____

Attach (a) Form CF-2, (b) Campus Security Report, (c) Police Report, (d) Form RMP-001, (e) original AFP for reimbursement and (f) other relevant documentation.

I certify to the best of my knowledge and belief, that the information provided above is true, correct, and complete.

Custodian Signature and Date

Dean/Director/Chancellor Signature and Date

Fiscal Officer Signature and Date

FO Code

Submit original to Treasury Office with the required supporting documents.