

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Finance and Accounting
AREA: Check and Cash Management

Number: 05.01.02

SUBJECT: Operational Cash Advances

I. PURPOSE AND SCOPE

This document defines a mechanism whereby university programs whose educational, research, or community service mission requires them to make operational expenditures in a remote location and/or for a short-term project or event (i.e., theatre production) may obtain the needed funds.

This document does not apply to advances made for individual or group travel; the policy and procedures related to obtaining advances for university travel purposes may be found in MAPPs [04.02.01B](#) and [04.02.04](#).

This document does not apply to petty cash or change funds; the policy and procedures related to obtaining a petty cash or change fund may be found in [MAPP 05.01.01](#).

II. POLICY STATEMENT

In limited circumstances, the university may advance funds to institutional programs demonstrating the need to make operational expenditures related to their function in a location remote from the University of Houston campus and/or for a special short-term purpose for which no other practical institutional mechanism is available. All such cases will require:

- Clear documentation of need and advance approval of Accounts Payable Department;
- Designation of a fund custodian; and
- Careful monitoring and accountability for the funds disbursed, according to the prescribed procedures.

III. DEFINITIONS

- A. Cash: For the purposes of this document, institutional bank drafts (checks) or currency.
- B. Fund custodian: The departmental employee specifically authorized to manage monies in a cash fund. The fund custodian is responsible for the fund's safekeeping and ensuring that monies are properly expended and accounted for.
- C. Operational cash advance: A funding advance made to the fund custodian to provide for needed operational expenditures related to the mission of the university program incurred at a remote location and/or for a specific project or event. The cash advance may be delivered to the custodian or may be picked up by the custodian at the SBS Cashier's Office.
- D. Operational expenditures: University expenditures for goods or services related to conducting research, teaching, community service, student service, special projects or events, or administrative operations. These expenditures may include site rental,

equipment rental, local transportation, and other local operation expenses, the individual cost of which is \$2,000 or less. Such expenditures do not include salaries or personal expenditures unrelated to the departmental function. They may, in certain circumstances, include human subject payments. All payments must be made in compliance with MAPPs [04.01.01](#), [04.01.03](#), and [05.02.04](#).

- E. Remote location: Location sufficiently removed from the University of Houston campus to demonstrate impracticality of functioning through normal departmental operating procedures.
- F. Short-term: For a period not to exceed the time it takes to complete the special project or event including the prescribed seven days for preparing a final accounting of fund activities and returning any remaining cash upon return to campus or 30 calendar days, whichever is shorter.

IV. REQUEST FOR AND DISBURSEMENT OF THE FUNDS

- A. Accounts Payable may approve a written request for an operational cash advance submitted by a university program when a legitimate need is demonstrated. Request approval and the timing and distribution of the funds will be based upon the facts and circumstances of each case.
- B. A SC voucher must be submitted into workflow a minimum of 5 working days prior to the date that the cash advance is needed. The SC voucher must be approved by Accounts Payable (AP) since AP oversees Operational Cash Advances. When AP approves, the SC voucher will go to General Accounting that is set as the final approver of SC vouchers.

The SC vouchers must contain the following:

1. The completed Operational Cash Advance Application (<http://www.uh.edu/af/survival/O/operationalcashadvance.pdf>). This document requires:
 - a. Purpose of advance
 - b. Date operational cash advance is needed (advances may not be issued more than 30 days before the cash advance is needed)
 - c. Expected dates of remote/short-term operation
 - d. Person responsible for funds (fund custodian)
 - e. Security to be provided for funds
 - f. Address and telephone number of operation at remote site
 - g. Approval of the college/division administrator
 - h. Approval of the principal investigator, where sponsored project funds are involved.
2. A copy of the completed and signed Cash Handling Addendum A, Sections III and IV only. (<https://www.uh.edu/office-of-finance/references/mapp-050101---addendum-a.doc>)

- a. Complete Section III, certification of training and approval to handle cash.
- b. Complete Section IV, certification and approval of the custodian, with College/Division Administrator, Department Head, and Treasurer's Office approval.
3. A statement of the number of each denomination of bill needed.
4. Name and phone number of the fund custodian.
5. SC Vendor 0000000161, UH AP Operational Cash Advance.
6. Debit (positive number) cost center 00730/2080/H0160/F0842/NA in GL Account 12102.
7. Credit (negative number) cost center 00730/3057/H0167/I0391/NA in GL Account 10106.

Send an e-mail notification to Accounts Payable (ap@uh.edu) and General Accounting (genacctg@central.uh.edu) with the SC voucher number.

SC vouchers will be reviewed and approved within 48 hours of submission to General Accounting.

- C. Upon the final approval of the SC voucher, General Accounting will notify Student Business Services (SBS) of the approved SC voucher and provide SBS with the denominations/amounts, the fund custodian name, and a copy of the SC voucher.
- D. SBS will submit the cash request to the bank. Cash Requests take 48 hours to fill.
 1. When SBS receives the fund from the bank, SBS will contact the fund custodian to schedule the delivery of the cash by the UH Police Department.
 2. Delivery times may vary.
 3. SBS will contact the department at the time the UHPD arrives for pick-up to confirm availability. If the fund custodian is not available, funds will not be delivered or left in the custody of other personnel.

V. MANAGEMENT OF THE FUNDS

- A. Responsibilities of Accounts Payable:
 1. Review the SC voucher and approve it if the SC voucher contains all required information and documentation.
 2. Verify the transactions posting to the operational cash advance account each month were either SC vouchers authorized by Accounts Payable to create the advance or journals or vouchers initiated by the department to clear the advance.
 3. Follow-up in writing with departments that have not cleared their advance within 60 days of the date the advance was issued and at least every 30 days thereafter. College/division administrators should be copied on all

correspondence. Departments with delinquent operational cash advances will not be eligible for additional advances until the delinquent advance is accounted for.

4. Report advances that have not been accounted for within 180 days of being issued to Payroll as taxable income to the fund custodian in accordance with IRS regulations. Operational advances must still be accounted for, even if they are reported as income to the fund custodians.

B. Responsibilities of the fund custodian:

The fund custodian will have the following responsibilities:

1. Review and comply with the policies and procedures per this MAPP.
2. Successfully complete the on-line Cash Handling training prior to receiving the Operational Cash Advance.
3. Store the fund safely and securely at all times.
4. Disburse as necessary.
5. Ensure separateness of the fund from any other funds.
6. Ensure that each transaction is for the established fund purpose.
7. Maintain proper documentation (copies of each transaction, an expenditure log, receipts, etc.).
8. Notify Accounts Payable of changes in custodian, location of fund, cost center, change(s) in the physical security of the fund, or any shortages/overages.
9. Prepare a final accounting of fund activities and return any remaining cash to the university within seven days of return to campus or of the end of the special project or event.
10. Report any overages or shortages in the fund in accordance with [MAPP 05.01.01](#). At all times, the sum of cash on hand plus receipts on hand should equal the amount disbursed.

Under no circumstances may personal loans be made out of the operational cash advance. Operational cash advances may not be used to make personal (non-university) expenditures. Also, operational cash advances may not be used as a substitute for a travel advance or to pay travel costs, or as a substitute for petty cash or change funds.

VI. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance

Review: Every five years

VII. APPROVAL

/Raymond Bartlett/

Senior Vice President for Administration and Finance

/Renu Khator/

President

Date of President's Approval: November 11, 2021

VIII. REFERENCES

[MAPP 04.02.01B - Travel Paid From Local Funds](#)

[MAPP 04.02.04 - Student Travel](#)

[MAPP 05.01.01 - Cash Handling](#)

[Operational Cash Advance Application](#)