

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 [04.02.01.B](#) 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 dollars and cents (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 through university check 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.
- 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 voucher must be submitted to Accounts Payable through electronic workflow no less than 10 calendar days before the operational cash advance is needed, and must include a completed [Operational Cash Advance Application](#), which indicates:
 - 1. Purpose of advance
 - 2. Date operational cash advance is needed (advances may not be issued more than 30 days before the cash advance is needed)
 - 3. Expected dates of remote/short-term operation
 - 4. Person responsible for funds (fund custodian)
 - 5. Security to be provided for funds
 - 6. Address and telephone number of operation at remote site
 - 7. Approval of the college/division administrator
 - 8. Approval of the principal investigator, where sponsored project funds are involved.

The voucher must be payable to the fund custodian. "Separate" must be checked on the Payments page to issue a separate payment for the advance, so that other vouchers for the fund custodian will not be combined with the advance. Also, account (12102) and cost center (00730-2080-H0160-F0842-NA) must be used on the voucher for all operational cash advances.

V. MANAGEMENT OF THE FUNDS

- A. Responsibilities of Accounts Payable:
 - 1. Review the voucher and approve it if the voucher contains all required information and documentation.

2. Verify the transactions posting to the operational cash advance account each month were either vouchers authorized by Accounts Payable to create the advance or journals 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. Safe and secure storage of the fund at all times
2. Disbursement as necessary
3. Ensuring separateness of the fund from any other funds
4. Ensuring that each transaction is for the established fund purpose
5. Maintaining proper documentation (copies of each transaction, an expenditure log, receipts, etc.)
6. Notifying Accounts Payable of changes in custodian, location of fund, cost center, change(s) in the physical security of the fund, or any shortages/overages.
7. Preparing a final accounting of fund activities and returning any remaining cash to the university within seven days of return to campus or from the end of the special project or event.
8. Reporting 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 three years on or before December 1

VII. APPROVAL

Carl Carlucci

Executive Vice President for Administration and Finance

Renu Khator

President

Date of President's Approval: September 7, 2011

VIII. REFERENCES

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

MAPP [04.02.04 - Student Travel](#)

MAPP [05.01.01 - Cash Handling](#)

REVISION LOG

Revision Number	Approved Date	Description of Changes
1	02/28/1995	Initial version
2	05/24/2000	Applied revised MAPP template. Added Short-Term definition to Section III. Added Section IV and V to reflect current operating requirements. Changed responsible party from Director of Finance and Accounting to AVP for Finance. Added MAPPs 04.02.01A, 04.02.01B, 04.02.01C and 05.01.01
3	01/29/2004	Applied revised MAPP template. Removed Sections IV.B, IV.C, and IV.G. Revised Section V to reflect current operating requirements. Added Addendum A
4	09/07/2011	Applied revised MAPP template and added new Revision Log. Policy references were corrected throughout MAPP 05.01.02. Section IV.B was rewritten for clarity and "date" was further defined and given a time frame for issuance. Voucher processing instructions were also added to this section. Sections IV.C and IV.D were removed. The language was updated throughout Section V.A and a process of written notifications to clear advances was expanded. 120 days was changed to 180 days from the date of issuance for advances to be collected before being reported as taxable income to the custodian in accordance with IRS regulations. Removed Addendum A from the policy and inserted documents as web links where appropriate. Changed review period from every three years on or before November 1 st to every three years on or before December 1 st . Removed Index terms