

Financial Services Manual (FIN)

FIN 403: Spend Authorization- Cash Advance

Effective: 6/22/1984

Revised: 3/1/2024

Purpose

To provide university departments with policy guidelines to:

1. Establish a Spend Authorization - cash advance (formally referred to as petty cash)
 2. Use cash advance
 3. Secure cash advance
 4. Accounting and control cash advance
 5. Create expense report from spend authorization-cash advance
- and
6. Cash advance repayment

Source

University policy

Policy

Establishing a Spend Authorization with Cash Advance

A [Spend Authorization-Cash Advance](#) is the only method authorized by the university for a cash advance of funds. It is operated as a loan system, with an amount authorized for the advance and maintained by the individual ASU employee responsible for the funds.

Custodians can request a spend authorization-cash advance in Workday by selecting Create Spend Authorization and selecting an expense item of Cash Advance. The amount requested should be kept to a minimum, as excessive balances lead to unnecessary risks of loss. A cash advance should only be requested if the acquisition of items cannot be done through regular Purchasing and Business Services procedures.

All spend authorization-cash advance funds in Workday require an inclusion of a justification for establishing the advance. All routing and approvals will occur within the Workday system. A Spend Authorization end date should be selected as the shortest period possible time to effectively utilize the advance. Employees are also encouraged to complete the [Online Cash Handling Training](#).

For those cash advances that are stored in a bank account, it is recommended to select Check as the payment method so that the funds can be replenished in the bank account.

Use of a Cash Advance

All spend authorizations-cash advances must comply with university policies. Review of prohibited transactions can be found in [FIN 401-03: Prohibited Transactions](#).

Certain cash advances may be established to provide change drawers for university functions, such as ticket sales. Although these change funds do not relate to the purchasing functions, cash fund security and control procedures applicable to purchasing petty cash funds also apply to these change funds.

Increases of cash advances are no longer applicable. If additional cash is needed, a new spend authorization-cash advance will need to be established for the additional funding requirements. Custodians are required to keep proper documentation and records of each individual cash advance.

Due date extensions are no longer available. When submitting the original Spend Authorization in Workday, please be sure to select a date that will allow you enough time to fully expense your cash advance and have the closeout processed.

If "check" is selected as the reimbursement payment type in Workday, the custodian will receive an email from the cashiering office notifying them when their check is ready for pick up. Employees must present current ASU identification to pick up cash advance funds at Cashiering Services. Cashiering Services is able to cash ASU cash advance administered checks up to \$500.

Security of the Cash Advance

The custodian has sole responsibility for the security of the cash and related documents associated with the cash advance.

The custodian must secure all cash 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. Related documents and original receipts (itemized when available) should be stored in a secure place separate from the cash fund to be attached to the expense report.

Proper accounting and documentation of funds need to be maintained by the employee at all times. A reconciliation of the cash fund should be done every time an expense reimbursement is made, or at least on a monthly basis. The amount of cash on hand plus the expenditures should equal the original cash advance total. If a discrepancy is noted, the Cost Center Manager, Project Manager or Grant Manager should be notified immediately.

Treasury Services is responsible for conducting periodic cash count reviews. Recommended changes are communicated to the employee and implemented as necessary. These reviews may occur unannounced at any time; therefore, the employee should always have the required documentation in order and be ready to respond to these requests. Cash count audits are also sometimes done by the Board of Regents' auditors or university internal auditors. Cash custodians are encouraged to require auditors to present identification. Auditors must never confiscate funds. Any attempt to do so should be reported to the ASU Police Department immediately.

If cash fund is lost or stolen, the cash advance custodian is responsible for filing a report with ASU Police Department (ASU PD). Insurance Services reviews all reports of lost or stolen cash to determine whether an insurance claim can be filed. Although copies of all cash loss reports are sent to Insurance Services from ASU PD, the custodian must also contact Insurance Services to determine the status of the theft claim or loss. 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 to the employee's departmental account, as decided on a case-by-case basis. A new cash advance should not be requested until the custodian has completed the Online Cash Training, and Treasury Services reviews that all necessary procedures have been implemented to prevent further thefts.

Accounting for and Control of Cash Advances

The employee is responsible for prompt clearing of advance amounts. Clearing any type of cash advance requires proper documentation and/or repayment of unused funds. The fund custodian is responsible for providing documentation of the expenditures made from funds.

The total of cash available and receipts must always equal the original fund amount. The ASU employee is responsible for record keeping and documentation of the use of the funds.

Any bank or financial accounts that might be opened in a foreign country in conjunction with this Spend Authorization must be in the name of the custodian and not the University. Please consult with your personal tax advisor for possible foreign account reporting responsibilities to the IRS.

Create Expense Report from Spend Authorization - Cash Advance

A custodian agrees to submit an Expense Report within 30 days of the Spend Authorization end date and re-pay any balance that may be due to the University. Any unpaid balance may be payroll deducted if not received within 30 days of the Spend Authorization end date.

Custodians can create an Expense Report in Workday from Spend Authorization for proper closure of a cash advance.

Proper documents of expenditure need to be attached to expense report for closure. Itemized receipts are preferred and may be required in certain circumstances before reimbursement is made or other evidence of expenditure replaces the cash paid out when payments are made from the fund. If documentation to support the expenditure is refused, or disallowable, the custodian will be held personally liable.

Fund custodians who submit an expense report that contain deficiencies such as:

1. evidence of unauthorized/inappropriate use of petty cash funds
2. insufficient or incomplete documentation or
3. failure to complete documentation properly

The custodian may receive notice of the deficiency, as well as the applicable manager.

Replenishments will no longer be applicable. As your funds are fully depleted for the entire amount of the cash advance and appropriate expense reports are applied and marked final, a new spend authorization cash advance will need to be completed for additional cash needs, Request for additional cash advances cannot be used as reimbursement to an existing cash advance.

Please review work instructions for creating an expense report to close a spend authorization-cash advance.

Cash Advance Repayment

Custodians will be responsible for Cash Advance Repayments to collect outstanding balances. Remaining money in the cash fund is required to be deposited with Cashiering Services. Custodians can remit the funds back to ASU Cashiering Services in the form of cash or check along with the Workday Spend Authorization number, Custodian name and ASU ID number.

Cross-References

For a list of prohibited transactions, see [FIN 401-03](#), "Prohibited Transactions."

For information regarding subject pay, see [FIN 421-05](#), "Human Subject Payments."

For information regarding sponsored expense advances, see the *Research and Sponsored Projects Policies and Procedures Manual* —[RSP 503-02](#), "Sponsored Project Spend Authorizations."

Additional Resources

Access the [Online Petty Cash Training](#) on the Financial Services Web site.

Best practice guidelines for [Spend Authorization – Cash Advances receiving funds via Direct Deposit](#).

Financial Services has developed an online training module for departments that utilize petty cash funds. The training module consisting of a tutorial and quiz can be found in CareerEdge. Academic and administrative areas are encouraged to incorporate this tutorial and quiz into their internal requirements for petty cash custodians.

Work Instructions for establishing a Spend Authorization-Cash Advance

Work instructions for creating an Expense Report for Spend Authorization-Cash Advance