

# Petty Cash Funds, Change Funds, and Cash Advance Payments

## University Policy

Applies to: All individuals and units that handle or manage petty cash funds, change funds, and cash advance payments

### Responsible Office

**Office of Business and Finance**

### POLICY

Issued: 06/01/1991  
Revised: 04/01/2025

As a public institution, The Ohio State University is held to a high level of accountability for fiscal stewardship. Numerous constituencies, including alumni, students, taxpayers, the State of Ohio, and the federal government, have an interest in how the university handles and safeguards its money. Accordingly, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner. Requirements for the use of **petty cash funds**, **change funds**, and **cash advance payments** are at the discretion of the **Office of Financial Services** (Financial Services) and Office of the Controller (Controller’s Office).

### Purpose of the Policy

To define the process for establishing, maintaining, and closing petty cash funds, change funds, and cash advance payments.

### Definitions

Term	Definition
Bank change order	A type of change fund that is a formal and ongoing program to order cash and coin through the university’s operating bank that is delivered to a unit or deposit center for university-approved sales; reconciled daily; may also be used for special circumstance cash needs. Change orders are set up through Financial Services.
Cash advance payments	Cash dispersed to an individual within a unit via check and then cashed by the individual or via direct deposit. The following are examples:  Cash Advance Payments for Human Subjects – Payments made in cash to human subjects participating in university research projects to compensate them for their time and commitment. Funds are dispersed to an individual within a unit via the Miscellaneous Payment process in Workday and a check through Accounts Payable. The check is cashed by the individual and is used to pay human subjects participating in research projects.  Travel Cash Advance – Advance payment available to eligible travelers for travel expenses when specific circumstances would cause undue financial hardship. Funds are dispersed to an individual via the Spend Authorization process in Workday and issued through Accounts Payable by direct deposit or check. Refer to the <a href="#">Travel Policy</a> for eligibility criteria.
Change fund	Limited dollar cash or coin fund used by a unit to make change for customers paying by cash. Funds are dispersed to a unit via the Miscellaneous Payment process in Workday and a check through Accounts Payable which is then cashed by the unit.
Custodian	Unit leader or individual designated by the unit leader with the responsibility for a specific petty cash fund or change fund and the monies held in them.
Exception	Any violation of or noncompliance with a university policy issued by the Office of Business and Finance (Business and Finance).
Petty cash fund	Limited dollar fund used to purchase goods when the dollar amount is low and preferred standard university procurement system methods (e.g., internal supplier, requisition, PCard)) are not available. Funds are dispersed to a unit via the Miscellaneous Payment Process in Workday and a check through Accounts Payable, which is then cashed by the unit.



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Term	Definition
Senior fiscal officer	Individual who is responsible and accountable for all fiscal operations of a unit.
Unit	College or administrative unit.
Unit leader	Head of college or administrative unit (e.g., dean, senior vice president, president, provost).
Waiver	Permission granted to a unit to operate differently than specified or required by a university policy issued by Business and Finance.

### Policy Details

- I. All **units** with petty cash funds, change funds, or cash advance payments must comply with university policies with special attention to [Expenditures](#) and [Fiscal Stewardship](#). Segregation of duties is required.
- II. The unit is responsible for approving, establishing, and reconciling petty cash funds, change funds, and cash advance payments. These funds are subject to review.
- III. Units using cash other than what is defined in this policy without approval from Financial Services are in violation of policy.
- IV. Units seeking additional alternatives should contact Financial Services.
- V. Petty cash funds are strongly discouraged and must be used only when other procurement methods (e.g., PCard) are not available.
- VI. Prohibited uses of a petty cash fund include and are not limited to expenses not authorized by the [Expenditures policy](#), cash advances to employees, employee reimbursements, loans, payroll, personal or third-party check cashing, relocation expenses, and travel expenses.

### PROCEDURE

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- I. Establishing and Funding
  - A. The unit must use the Miscellaneous Payment process in Workday to receive a check to fund a petty cash fund, change fund, or advance cash payments.
  - B. The unit must cash the check to obtain cash/coin for petty cash funds, change funds, or cash advance payments.
- II. Reconciliation and Oversight
  - A. The unit is responsible for identifying who within the unit is the **custodian**, backup custodian, and reconciler of each petty cash fund, change fund, and cash advance payment. The individual who reconciles the account cannot be a custodian or backup custodian.
  - B. Reconciliation of petty cash funds and cash advance payments must occur monthly by the individual designated by the unit other than the custodian or backup custodian. A manual journal entry must be recorded in the ledger in Workday if there is an overage or shortage and logged in the unit's subledger or subsystem, if applicable. Trends must be noted and addressed regularly by the designated reconciler.



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- C. Reconciliation of change funds and **bank change orders** must occur daily (when the change fund or bank change order is used) or monthly (when the change fund or bank change order is not used) by an individual designated by the unit other than the custodian or backup custodian. A manual journal entry must be recorded in the ledger in Workday if there is an overage or shortage and logged in the unit's subledger or subsystem, if applicable. Trends must be noted and addressed regularly by the designated reconciler.
  - D. The designated reconciler must report discovered inconsistencies immediately to Internal Audit.
  - E. The unit **senior fiscal officer** should review petty cash funds, change funds, and cash advance payments annually to determine ongoing business need.
- III. Closing or Modifying
- A. If a modification is needed to decrease the amount of the petty cash fund, change fund, or cash advance payments, the unit must deposit the amount of cash/coin necessary to establish the modified amount.
  - B. Prior to closing a petty cash fund, change fund, or cash advance payment, the unit must ensure it is properly reconciled.
  - C. Upon closing, the unit must deposit petty cash or change monies in accordance with the [Deposit of Funds policy](#).
  - D. The unit is responsible for final reconciliation of petty cash funds, change funds, and cash advance payments in the general ledger.
- IV. Custody and Security
- A. Security of petty cash funds, change funds and cash advance payments is the responsibility of the unit, including the custodian, senior fiscal officer, and **unit leader**. The unit is responsible for identifying who within the unit is the custodian and backup custodian.
  - B. Custodians must ensure that cash or coins are accessible only to the petty cash fund, change fund, or cash advance payment custodians and that the cash or coin is secured in a locked safe or drawer accessed only by the custodians.
  - C. Custodians and other individuals must immediately report evidence of theft of funds or attempted theft of funds to the unit leader, senior fiscal officer, Internal Audit, University Police, and custodians, as applicable.
- V. Custodians
- A. Petty cash funds, change funds, and cash advance payments must have a custodian and backup custodian who are responsible for:
    - 1. Maintaining the cash or coin;
    - 2. Safeguarding the cash or coin;
    - 3. Reporting any unusual activity to the unit leader and/or the senior fiscal officer; and
    - 4. Maintaining the documentation required for reconciliation and in accordance with the [General Records Retention Schedule](#).
    - 5. For travel cash advance payments, refer to the [Travel policy](#) for requirements.
  - B. If the custodian is not available, the backup custodian acts as the custodian and has the same responsibilities.
  - C. Access to the petty cash fund, the change fund, and cash advance payments must be limited to the custodian and backup custodian.
  - D. The custodian/backup custodian is responsible for following all university policies and procedures in connection with the petty cash fund, the change fund, and cash advance payments.
- VI. **Waivers** to this policy must be approved in advance and documented by the Office of Business and Finance, using the [Business and Finance University Policy Waiver Request](#).



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### VII. Policy Violations

- A. All policy violations must be tracked as an **exception** in accordance with the [Fiscal Stewardship policy](#).
- B. The university may require successful completion of training.
- C. The university may enforce corrective action, up to and including termination, in accordance with applicable policies or rules.
- D. The university may seek restitution, as appropriate.
- E. Criminal charges may be filed, as appropriate.

### Responsibilities

Position or Office	Responsibilities
Custodians (including backup custodians)	<ol style="list-style-type: none"> <li>1. Maintain security of petty cash funds, change funds and cash advance payments.</li> <li>2. Immediately report unusual activity to unit leader, senior fiscal officer, Internal Audit, and University Police, as applicable.</li> <li>3. Ensure cash or coins are accessible only to petty cash fund, change fund, or cash advance payment custodians and cash or coin is secured in locked safe or drawer accessed only by custodians.</li> </ol>
Designated reconcilers	<ol style="list-style-type: none"> <li>1. Reconcile petty cash funds and cash advance payments monthly.</li> <li>2. Reconcile change funds and bank change orders daily or monthly as set forth in the policy.</li> <li>3. Note and address trends regularly.</li> <li>4. Immediately report discovered inconsistencies to Internal Audit.</li> </ol>
Individuals that handle cash funds	Immediately report theft or attempted theft to unit leader, senior fiscal officer, Internal Audit, University Police, and custodians, as applicable.
Office of Financial Services	<ol style="list-style-type: none"> <li>1. Set requirements for use of petty cash funds, change funds, and cash advance payments.</li> <li>2. Set up bank change orders.</li> </ol>
Office of the Controller	Set requirements for use of petty cash funds, change funds, and cash advance payments.
Senior fiscal officer	<ol style="list-style-type: none"> <li>1. Should review petty cash funds, change funds, and cash advance payments annually to determine ongoing business need.</li> <li>2. Maintain security of petty cash funds, change funds, and cash advance payments.</li> </ol>
Unit	<ol style="list-style-type: none"> <li>1. Approve, establish, and reconcile petty cash funds, change funds, and cash advance payments.</li> <li>2. Use Miscellaneous Payment process in Workday to receive checks to fund petty cash funds, change funds, or advance cash payments.</li> <li>3. Cash checks to obtain cash/coin for petty cash funds, change funds, or cash advance payments.</li> <li>4. Identify custodians, backup custodians, and reconcilers of petty cash funds, change funds, and cash advance payments as set forth in the policy.</li> <li>5. Provide final reconciliation of petty cash funds, change funds, and cash advance payments in the general ledger.</li> <li>6. Maintain security of petty cash funds, change funds, and cash advance payments.</li> </ol>
Unit leaders	Maintain security of petty cash funds, change funds, and cash advance payments.

### Resources

- University Policies, [policies.osu.edu](https://policies.osu.edu)  
 Deposit of Funds, [go.osu.edu/deposit-funds-policy](https://go.osu.edu/deposit-funds-policy)  
 Expenditures, [go.osu.edu/expenditures-policy](https://go.osu.edu/expenditures-policy)  
 Fiscal Stewardship, [go.osu.edu/fiscal-stewardship-policy](https://go.osu.edu/fiscal-stewardship-policy)  
 Travel, [go.osu.edu/busfin-travel-policy](https://go.osu.edu/busfin-travel-policy)



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### Business and Finance Resources

Business and Finance University Policy Waiver Request, [go.osu.edu/busfinpolicywaiverrequest](http://go.osu.edu/busfinpolicywaiverrequest)

Administrative Resource Center, Miscellaneous Payment Process [admin.resources.osu.edu/workday/workday-for-core-users-finance/miscellaneous-payment-process](http://admin.resources.osu.edu/workday/workday-for-core-users-finance/miscellaneous-payment-process)

Administrative Resource Center, Petty Cash, Change Funds and Cash Advances for Human Subjects – Process and Accounting, [admin.resources.osu.edu/workday/workday-for-core-users-finance/petty-cash-account-reconciliation-and-replenishment](http://admin.resources.osu.edu/workday/workday-for-core-users-finance/petty-cash-account-reconciliation-and-replenishment)

Financial Code of Ethics, [busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf](http://busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf)

General Records Retention Schedule, [go.osu.edu/retention-schedules](http://go.osu.edu/retention-schedules)

### Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions, alternative payment methods, bank change orders	Financial Services, Office of Business and Finance	614-292-6261	<a href="http://busfin.osu.edu/treasurer">busfin.osu.edu/treasurer</a>
Reconciliation of petty cash funds, change funds, and cash advance payments	Controller's Office, Office of Business and Finance	614-292-6220	<a href="http://busfin.osu.edu/controller">busfin.osu.edu/controller</a>
Miscellaneous Payment process and travel cash advance process	Travel, PCard & Expense Team	614-292-9290	<a href="http://busfin.osu.edu/buy-sell-travel/expense">busfin.osu.edu/buy-sell-travel/expense</a>
Theft, attempted theft	University Police, Office of Public Safety, Office of Administration and Planning	614-292-2121	<a href="mailto:police@osu.edu">police@osu.edu</a> <a href="http://dps.osu.edu/police">dps.osu.edu/police</a>
Audit issues, theft, attempted theft	Internal Audit, Office of Business and Finance	614-292-9680 Fax: 614-292-7938	<a href="http://busfin.osu.edu/internal-audit">busfin.osu.edu/internal-audit</a>

### History

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Edited:	07/17/2018	
Revised:	01/07/2021	Renamed to Cash and Cash Alternatives Payment Methods
Revised:	04/01/2025	Renamed to Petty Cash Funds, Change Funds, and Cash Advance Payments