

MS 761 DOMESTIC IMPREST MANAGEMENT

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New Manual Section

Issuance Memo
Attachments

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ATTACHMENTS

Attachment A Safe Combination and Duplicate Key Safeguard Memorandum

Attachment B Request for Change or Establishment of Imprest Fund

1.0 AUTHORITY

Treasury Financial Manual Volume 1, Part 4 (Disbursing); Part 6, Chapter 8000, (Cash Management); and Volume 1, Part 1, Chapter 1000, Appendix 1-TFM supplement, Manual of Procedures and Instructions for Cashiers (Cashiers' Manual).

2.0 PURPOSE

This manual section sets out the policies and procedures for the management of domestic imprest funds for which Peace Corps staff is accountable. These policies and procedures are established in conjunction with those prescribed by the Department of Treasury.

3.0 DEFINITIONS

3.1 Alternate cashier means an officer or staff member who has been appropriately designated and who receives an advance from the Class B cashier. An alternate cashier functions in such capacity only during the absence of a principal Class B cashier, except where the volume of transactions require both principal and alternate at the same time. The provisions that apply to principal cashiers also apply to their alternates.

3.2 Class B cashier means an employee who receives an advance from the Department of Treasury (Treasury) for an imprest fund to make payments in support of agency operations and is authorized to advance imprest funds to his or her alternate. The Class B cashier is accountable in his or her own name for the entire amount of the advance received. At the Peace Corps, the Domestic Cash Management Officer performs this role.

3.3 Imprest Fund means a fixed cash or petty cash fund in the form of currency, coin, or government check, which has been advanced by an official government disbursing officer, without charge to a government appropriation or fund account, to a duly authorized cashier for cash payment or other cash requirement purposes as specified in the designation or authorization. An imprest fund is a method of payment, not an authorization for payment.

4.0 PURPOSE OF THE FUND

The purpose of an imprest fund is usually to make payments where the ordering of electronic fund transfers (EFTs) or checks is not practical, and where the best interests of the U.S. government are served by making payments in cash. All laws and regulations that restrict or prohibit government payments apply also to imprest fund payments.

Treasury requires federal agencies to make payments by EFT, check, or government purchase card, with limited exceptions, to provide for secure payment processes, facilitate tracking, and limit cash exposure. Imprest cash payments are allowable only in the most limited circumstances, that is when it is not possible to pay through other means. See section 11.0 for waiver requirements.

5.0 SAFEGUARDING THE FUND

The following requirements must be followed to safeguard imprest funds.

5.1 Safes and Locks

Funds must be stored in a U.S. government approved safe, preferably a cashier's or money safe, with a three-tumbler combination lock. The safe should be kept in a protected area, preferably a sturdy enclosed room with a cashier's window designed to prevent people from reaching the safe or cash box.

In the event a safe is not available on site, a temporary storage facility with a bar-locked cabinet and a three-tumbler combination lock must be provided. Until these protections are in place, a cashier may not accept custody of funds.

5.2 Contents of Safe

Only items that are accountable as part of an imprest fund may be kept in the imprest fund safe. Accountable documents include money, checks, deposit slips, General Receipts, interim advance receipts, and paid sub-vouchers. No other funds or items may be stored in the cashier office.

5.3 Combination to Safe

The cashier must personally set the combination to the safe. The technician assisting with the changing of the combination is not authorized to set or know the combination of the safe. The cashier must memorize the lock combination for the safe and keep a copy of the combination in a sealed envelope with the Office of Safety and Security - Information and Personnel Security (SS/IPS). SS/IPS should acknowledge in writing the receipt of the combination. See Attachment A. The cashier may not write down the combination for any other reason. The combination should be changed at least annually, whenever there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

5.4 Cash Boxes

Each alternate cashier should maintain a separate cash box with its own key or combination lock.

5.5 Unauthorized Storage Facilities

A cashier may not place funds or keys to cash boxes in an unauthorized storage facility of any kind, such as locked or unlocked desk drawers, and must not leave a cash box or unlocked safe unattended. Locked cash boxes should be kept in the safe except when actually in use for making disbursements.

5.6 Access to the Fund

Access is limited to the cashier and in certain cases an alternate cashier, except in emergencies.

5.7 Emergency Access to Funds

The Director of Accounts Receivable and Cash Management (ARCM) or his or her designee must be able to access the funds in an emergency. The Director of ARCM can obtain the combination to the safe containing the imprest funds through SS/IPS.

5.8 Transporting Funds

The transporting of funds should be limited to the greatest extent possible for safety/security reasons. The cashier should normally transport funds only when needed for replenishment, using secure transportation services, armored vehicles, security services, or other means to ensure safety.

5.9 Separation of Funds

Only imprest funds may be kept in the imprest safe; personal funds may not be intermingled with imprest. Similarly, imprest funds may not be kept in a personal safe or personal bank account, but must be maintained in approved imprest facilities.

6.0 OPERATIONS

Only a duly designated and authorized cashier may operate an imprest fund. Cashiers initially receive an advance by electronic funds transfer (EFT) to a bank account established for the sole purpose of receiving imprest funds advances. Cashier advances are replenished in the same manner. All laws and regulations that restrict or prohibit specific types of disbursements of government funds also apply to disbursements from the imprest fund.

7.0 RESPONSIBILITIES FOR THE IMPREST FUND

7.1 Director of Accounts Receivable and Cash Management (ARCM)

The Director of ARCM is responsible for the overall safety, supervision, and management of the imprest fund. He or she is also responsible for ensuring that funds are maintained and that all disbursements are made in accordance with regulations and policy.

In addition, the Director of ARCM will inform the cashier(s) in writing of personal liability and instruct cashiers not to be coerced into making questionable payments. This procedure should be performed whenever a new Director of ARCM is appointed to ensure accountability.

If the Director of ARCM fails to carry out his or her basic responsibility to ensure protection of government funds from waste, fraud, abuse, or misuse he or she may be held personally liable for the repayment of the loss. In addition, he or she may face disciplinary action brought against him or her by the agency. The Director of ARCM is also responsible for the following:

- (a) Immediate supervision of the cashiers;
- (b) Making arrangements with local banks for cashiers to receive EFT funds from Treasury to replenish the imprest fund account;
- (c) Providing cashiers with supplies (cash box, interim advance forms, rubber stamps to mark receipts "Paid," etc); and
- (d) Identification, in writing, of staff authorized to approve disbursements.

7.2 Cashier

Specific responsibilities include:

- (a) Disbursing funds consistent with federal and agency requirements;
- (b) Ensuring that all payments are properly documented;
- (c) Accounting for and safeguarding cash on hand, interim advance receipts, deposit slips, invoices, and other receipts for cash payments;
- (d) Performing daily imprest reconciliation; and
- (e) Monitoring the level and adequacy of the fund.

Each cashier is personally accountable and responsible for the imprest fund until proper and acceptable accounting is made to the Director of ARCM or to another cashier or person authorized to accept the funds. Cashiers will be held personally accountable for repayment of shortages and losses except when relief of accountability is authorized.

8.0 NUMBER AND TYPES OF CASHIERS

Class B and alternate cashiers are appointed by the Director of ARCM in accordance with the cashier requirements outlined in Section 9.0. The principal (Class B) cashier must have an alternate cashier at the same location. If assisting in regular cashier duties, the alternate must have his or her own safe or a separate drawer with a separate three-tumbler, government approved security lock in a shared safe.

In most cases, an alternate cashier will only serve in the absence of the principal cashier, normally using funds from an advance from the Class B cashier. The Director of ARCM or his or her designee must determine if the absence of the principal cashier will be of such length as to justify the transfer of the imprest funds to the alternate cashier. In such cases, a formal transfer of funds must be accomplished and the combination of the safe must be changed.

9.0 CASHIER REQUIREMENTS

Cashiers must meet specific qualification standards before being designated. A written request from the Director of ARCM to the Department of Treasury for cashier designation should be made consistent with Treasury requirements.

10.0 ESTABLISHMENT OF THE IMPREST FUND

Imprest funds are established by completing the Request for Change or Establishment of Imprest Fund Form, SF-211. See Attachment B. This form will also serve to designate the cashier responsibility for the fund and the amount of the fund.

11.0 WAIVER REQUIREMENTS

Agencies may make imprest payments only if a payment by EFT or check is waived in accordance with 31 CFR 208.4 Management of Federal Agency Disbursements - Waivers and one of the following exceptions applies:

- (a) Payments involving national security interests, military operations, or national disasters, such that agency activities could be threatened or compromised;
- (b) Payments made in furtherance of a law enforcement action, where an agency would want to avoid leaving any trail that may jeopardize a particular operation or result in endangering the safety of an individual;
- (c) The amount owed is less than \$25. Agencies may not split a payment greater than \$25 into two or more smaller payments in order to meet this exception;
- (d) The political, financial, or communications infrastructure of a foreign country does not support payment by a non-cash mechanism; or
- (e) Payments are made in emergencies or in mission-critical circumstances that are of such an unusual and compelling urgency that the government would otherwise be seriously injured, unless payment is made by cash. This exemption is intended to provide agencies with some flexibility in determining the

conditions under which a form of payment other than cash would “seriously injure” the government. Treasury intends for agencies to invoke the “serious injury” waiver only under those circumstances that the agency has determined would negatively impact individual agency program objectives.

Before issuing an imprest fund payment the Domestic Cash Officer is responsible for determining if the payment request meets one or more of the waiver conditions set out above in this section. If unsure, the Domestic Cash Officer should consult with the Director of ARCM.

The Director of ARCM is responsible for providing oversight for all imprest fund transactions and ensuring that imprest payments are being made consistent with waiver requirements.

12.0 DISBURSEMENTS

Imprest payments should be kept to a minimum and other payment methods used whenever possible. Payments from imprest are only authorized when they meet the waiver requirements outlined in Section 11. The fund should not be used for recurring transactions or if the payment can be anticipated in time to make an EFT or check payment through regular vouchering procedures. Payments must be supported by approved obligating documents and original receipts.

The cashier is authorized to make disbursements and advances from the imprest fund within specified dollar limitations upon receipt of authorized and approved requests for payment and presentation of acceptable identification from the payee.

Amounts in excess of \$3,000 must be individually approved by the Director of ARCM.

13.0 CASH ADVANCES

An advance is defined as cash given to a person to carry out an authorized government purpose. The cash advance must be accounted for by the person who receives it; he or she will be held personally liable for the advance if a proper accounting is not made within prescribed time limits.

Interim advances, which should be tightly controlled, may be made by the cashier to staff specifically authorized to receive funds for the purpose indicated on the request for the advance.

Rarely should there be a need to issue a cash advance to anyone other than an alternate cashier from the domestic imprest fund. The cashier should maintain signed and dated documentation that supports the authorization and issuance of the advance.

14.0 AUTHORIZED ADVANCES

Each cash advance must be approved in writing by the Director of ARCM or his or her designee, prior to disbursement. All advances must be properly documented and accounted for in imprest reconciliation.

15.0 EMERGENCY ACCESS TO THE FUND

The cashier must take the following actions to provide the Director of ARCM with emergency access to the fund:

- (a) Put duplicate cash box keys (if applicable) and the safe combination in a sealed, signed, and dated envelope; and

- (b) Personally hand-carry this sealed envelope to the appropriate Security Officer in SS/IPS for retention. SS/IPS should maintain this sealed envelope in a secure place that is unavailable to other people.

16.0 IMPREST LOSSES/OVERAGES

The cashier is personally responsible for the imprest fund until proper and acceptable accounting is made to the Director of ARCM, to another cashier, or to a person authorized to accept the funds.

In case of a loss, cashiers must personally replace any missing funds. They may be relieved from doing so only if relief from accountability is granted.

Overages are to be deposited promptly in the General Fund Propriety Receipts Not Otherwise Classified Account in the Fiscal Coding Handbook, Code List 6.

16.1 Criteria for Relief

Losses and shortages of \$10.00 or more must be orally reported immediately to the supervisor and Director of ARCM followed by a written report within three (3) business days to the Director of ARCM, Deputy CFO, CFO, and Office of the Inspector General. The written report should include the amount of the loss and the circumstances of the loss so that the situation can be evaluated and a determination made on required actions. Relief can only be granted when the head of the agency determines the following:

- (a) The cashier or alternate cashier was carrying out official duties when the loss or deficiency occurred; and
- (b) The loss or deficiency was not the result of fault or negligence by the cashier; and
- (c) The loss or deficiency was not the result of an illegal or incorrect payment.

The OCFO will establish an obligation to allow the removal of the loss from cashier accountability and then determine whether the cashier is liable or the agency must absorb the loss.

16.2 Losses

If the amount is less than \$10, the cashier must reimburse the fund. Amounts of \$10 or less will not be considered for relief of accountability.

If relief is not requested the cashier will immediately reimburse the imprest fund. If the cashier is unable to make an immediate reimbursement payment to the imprest fund, the Director of ARCM will determine if a repayment plan is acceptable.

If relief is requested, the cashier must prepare and forward a memorandum to the Director of ARCM outlining the reasons relief should be granted. The Director of ARCM will review the request and make an initial determination on the request.

In cases where relief is requested, but the loss clearly does not meet the standard for granting relief, such as cases of gross negligence on the part of the cashier, the Director of ARCM will forward the request to the CFO with a recommendation that relief be denied.

In cases where the request appears to meet the standard for granting relief or where the Director of ARCM is uncertain, the file will be forwarded to the General Counsel. The General Counsel or his or her designee will review the request and make a recommendation to the CFO.

If the General Counsel recommends relief, the request is then forwarded to the CFO to make a final determination. If the CFO grants relief, the Office of Budget and Analysis will create a special obligation to which the cashier loss will be charged.

If relief is not granted and it is determined that the employee is to be held personally liable, reimbursement is to be made through cash reimbursement, payroll deduction, or deduction from final salary or retirement.

17.0 RECONCILIATION AND VERIFICATION REQUIREMENTS

Reconciliation of imprest funds by the cashier should be performed daily, to assure that all funds are fully accounted for and that procedures are followed and to protect the funds adequately from loss or misuse.

17.1 Monthly and Quarterly Fund Verification

Fund verification will be performed by the Director of ARCM, or his or her designee, at an unannounced time at least once each month. The cashier will be present during the count. The fund verification, which must equal the amount advanced to the cashier, will include the sum of the following:

- (a) Cash;
- (b) Advances supported by interim receipts - interim receipts must be exchanged for receipts or cash within five (5) working days of issuance or the cashier may be held personally accountable for the advance;
- (c) Paid sub-vouchers on hand - the person conducting the fund verification should confirm that all paid sub-vouchers are: numbered sequentially; approved for payment by the employee with delegated payment approval authority; supported with documentation that verifies the goods/services were received; and supported by any other required documentation e.g. receipts, original invoices, travel advance cards, etc., as required; and
- (d) The total of all reimbursement vouchers submitted but unpaid.

The amounts on replenishment vouchers must be verified and the cashier and the Director of ARCM should maintain a record of the date and results of each fund verification.

17.2 Annual Verification

An annual unannounced verification is required by someone other than the Director of ARCM with knowledge of imprest management to assure sufficient internal controls. A U.S. government employee other than the principal or alternate cashier should be present if the staffing levels permit.

18.0 CHANGE IN CASHIERS

When a change in cashiers is required, revocation/designation procedures provided in the Treasury Financial Manual (TFM) should be followed.

The outgoing cashier must prepare a final reimbursement voucher. This voucher should close out all advances and receipts received since the last replenishment request was prepared. If replenishment is requested at the time of transfer, it will be prepared in the name of the incoming cashier, but will carry a notation that this represents a transfer from the cashier surrendering the advance. All signature documents required for the cashier by Treasury and/or the bank holding the imprest fund account will be changed to the new cashier's name.

19.0 INCREASE OR DECREASE IN AMOUNT OF FUND

The Director of ARCM will review the fund every six months to determine that the funds are commensurate with actual needs and meet the requirements of the Department of Treasury. Based on this analysis, he/she will obtain the approval of the CFO and, upon receipt, submit a formal request to the Department of Treasury for a change. Cash on hand shall be maintained at the minimum level necessary to meet normal requirements.

20.0 EFFECTIVE DATE

This manual section takes effect on the date of issuance.