

CASH MANAGEMENT POLICIES AND PROCEDURES HANDBOOK

CHAPTER 6. CASH HELD OUTSIDE TREASURY

Section 1.0 General

This chapter describes the regulations governing the administration of cash held outside the U.S. Treasury, i.e., cash under the direct control and custody of Department of Commerce employees.

The objectives are to provide for uniformity in the administration and accountability of funds; prescribe how and for what purpose imprest funds will be used; lessen the vulnerability of loss or misuse of cash funds; and promote good cash management practices.

Cash Held Outside Treasury includes cash maintained in imprest funds, government checks, non-government checks, ~~charge cards~~, or other negotiable instruments. This chapter will focus on cash maintained in imprest funds. ~~Checks and charge cards are discussed in Appendices A, B, and C of this Handbook (Cash Management Policies and Procedures Handbook).~~ When policy or procedures prescribed in this chapter conflict with more current Treasury regulations governing the operation of imprest funds, the Treasury regulations must be followed.

Section 2.0 Policy

Tile 31 CFR part 208, Management of Federal Agency Disbursements: Final Rule requires that all payments must be made by Electronic Funds Transfer (EFT) by January 2, 1999. However, exceptions can be waived for (a) hardship on the recipient, (b) impossibility, (c) costs-benefit, or (d) law enforcement and national security.

As of October 1, 2001, Federal agencies are required to eliminate imprest funds in accordance with the Imprest Fund Policy Directive, issued by Treasury, November 9, 1999. Exceptions to the requirements of this Policy Directive should be addressed to the Director for Financial Management.

The Department's policy on imprest funds remains effective for all imprest funds that operate under a waiver from the requirements of the Policy Directive. Operating under such waiver, an imprest fund should satisfy a continuing need for making limited value cash or non-cash disbursements in lieu of processing check disbursements.

Section 3.0 Authority

Authorities establishing the policy for cash management practices within the Federal Government are as follows:

- a. Treasury Financial Manual, Volume 1, Part 4, Chapter 3000 and Chapter 4000; and Part 6, Chapter 8000;

- b. Financial Management Service "Manual of Procedures and Instructions for Cashiers (Cashiers Manual)";
- c. General Accounting Office "Policy and Procedures Manual for Guidance of Federal Agencies", Title 7, Fiscal Guidance;
- d. Code of Federal Regulations (CFR), 31 CFR 208, "EFT Final Rule";
- e. Federal Acquisition Regulations (FAR), part 13, Subpart 13.1.

Section 4.0 Definitions

.01 Cash Held at Personal Risk

Cash Held at Personal Risk is an advance made from agency appropriations and kept on hand and that may have to be replaced by a cashier if it is lost, stolen, or misappropriated.

.02 Imprest Fund

A fixed cash or petty cash fund in the form of currency, coin, or Government check that is advanced by an organization unit from appropriated funds to an authorized (designated) employee.

.03 Accountable Officer

An official who by virtue of their employment is responsible for or has custody of Government funds. This official is personally liable for the loss or improper payment of the funds for which he/she is accountable.

.04 Approving Officer

An official, typically finance or accounting official, who has the authority to appoint cashiers or revoke their authority. Approving officials are not permitted to redelegate their authority.

.05 Disbursing Officer

An officer or employee designated to disburse money and render accounts according to laws and regulations governing the disbursement of public money.

.06 Cashier

An officer or employee of the Department of Commerce recommended by the head of an activity and authorized to make cash disbursements.

Section 5.0 Establishment of Imprest Fund and Designation of Cashier

.01 Designation

Approving officials can appoint a cashier by completing OF 211, Request for Change or Establishment of Imprest Fund (Request for Change form). Cashiers must be employed by the official's agency. OF 211 ~~no longer~~ **does not** requires the signature of the servicing FMS Regional Finance Center.

Only one (1) imprest fund may be established at any one (1) location. When two (2) or more Commerce organization units, within walking distance of each other, have a need for an imprest fund, an agreement should be made between the organization units to share a single fund.

.02 Determining Cash Requirements

Approving official should review cash requirement based on actual usage at least every 6 months. The review may consist of analysis of the types of payments the function is used for and the frequency of those payments to determine that:

1. The imprest fund is needed and will be used for valid disbursements;
2. The amount requested is in relation to the need and will be cost-effective;
3. The safeguards proposed for the funds will be adequate;
4. The duties of the proposed cashier(s) will be properly segregated to prevent the opportunity for fraud;
5. Any requested exceptions to normal operating procedures are reasonable and can be considered within existing laws and regulations; and
6. Any relevant information not furnished with the request is obtained before the establishment of the fund.

The official file for cashier designations, including written justifications, will be maintained in the bureau finance office or payment service center.

c. Types of Cashiers

There are three types of cashiers:

(1) Class A Cashier who receives an advance from a bureau and is personally accountable for the amount of the advance received. Class A cashier is not authorized to advance an imprest fund to another cashier except the alternate.

(2) Class B Cashier who receives an advance from a bureau and is personally

accountable for the amount of the advance received. Class B cashier is authorized to advance an imprest fund to another cashier (sub-cashier) as well as to his/her alternate.

(3) Class D Cashier who receives an advance from a bureau solely for change-making purposes. He/she is personally accountable for the amount of the advance received. Class D cashier is authorized to advance an imprest fund to another cashier (sub-cashier) for change-making purposes only upon authorization of the bureau who advanced him/her funds.

Unless otherwise approved by the bureau finance officer/servicing payment center chief, imprest fund cashiers will be appointed in the Class B category.

An alternate cashier should be designated for each principal cashier. The alternate cashier performs during the short absence of the cashier or when the volume of work requires the services of the alternate.

Sub-cashiers are not authorized to disburse funds in the same physical location as the principal and alternate cashier. Sub-cashiers may be used only for off-site disbursements.

d. Training and References

1. Cashier References

Each newly designated cashier will be given ~~a copy~~ **the website** of this chapter of the Cash Management Policies and Procedures Handbook. For further references, consult Treasury's Cashiers Manual at the following address:

<http://www.fms.treas.gov/imprest>

2 Sources of Assistance

Cashiers should consult with the official who authorized or approved a payment on questions concerning the validity of that payment. When the propriety of a payment cannot be determined, the cashier should consult with a fiscal employee at the servicing payment center. If the question cannot be resolved at this level, the employee at the servicing payment center should contact their bureau finance office. Questions that cannot be resolved at this level should be directed to the **Director**, Office of Financial Management.

Section 6.0 Payments from Imprest Funds

.01 Advancing Cash for Purchases

Payments can be made from an Imprest Fund for purchases or travels. These payments are subject to the requirements of the Imprest Fund Directive Policy.

.02 Documentation

Each disbursement should be supported by at least one of the following:

- SF 1164, Claim for Reimbursement for Expenditures on Official Business or comparable form
- paid receipt
- original bill
- sales slip
- cash register ticket, invoice or SF-1165, Receipt for Cash-Subvoucher(Subvoucher)

Documents that support cash payments become subvouchers to the account. These subvouchers should be:

- serially numbered
- stamped "paid" immediately upon payment

The number of copies of subvouchers, invoices, and receipts should be kept to a minimum to avoid making duplicate payments.

Records retention should be made in accordance with the General Records Schedule 6, "Accountable Officers' Accounts Records", available at the following website:

<http://ardor.nara.gov/grs/grs06.html>

Section 7.0 Replenishing Imprest Funds

.01 General

~~Imprest Funds are established by completing the Request for Change form. This Request for Change form also serves to designate the cashier(s) responsible for the funds and the amount of the funds. Advances are generally made by EFT through the Automated Clearing House (ACH). Same day EFT payments via FedWire are also acceptable.~~

The advance held by a principal cashier is replenished by processing an OF 1129, Reimbursement Voucher, supported by the paid sub-vouchers held by the cashier. The cashier will submit replenishment vouchers to the servicing payment center for review and payment. Advances given on Form CD-369, Travel Advance, will be replenished separately.

.02 Submission of Replenishment Vouchers

Submission of reimbursement vouchers should be based on the following:

- Funds greater than \$5,000: Once a week at a minimum
- Funds \$1,000 - \$5,000: Two times a month at a minimum
- Funds less than \$1,000: Once a month or more often as needed to maintain the fund.

~~When requesting replenishment of the fund, the cashier should ask that the amount be issued in several checks (limited to two (2) denominations) that can be cashed as needed, rather than one (1) or several large checks. Checks should not be requested in amounts less than twenty five (\$25) dollars. This limitation has been established by Treasury due to the costs involved in processing multiple small checks (I TFM 4-3050).~~

~~Replenishment checks should not be held uncashed over ninety (90) days without an assessment of the need for the fund.~~

When necessary, the Cashier should request EFT replenishment.

Exceptions to the standards described above, may be granted by the bureau finance officer, when justified by the circumstances. Funds that are in excess to the immediate needs of a fund, unless otherwise justified, must be promptly returned to the servicing payment center.

.03 Cash Turnover Reviews

The bureau finance officer should conduct a review of the imprest fund activity at least semi-annually. Once the activity of all funds have been reviewed, the bureau finance officer should take whatever opportunities are available to reduce the amount of cash disbursed and decrease imprest fund cash balances.

.04 Unused Checks

In the event that checks are received by the Cashier, there is a one (1)-year limit on payability of U.S. Treasury checks. However, they should not be held over ninety (90) days without a cash management assessment as to the continued need for these funds.

Cashiers should forward unused checks to their servicing payment center for cancellation and reissuance.

Uncashed Treasury checks should be stamped "non-negotiable" and returned to the servicing payment center when there is a change in cashiers, a liquidation of the fund, or a decrease in the fund.

.05 Avoiding Check-Cashing Fees

Before paying a fee to a local institution for cashing an official check, every effort should be made to have the checks cashed without a fee.

.06 Paying Fees

If none of the usual facilities are available and local financial institutions require payment of a fee, the fee may be paid from the imprest fund. The cashier's supervisor will be responsible for determining the reasonableness of the fee. Such a fee should be reasonable and customary for the service area.

.07 Deposit Accounts

Under normal circumstances, Department of Commerce cash resources are deposited into and maintained by the U.S. Treasury. In unusual cases, authorization to maintain cash balances in a commercial bank or in accounts of other financial institutions (insured by the U.S. Government) may be authorized. This authority is for cash withdrawal transactions by cashiers only and does not permit commercial checks to be made payable to fellow employees or vendors.

Cashiers who maintain a depository account must submit an SF 1149, Statement of Designated Depository Account, with the monthly OF 1129, to the servicing payment center. Where funds are maintained with an authorized depository on a demand basis and, by law, may bear interest (as with some foreign currencies), the highest possible interest rate must be obtained commensurate with the administration of the account.

Section 8.0 Safekeeping Facilities for Cash

.01 Small Funds

A locked cash box will suffice for funds under \$300. The cash box should be secured in a bar and combination lock file cabinet during the hours the imprest fund is not in operation.

.02 Larger Funds

Funds over \$300 are to be kept in a locked cash box and stored in a U.S. Government approved safe with a three-position dial combination lock which may be obtained through the General Services Administration Customer Supply Center. Normally, a large fund should not be established until a safe is on site. However, a bar-locked cabinet can be provided as a temporary measure if an emergency need for a large fund arises.

.03 Safeguarding Combinations and Keys

The cashier should personally set the combination to the safe or three-position dial combination lock. If it is not possible for the cashier to set the combination, it must be done by a bonded locksmith. A security officer or supervisor is not authorized to set or know a cashier's combination. The cashier must memorize the lock combination. The combination should not be written except to provide emergency access.

.04 Changing the Combination of the Safe

The combination should be changed at least once a year, whenever there is a change in cashiers, and/or whenever the combination becomes known to a person other than the cashier. If necessary for security reasons, (i.e., an outgoing cashier or someone else is in possession of a key to the cash box), a new lock should be obtained.

.05 Cash Boxes

The cashier should not place funds or keys to a cash box in an unauthorized storage facility (vehicle glove compartment, locked or unlocked desk drawer, etc.) or leave them with another person. The cashier should keep his/her cash box in the safe except when actually making disbursements, and should never leave a cash box or unlocked safe unattended even for a few moments. Each cashier must maintain a separate cash box with its own key or combination lock, and may not operate from another cashier's funds.

.06 Unsafe Places for Cash

An imprest fund shall not be kept in a safe with unrelated documents, unless the safe has separately locked inner compartments for storing a cash box and the documents.

.07 Security of Operations

The cashier's supervisor is responsible for providing the cashier with adequate facilities, equipment, and a secure environment for the safe operation of the fund. This includes providing the cashier with adequate security when the cashier must travel to a different location to cash reimbursement checks. ~~The supervisor should consider:~~

If the security and safety of the fund and the cashier are in question, the supervisor should arrange for an escort to accompany the cashier during the process of depositing and/or cashing the reimbursement.

Cashiers should not normally leave their offices to make disbursements. Cashiers may leave their office when persons needing cash cannot come and/or cannot send someone to the location of the cashier. These situations should be rare.

To allow for emergency access, the following procedures should be taken by the cashier:

1. A duplicate cash box key and/or the written combination must be placed in a sealed, signed, and dated envelope.
2. The envelope will be personally hand-carried by the cashier and given, unopened, to the designated security officer for the facility. The security officer must note the date received and sign the unopened envelope.
3. The envelope will be kept in a secure place inaccessible to other employees.
4. If there is no security officer designated for the facility, the cashier must arrange for an alternate and secure storage of the envelope, with the location known only to the principal officer of the facility, but not by the cashier's supervisor.

This arrangement or another similarly effective measure may be used so long as it is approved in advance by the bureau finance officer/ servicing payment center chief.

5. Access should only be made by the cashier's supervisor, a witness (preferably the security officer), and the alternate cashier or, in the supervisor's absence, the principal officer of the facility, or his/her designee, accompanied by the witness and the alternate cashier.

.08 Depositaries

Deposit accounts are to be set up in the bureau's name. The following procedures apply when establishing a deposit account at a financial institution.

The bureau finance officer or servicing payment center chief must send a letter to the financial institution authorizing funds withdrawal by the cashier. The letter should also contain the following information:

- a. The account should be established as a corporate Government account and cannot be commingled with private funds. The account is for deposit and cash withdrawal only. Checks cannot be written against the account.
- b. The title and name of the principal cashier, alternate cashier, and management official who can withdraw funds or freeze the account for audit purposes. Include signatures for each person listed in the letter.
- c. Signature cards should be signed with the financial institution.

d. A photo identification will be presented to the financial institution when making a deposit or withdrawal so that the identification can be compared with the signature card on file at the institution.

The financial institution must be Federally insured.

.09 Emergency Access

Emergency access to imprest funds should be provided only in case of (a) absence of a cashier, including alternates; or (b) absence of alternative imprest funds.

When emergency access is required, the fund must be verified by the cashier's supervisor, a witness, and the alternate cashier who will sign for the funds. The verification will be made at the time the fund is accessed and prior to the use of the fund. The safe combination must also be changed immediately by the alternate cashier. A subsequent verification and a change of combination will be accomplished in the usual manner following the return of the principal cashier.

Section 9.0 Responsibilities for Cashier Funds

.01 General

General responsibilities of a cashier are to make disbursements for official purposes and to maintain all official funds, i.e., funds paid out, cash-on-hand, and funds advanced to alternate and sub-cashiers.

a. Conflict of Duties

It is the cashier's sole responsibility to disburse funds based on authorized and approved documentation. A cashier may perform other duties; however, unless justified by unusual circumstances and approved by the Director for Financial Management or the person having his/her delegation of authority, the cashier should be prohibited from performing the following activities:

1. Collections--if justified by extenuating circumstances and approved, collections must be accounted for separately and never commingled with imprest funds.
2. The pricing, billing, or maintaining of accounts receivable if the cashier is, in any way, involved in the collection of funds or in making adjustments in cash.
3. The operation of more than one (1) imprest fund at a time.
4. The commitment of funds or the authority to approve purchases of

goods and services.

5. Other functions related to making cash disbursements.

6. Determining, authorizing, or approving credits for return of or allowances for goods previously billed.

7. Maintaining or controlling inventories or inventory records, or authorizing, approving, or handling the receipt or shipment of goods and services.

b. Daily Cash Reconciliation

A daily reconciliation of cash and/or travelers checks is required by the cashier for those funds that have activity for the day. Any shortage or overage must be immediately investigated and reported through the cashier's supervisor to the bureau's finance office if the fund is not promptly reconciled. On those days that replenishment is requested, the reconciliation will be satisfied by the completion of the "Status of Fund" block on the OF 1129, Cashier Reimbursement Voucher. Documentation substantiating cash reconciliations should be retained until the next audit is performed.

.02 Liability

A cashier is personally liable for the replacement of any shortages, losses, or misuses of funds entrusted to him/her through an imprest fund advance. A receipt log-book(s) by sub-voucher number, should be maintained by the cashier. The cashier shall require each individual receiving cash/travelers checks to sign the log-book next to the appropriate number.

Cashiers should insist on proper authorization/approvals and accept original customer copy receipts which may be in the form of a cash register tape, carbon copy, computer generated copy, a slip marked "customer copy," or a photocopy. If a photocopy is used, the employee must indicate in writing that this is the original and sign the receipt. Any type-overs, white-outs, or other alterations on authorizing documents or receipts must be questioned.

Each cashier is personally liable (legally responsible) for the funds that have been advanced to him/her until a proper and acceptable accounting has been made to the Department. Alternate cashiers and sub-cashiers are primarily responsible to the cashier who advanced funds to them.

The cashier may refuse to make any disbursement that is not in strict accordance with Treasury or Department regulations. The cashier may not be coerced into making any disbursement where the propriety of the transaction is questionable. When the propriety of any disbursement is doubted, the cashier may require written acceptance of

responsibility (a letter of recourse) from the official authorizing the disbursement. The cashier should include the following statement with the approving official's signature when the disbursement is in doubt: "In the event this payment is disallowed by the certifying officer, I accept full responsibility of the amount of the disbursement (signature of approving official)." Such written acceptance of responsibility provides the cashier recourse to the official if the disbursement is later disallowed, but does not, in itself, relieve the cashier of responsibility for the disbursement.

The cashier may also request an advance written opinion from the certifying officer as to the legality of a disbursement. If the certifying officer cannot decide the legality of the disbursement, the officer may submit the request through the bureau finance officer and the Office of Financial Management to the Office of General Counsel for a decision.

.03 Reporting Losses, Shortages, or Thefts

Whenever a loss or suspected impropriety is discovered, the cashier/verifier who becomes aware of the problem must immediately report what is known to the bureau finance officer/servicing payment center chief, through the cashier's supervisor. The bureau finance office should establish an account receivable, and bill the cashier for the amount of the shortage or loss. Collection action will not be pursued until an investigation has been completed and liability for the shortage or loss has been determined. Cash advanced by the cashier to other employees, i.e., interim receipts, (not including travel advances) and not cleared within five (5) working days, must be handled and reported in the same manner as a shortage of a cashier.

.04 Accounting for Losses

a. Limited Relief

A cashier may be relieved of the liability for the loss of funds, upon formal application, in the event of burglary and/or theft where reasonable and proper safeguards were exercised, the loss was reported and investigated, and there was no negligence on the cashier's part. Requests/ recommendations for relief must be forwarded from the bureau finance officer to the Director for Financial Management or the person having his/her delegation of authority. In general, relief may be granted by the agency for losses under \$3,000. For individuals seeking relief from liability for losses over \$3,000, those individuals should obtain the advice of their component General Counsel's Office or the Department of Justice (Justice Management Division) if the component does not have a General Counsel's Office.

b. Collection Action

Whenever there has been a determination that a cashier is at fault for a loss of imprest funds, the bureau finance officer/servicing payment center chief shall be

notified so that a bill for collection is issued and collection action can be pursued. Collection action must be taken by the bureau finance office under the provisions of the Debt Collection Act of 1982, as amended, if requests by the cashier for immediate repayment are ignored. For specific inquiries regarding salary offset procedures, refer to the Department's Credit and Debt Operating Standards and Procedures Handbook, Appendix E.

If deficiencies in cashier advances are approved for relief, or if cashier deficiencies are determined to be uncollectible, the deficiency may be authorized to be charged to the appropriation(s) available for payment from the imprest fund. If the deficiency cannot be related to a specific transaction or appropriation, the charge will be prorated based on the dollar volume of payments made through the imprest fund for each appropriation and/or fund. The charge will require the clearance of the finance officers of the affected bureaus.

.05 Responsibilities of the Bureau Finance Officer

The bureau finance officer and servicing payment center chiefs have the responsibility for ensuring that direction is given and guidance is issued for the proper operation of the fund, and that prescribed audits and verifications are conducted.

.06 Responsibilities of Cashier's Supervisor

The supervisor must establish hours during the workday when the cashier's office is open to the organization. Hours of operation should be posted outside the imprest fund office. The bureau finance office may be consulted for guidance in establishing service hours.

The cashier's supervisor is responsible for ensuring the need, correct use, and management of imprest funds maintained within his/her jurisdiction. The supervisor must ensure that the funds are being used and maintained in accordance with all applicable regulations.

The supervisor of the imprest fund cashier must ensure that quarterly cash verifications are performed, the fund is audited as required in Section 10.15 of this chapter, and an audit is conducted whenever there is a change in cashiers. The supervisor may request guidance from the bureau finance officer or the servicing payment center chief.

.07 Responsibilities of Approving Official

The approving official shall ensure that all items ordered are officially necessary, that items approved for payment have been received, and that the correct account classification code is applied to the purchase. The approving official should be knowledgeable of and enforce Department policies concerning (a) allowable/disallowable purchases, (b) proper purchase mechanisms (e.g., BankCard, purchase order, etc.), (c) spending limits, (d) approvals and

documentation needed for special transactions.

Section 10.0 Accountability for Transfer of Cash Between Employees and Sub-Cashier and the Primary Cashier

.01 Advance to Employee

Principal, alternate, and sub-cashiers may make authorized advances of funds in cash. An imprest fund cashier is authorized to make cash advances for travel when the properly approved forms are presented. Recipients become liable for advances, i.e., cash and/or travelers checks, issued to them upon receipt. The cash is exchanged for a properly prepared SF 1165, Receipt for Cash--Sub-voucher (or equivalent form).

.02 Accountability for Advance to Employee

Cash advances made to employees to make purchases (excluding travel advances) must be liquidated in one of the following ways:

- a. The total amount advanced may be returned to the cashier in cash;
- b. Acceptable paid receipts may be presented to the cashier in an amount equal to the amount of the advance; or
- c. A combination of cash and acceptable paid receipts may be presented to the cashier in the amount of the advance.

Where the temporary cash advance (SF 1165, or equivalent form) is not liquidated within the prescribed time limitation for accountability [five (5) workdays], the advance is to be considered as a shortage item by the cashier. Such overdue advances will be reported on the OF 1129, Reimbursement Voucher. Advances of cash made by cashiers and sub-cashiers to employees for making approved purchases should be made in the minimum amount of time necessary to make the required purchase.

.03 Advances to Alternate

An alternate cashier usually is authorized to operate only in the absence of the principal cashier. However, an advance may be given to an alternate cashier when the volume of work makes it necessary for both the principal cashier and alternate cashier to disburse cash. The alternate cashier must operate from his/her own separate fund advanced by the principal cashier on an interim receipt and from his/her own cash box. Normally, this arrangement will be temporary. If the volume of work necessitates both the principal cashier and the alternate cashier to disburse cash for more than thirty (30) days, the bureau finance officer/ servicing payment center chief should be consulted for advice. The continued use of both principal and alternate cashiers violates the principle of designating only one cashier at an individual facility. An alternate cashier operating

under an interim advance may not advance funds to a sub-cashier.

.04 Accountability for Advance to Alternate

The alternate should sign a receipt (SF 1165) for the amount of the advance. This receipt should be retained to account for the full amount of the fund.

.05 Replenishment Procedure - Alternate

At the end of each business day, the alternate must turn over all paid vouchers to the cashier. The alternate's advance for the amount of the paid vouchers should then be replenished.

.06 Absence of Cashier

If a cashier is going to be absent [~~e.g., fifteen (15) workdays or whatever timeframe would not require a replenishment check in the principal cashier's name~~], the alternate's advance will be increased on a receipt basis to the amount needed to carry on normal disbursing activities. When the cashier returns to work, the alternate should return all paid vouchers to the cashier. The alternate's receipt advance should then be reduced to the previously established sum.

In instances of unforeseen absence of the cashier where transfer of funds to the alternate cannot be effected as stated above, a formal transfer of funds must be made to the alternate. A committee of three (3) persons--the alternate cashier, the cashier's supervisor, and the principal officer of the facility--will access the cashier's records and funds, and prepare an accounting on an OF 1129 in the name of the cashier. Each committee member will sign the accounting form, transferring responsibility and accountability to the alternate cashier.

.07 Advance to Sub-cashier

a. A principal Class B cashier is authorized, if approved by the bureau finance office, to make advances in specified amounts to designated sub-cashiers to operate a sub-fund of the principal imprest fund. The establishment and any change in the amount of the advance must be reflected in the signed interim receipt held by the principal cashier. This type of advance remains a part of the principal cashier's fund until it is liquidated.

b. Cash advances made to sub-cashiers to make disbursements must be liquidated in one of the following ways:

1. The total amount advanced may be returned to the cashier in cash; or
2. Acceptable paid receipts, and any remaining cash, may be presented to

the cashier in an amount equal to the total amount of the advance.

.08 Accountability for Advance to Sub-cashier

The sub-cashier should sign a receipt (SF 1165, or equivalent form) for the amount of the advance. This receipt must be retained by the principal cashier to account for the full amount of the fund.

.09 Capability of a Sub-cashier to Advance Funds

Sub-cashiers may transfer the fund to an alternate sub-cashier during the absence of a principal sub-cashier. The alternate sub-cashier should sign a receipt (SF 1165) for the transfer. A copy of this receipt should be given to the principal cashier so that he/she will know who is accountable for funds at all times.

.10 Replenishment Procedure - Sub-cashier

As the sub-cashier makes disbursements, he/she will periodically exchange paid receipts for additional cash, but no less than monthly. If the advance is to be continued, the sub-cashier must submit all sub-vouchers for replenishment. These sub-vouchers should not be numbered by the sub-cashier, but will be numbered, upon receipt, by the principal cashier.

.11 Resignation of Principal Cashier

When a cashier leaves his/her position, the change should be anticipated and the bureau should request Treasury to designate a new cashier using an OF 211.

If the new cashier has not been designated prior to the outgoing cashier's departure, the advance should be transferred to an alternate until the principal cashier is designated.

If there is no alternate cashier, the funds must be returned to the servicing payment center that originally processed the advance. If an employee is not available to serve as a replacement cashier for the resigning cashier, the imprest fund may not be retained.

.12 Transfer of Funds

a. Request for Change of Cashiers

A request for a change of cashiers must include the same information as indicated for a new cashier. The request for a designation of a replacement cashier must include a request for the revocation of the incumbent cashier.

b. Preliminary Verification of Funds

Before transferring funds, the cashier must recall, count, and verify any advance made to any alternate or sub-cashier. A cash verification of a sub-cashier's advance must be made in the presence of the sub-cashier. Once advances to an alternate or sub-cashier are fully accounted for, the cashier should return the cash advance receipt to the alternate or sub-cashier.

c. Documentation

In order to relieve the outgoing cashier of responsibility, he/she must prepare and sign a final OF 1129, Reimbursement Voucher, as an accounting and transfer of funds document. (Treasury Fiscal Service (TFS) Form 1652, Statement of Advance of Funds for Change-Making Purposes, will be used to transfer funds between Class D cashiers.) The OF 1129 also serves as an acknowledgment of the receipt of the funds by the incoming cashier.

.13 Discrepancies in Alternate or Sub-cashier

If a discrepancy is found while accounting for the funds of the alternate or sub-cashier, note the discrepancy on the OF 1129 to record the transfer pending clearance action.

.14 Official Counting and Verifying the Fund

A verification of the fund will be performed upon a change in cashiers in the presence of two witnesses. An audit conducted at the time of the change of cashiers may also be appropriate. The new cashier must verify all cash, including travelers checks and charge cards, and documentation received, and acknowledge acceptance of the fund by signing the transfer reimbursement voucher in the presence of two (2) witnesses. Whether or not it is used as a replenishment voucher, an OF 1129 will be sent to the servicing payment center to record the transfer of funds.

.15 Responsibility of Outgoing Cashier

To complete the transfer, the outgoing cashier prepares and signs the OF 1129. In the certification section of the form, the outgoing cashier adds "and has been transferred to (name of incoming cashier) as of this date." The incoming cashier acknowledges the receipt of funds by inserting "I hereby accept accountability for this imprest fund of \$ (amount)" and should place his/her signature and social security number thereafter. If a discrepancy has been noted and shown on the OF 1129, the incoming cashier can acknowledge the receipt of funds by adding, "Except as noted above, I accept accountability for this imprest fund..." Every attempt should be made to settle discrepancies prior to transferring the fund to a new cashier. The outgoing cashier should keep a copy of the signed OF 1129 as a receipt from the incoming cashier.

.16 Submitting OF 1129

The incoming cashier submits the signed OF 1129 to the servicing payment center that advanced the funds.

.17 SF 1166, Voucher and Schedule of Payments

Prepared by service payment centers.

.18 Restoration of Advance to Alternate/Sub-Cashiers

Once the transfer is completed, the incoming cashier may restore any advances recalled from the alternates and sub-cashiers. He/she also prepares a new receipt for the advance.

.19 Forms Outgoing Class D Cashier Must Submit

TFS Form 1652, Statement of Advance of Funds for Change-Making Purposes, is to be used for Class D cashiers only, and will be prepared at least once each fiscal year or after the transfer of accountability to another cashier. The original should be submitted to the servicing payment center.

Section 11.0 Purchases and Miscellaneous Cash Payments

Cashiers may make payments from imprest funds for many types of small purchases and travel advances. However, these payments are limited by the cash amount of the specific transaction.

.01 Advantageous Use of Imprest Funds

Use of the imprest fund as a disbursement technique will generally be considered advantageous in the following circumstances:

1. When vendors are reluctant to honor small purchase orders, contractor-issued BankCards, or demand cash payment;
2. When vendors are not equipped to bill agencies for purchases in accordance with usual business practices;
3. When supplies or non-personal services are needed at locations not serviced by procurement offices;
4. When provisions for local credit arrangements and billings by vendors are non-existent;
5. When unusual operating conditions preclude using conventional disbursing channels (but only under approved exceptions).

.02 Authorization for Expenditures

1. Internal Control

A cashier may not both process disbursements and authorize expenditures. Specific documentation, similar to that required for any authorized disbursement shall be required for imprest fund disbursements. Cashiers must maintain a log file of forms FMS-2958 (Delegation of Authority) for all active officials empowered to authorize payments. Cashiers must verify signatures against the file when payments are made from the imprest fund.

2. Advance Approval

Disbursements from an imprest fund can be made for goods and services only when the disbursements have been authorized in advance of their presentation to a cashier. An employee who has been delegated authority, in writing, to obligate funds and to approve expenditures from those funds must approve the disbursements. If the cashier issues a cash advance, the approving official must approve the cash advance and also the supporting document(s) to liquidate the cash advance. Approval should not be automatic. A signature by the approving official means that the purchase is in full compliance with all imprest fund, procurement, and regulatory requirements. The requirements include, but are not limited to, the following:

- o No purchase order (CD-404) has been issued for the supplies or services;
- o No blanket purchase agreement has been written for the supplies or services;
- o Cash will not be used with a vendor that will accept the Government BankCard; and
- o The supplies are not stocked by GSA or another mandatory source.

.03 Cash Limits

a. Normal Single-Transaction Payments

Commerce cashiers may pay up to \$500 for each approved routine, non-emergency cash payment from the imprest fund. This \$500 limit does not apply to travel advances issued via travelers checks.

At imprest funds furnished with travelers checks, travel advance requests greater than \$100 must be rounded up or down (at the traveler's option) to the nearest multiple of \$50. This allows advances over \$100 to be issued without the disbursement of cash. If the amount of the advance presented to the cashier is not a multiple of \$50, the form must be changed. The traveler must initial the change if made on the original form or prepare a new travel advance. Travel advances of less than \$100 are discouraged, but will continue

to be disbursed in cash.

b. Exceptions to the Dollar Limitations for Routine payments

Bureau finance officers or designee have authority to grant exceptions to the \$500 limitation for routine cash payments.

1. Be made in writing to the bureau finance officer or designee.
2. Address a specific category of transactions (i.e., travel advances) and if approved, will authorize the category only.
3. Specify the need and the unusual circumstances of the program.

Waiver of the cash limit will be restricted to a specified cashier and will not be used as an across the board increase for all imprest fund cashiers.

.04 Emergency Cash Needs

Department cashiers may pay up to \$1,000 for each properly justified and approved emergency cash payment. This emergency payment authority may be used only when the need is immediate and no other disbursing/payment method is available. The written justification must be confirmed by an authorized approving official and be stated on or accompany the payment document.

Disbursements in excess of \$1,000 may be made by cashiers only with the direct approval of the bureau finance officer or designee.

.05 Types of Authorized Payments

Cashiers are authorized to make cash payments and advance cash on a receipt basis to an authorized employee. Cashiers may make payment for the following:

1. Small purchases;
2. Repair of equipment;
3. Postage stamps, parcel post, C.O.D. charges, postal charges;
4. U.S. Postal Service money orders, or money orders issued by Federally-insured banks and credit unions (includes teller's, cashier, and bank checks);
5. Public utility bills (if the location of the activity is so situated that cash payment is more efficient, and approval has been granted through the servicing payment center);

6. Emergency salary payments to employees. Generally, these payments are made to relieve a financial hardship on the employee. (See Section 12 of this chapter for specific procedures on emergency salary payments.)
7. Local drayage (movement of supplies or commodities within a recognized metropolitan area in which both the point of pickup and delivery are located);
8. Transportation shipments under \$100;
9. Public transportation tokens or passes (including cash fares);
10. Taxi fares;
11. Travel advances;
12. Local mileage--privately owned vehicles (see DOC Travel Handbook, Chapter 301-4); and
13. Official telephone and telegraph expenses on an individual call or message unit basis, when official facilities are not available.

.06 Prohibited Transactions

- a. Imprest fund usage may not be appropriate for the payment of small purchases when:
 - o A Government BankCard is available;
 - o A Government contract is available for utility services, printing and related supplies, automated data processing, and telecommunications;
 - o Supplies or goods are available through agency inventory excess property accounts, from Federal Prison Industries, Inc., or Workshops for the Blind or for other severely handicapped persons;
 - o A GSA Federal Supply Schedule contract is available;
 - o An agency requirements-type contract exists under the terms of which the agency agrees to place all orders;
 - o Construction work is being performed;
 - o Motion picture or television scripting and production is being procured; or

- o Procurements are over \$500 without proper approval (see .12 below for exceptions).

- o Making loans, payments for personal expenses, transportation charges exceeding the prescribed limitation for cash payment, personal calling cards or greeting cards, invitations, alcoholic beverages and food (unless under properly authorized funding), traffic fines and tickets, items of clothing/uniforms and shoes for employees (unless authorized by law), or any other payment that may not be paid from Federal funds, such as those determined by the Comptroller General of the United States not to be payable. (For additional guidance, see Principles of Federal Appropriations Law, U.S. General Accounting Office or your certifying officer).

- o Providing free food to Department employees. As a general rule, meals, snacks, or refreshments incurred at an employee's official duty station are viewed as items of personal expense and are not allowed. However, under the Government Employees Training Act, these expenses may be paid if the providing of a meal, light refreshment, etc., is necessary to achieve the objective of the training program. The Incentive Awards Act also allows refreshments to be provided at an awards ceremony or reception in accordance with OPM regulations. If the cost of refreshments is considered a "necessary expense," the cost may be paid out of the organization unit's operating appropriations (see 65 Comp. Gen. 738). Meetings and conferences are not training and the payment of meals and/or refreshments at these events is strictly prohibited. The cashier may request the bureau training officer to certify that the program meets the requirements of either of these Acts.

- o Making payments for wages, salaries, and other personal services payments prior to the time work has been performed and the compensation is earned.

- o Cashing checks or other negotiable instruments, or for change-making purposes, except when specifically authorized by Treasury.

- o. Exchanging U.S. currency for foreign currency or vice versa, or exchanges between foreign currencies, unless specifically authorized by the Department of the Treasury.

- o International shipments or household goods via van shipments;

- o. Deposits to accounts in financial institutions, except when authorized by the bureau finance officer; or

- o. Purchasing commercial journal article reprints written by Government authors.

b. Recurring Payments

The imprest fund should not be used for recurring items, unless determined to be cost-effective and approved by the bureau finance officer.

c. Split Payments

Payments for goods and services which exceed the dollar limitations stated above may not be split in order to circumvent the dollar limits.

.07 Conditions for Cash Payment of Typical Purchases

a. Multiple Payment Listings

In unusual circumstances, a multiple payment listing may be used to pay identical-type disbursements to several individuals at the same location. Approval to make such payments must be obtained from the servicing payment center.

b. Approval of Disbursements

1. Each original cash payment document (invoice, sales slip, receipt, etc.) must be approved for payment. The cashier may not act as an approving officer. The full signature of the approving officer is required on the document. Initials and facsimile signatures may not be used.
2. If an advance was approved on the basis of a properly executed small purchase document (SF 1165 or equivalent form), approval of the payment is still required to ensure that the conditions of the agreement are properly reflected in the disbursement documents and are acceptable to the benefitting office. A copy of the small purchase document must accompany the disbursement documentation.
3. If the purchase of an item was previously approved on the basis of a properly executed purchase order or contract, approval of cash payment cannot be processed unless the purchase order or contract has been closed-out or cancelled, or the provision for the type of payment has been amended.
4. Each payment document must bear a certification: "Goods/services received on (date)", or must be supported by a receiving report that bears a like, definite certification of receipt. The certification must be signed by the employee who has personal knowledge that the goods and/or services were actually received.
5. The accounting classification code must be shown on each payment document. (~~See Exhibit 6-4 for a listing of the bureau codes, and Exhibit 6-5 for the accounting classification code format for the bureaus.~~)
6. Payments from the imprest fund require the signature of the employee receiving the

funds on the original of the payment document, or on a cash receipt form, at the time the cash is disbursed. A payment document becomes a sub-voucher at the time funds are disbursed.

.08 Types of Payment

a. Small Purchases

All purchases of furniture and equipment should be cleared through the appropriate property officer so that accountability can be established.

When a small cash purchase has been authorized by an official having procurement authority, a temporary advance documented by an interim receipt, SF 1165, or equivalent form, for a period not to exceed five (5) workdays from date of issue, may be given to an employee to make the cash purchase.

b. Travel Advances

A travel advance may be issued with the presentation of a CD-369, Travel Advance, and an attached travel authorization (CD-29 or other approved form). (See the DOC Travel Handbook, Chapter 301-10 and the Administrative Payments System Manual, Chapter 1, for guidance.) Form CD-369 will not be processed as a part of the Administrative Payments Imprest Fund Sub-system and should not be included as a sub-voucher to the OF 1129, Cashier Reimbursement Voucher.

A traveler who receives a travel advance (in cash or travelers checks) is accountable and personally liable for the entire amount advanced even if it is lost or stolen.

c. Reimbursements for Travel Expenses

Only local transportation costs incurred at the official duty station (SF 1164), shall be paid through the imprest fund. Receipts will not be required unless the amount of the expenditure is twenty-five (\$25) dollars or greater. Local travel expenditures include taxicab fares and related tips fifteen (15%) percent; bus, rail, ferry, and subway fares; POV mileage, tolls, parking meters, and parking lot fees; official telephone calls; and gas, oil, and minor repair service for Government-owned or leased vehicles.

.09 Personal Services, Salary, and Benefit Payments

Cash payments may not be made for personal services or for routine or emergency salary payments except as specifically authorized by Section 7, Purchases and Miscellaneous Cash Payments and Section 8, Payment of Payrolls, in this chapter.

.10 Regulations

All purchases of supplies and/or equipment should be reviewed by a procurement official within the approving official's organization to assure that each purchase is made under the requirements of the Federal Acquisition Regulations (FAR) and any other supplemental regulations.

.11 Money Order Fees

The use and reimbursement of money orders and the reimbursement of money order fees through an imprest fund is authorized under the following guidelines:

- a. Money orders can be used to purchase necessary goods or services when no other purchase method, such as a Government BankCard, is feasible or more economical. However, money orders shall not be used as a means to circumvent other payment or procurement processes. Money orders cannot be used to pay for personal services.
- b. Money orders cannot be used for recurring payments or for transactions which require other means of procurement. For example, use a Government Bill of Lading for household goods shipment; and an SF 182, Request, Authorization, Agreement, and Certification of Training, for registration fees for training, seminars, conferences, etc. When an employee is scheduled to attend a conference or seminar, a determination should be made as to whether the vendor will accept an approved SF 182. If the vendor will not accept an SF 182, a charge card should be used. In addition, when training and/or the registration fee are to be incurred as part of temporary duty travel, the employee may withdraw his/her travel advance from an ATM window and claim the amount(s) on the travel voucher submitted for reimbursement. Once reimbursed, it is the employee's responsibility to promptly discharge his/her financial obligation.
- c. Money order purchases may be made and the fees reimbursed for subscriptions or other charges for newspapers, magazines, books, periodicals, or other publications up to \$500, when prepayment is a requirement by the publisher and the charge card is not accepted. If the cost of the subscription is less than \$100, a money order should be obtained and remitted directly with the subscription or ordering form (see Exhibit 6-6).
- d. Money order purchases may also be made for any situation which has received previous approval from the Department of the Treasury or from the Department's Office of Financial Management.
- e. Money order purchases up to \$1,000 may be made on an emergency basis if the purchase and the use of the money order is adequately justified on, or attached to the SF 1165, SF 1164, or equivalent form. An authorized approving official must sign the justification in addition to approving the claim form.
- f. A request presented to an imprest fund cashier for reimbursement for the money order and its fee must include a dated receipt for the item(s) purchased, the purchaser's copy of the money order, and a receipt for the money order fee. If the money order was used for a

subscription or similar charge, a copy of the ordering form should be attached in lieu of a dated receipt.

.12 Exceptions

Exceptions to the single purchase dollar limitation (\$500, but not to exceed \$1,000) must be initiated by the bureau finance officer. Cash payments for more than \$1,000 must be approved by the Director for Financial Management. A request for an exception must be based on need and the unusual circumstances of the program.

.13 Documentation

a. Each payment made from an imprest fund must be supported by an SF 1164, Claim for Reimbursement for Expenditures on Official Business, or similar bureau approved form, itemizing the expenditures made on official business (see Exhibit 6-6), and one of the following if reimbursement is for goods, services, or supplies:

1. A dated receipt.

2. When receipts for purchases of goods, services, or supplies are not available from the vendor, an SF 1165, Receipt for Cash - Sub-voucher, or equivalent receipt form, itemizing the articles or services purchased, should be used. In lieu of preparing an SF 1165, the employee may enter the required information directly on the SF 1164.

b. When a cashier advances cash to an employee to make an authorized purchase properly payable from an imprest fund, the employee will sign the interim receipt stub on the SF 1165, Receipt for Cash - Sub-voucher. The cashier will keep the interim receipt stub and give the employee the SF 1165. When the employee has completed the purchase, the employee will return the receipt for the purchase(or acceptable substitute) and any unused cash to the cashier. The cashier will mark the interim receipt "Void" and return it to the employee.

1. Foreign Language Receipts

If cash receipts are written in a foreign language, the receipt must be translated into English in sufficient detail at the time the payment is made to identify the goods and/or services acquired and the purpose of the purchase.

2. Accounting Classification Codes

In order to charge the payment to the appropriate funds, the proper accounting classification code must be shown on each sub-voucher when presented for payment.

3. New Fiscal Year

Payments from imprest funds for obligations of a new fiscal year are not authorized until an appropriation or continuing resolution for the new fiscal year has been approved. Payments from imprest funds are authorized for unexpired multi-year funding, no year funding, or funding in certain emergency situations. The bureau finance officer and/or budget officer should be consulted to determine whether obligational authority exists.

Expenditures incurred on official business by September 30 and other undisbursed obligations which were properly authorized and recorded in the accounting records as accounts payable prior to September 30, may be paid through the imprest fund after the fiscal year has ended, if otherwise proper and approved by the funding bureau, even though new fiscal year obligational authority is unavailable.

.14 Supporting Documentation/Sub-vouchers

All documents supporting cash disbursements become sub-vouchers in the account. These sub-vouchers should be serially numbered in the order of payment. All sub-vouchers, invoices, or receipts and their copies should be marked "paid" immediately upon payment. The number of copies of sub-vouchers, invoices, and receipts should be kept to a minimum to avoid duplicate payments.

.15 Tax Exemption

Standard Form 1094, U.S. Tax Exemption Certificate, shall be issued when the tax exceeds twenty (\$20) dollars. However, a certificate need not be issued if it can be determined that the cost of issuing the certificate will exceed the tax. The certificate shall not be used for:

- a. Purchases of quarters or subsistence made by employees in travel status;
- b. Expenses incident to use of a privately-owned motor vehicle for which a mileage allowance has been authorized; or
- c. Merchandise purchased which is subject only to Federal tax.

Section 12.0 Payment of Payrolls (When Authorized)

.01 Emergency Salary Payment Authorization

The Department of Commerce has received authorization from the Department of the Treasury to make emergency salary payments to employees from the imprest fund. These payments shall be made only in the following situations:

1. An employee is not issued a check on the scheduled payday due to an administrative error, or a delay in processing necessary documents, and a serious financial hardship would be imposed if payment were not made;
2. An employee receives a salary check, but due to an administrative error, the amount of the check is for less than ninety (90) percent of the net amount due; or
3. A new employee must await issuance of his/her initial salary payment, and because of the normal processing time, a personal financial hardship would be encountered.

Payments may be based only on actual regular hours worked, as recorded in the payroll records, and will not include any amount due for overtime or premium pay. All deductions must be subtracted to arrive at net pay and the advance should be limited to a reasonable percentage of the net pay. However, the per transaction limit for emergency salary cash payments is \$500, and must be justified under one (1) of the above situations. Payments will be made in whole dollars only.

These officials should confirm with the servicing personnel office that an emergency exists and a salary payment from an imprest fund is warranted. Emergency salary payments will not be made to employees for the non-receipt, loss, theft, destruction, or mutilation of a previously issued salary check. In such a case, the servicing personnel office shall follow Personnel procedures for the issuance of a substitute check.

Emergency salary payments are to be repaid by deduction from the current pay period through the payroll/ personnel system. Employees are not to repay emergency salary payments through an imprest fund. Although the emergency salary payment is issued by the imprest fund cashier, the responsibility for collection of the payment rests with the employee's supervisor by ensuring the proper preparation of the employee's time and attendance report.

.02 Evaluating Payrolls

The Time and Attendance (T&A) Report is used to collect information required for the computation of pay. Supervisors are responsible for reviewing and certifying the accuracy and completeness of T&A information for each employee under his/her supervision. ~~(See .05 for instructions for preparation of the T&A report for emergency salary payments from the imprest fund.~~ For detailed information on T&A reporting, see the Department's Time and Attendance Manual.

.03 Procedure for Obtaining Emergency Salary Payment

The authorizing official, after determining a need for an emergency salary payment, must complete an SF 1165, and have the employee sign the form. The authorizing official must

obtain approval from the servicing personnel office (personnel specialist). The SF 1165, T&A report covering the pay period for which the payment is requested, and supporting documentation must be sent to the servicing personnel office for review and approval. The personnel office must keep a copy of the SF 1165, the T&A report, and documentation on file for three (3) years.

The servicing personnel office will return the package to the authorizing official so that payment may be obtained from the cashier. In addition, the servicing personnel office will provide a copy of the package to the bureau's finance office.

The original and three (3) copies of the package must be provided to the cashier for processing. Copies should be distributed as follows:

1. Return one (1) copy to the authorizing official for submission to the T&A Clerk for preparation of the T&A report.
2. One (1) copy will be maintained by the cashier;
3. One (1) copy will be forwarded to the bureau finance officer; and
4. The original will be attached to the CD-421, Cashier Sub-voucher Register and forwarded to the servicing payment center.

.04 Advance Payment of Basic Pay

Departmental Notice 91-14, dated July 8, 1991, authorizes the Department of Commerce to grant advances of basic pay, in one (1) or more installments covering not more than two (2) pay periods, to any individual who is newly appointed to a position in the Department. However, the imprest fund may not be used for advances of pay. For policy and procedures on advances of pay, contact your servicing personnel office.

Section 13.0 Liquidating an Imprest Fund

- a. An imprest fund can be liquidated through the returning of cash or uncashed checks to the bureau finance office or service payment center with a deposit ticket.
- a. An OF 1129 must be submitted as an accountability report with the notation "No Replenishment Vouchers Submitted."

Section 14.0 Accountability Reports and Verification of Funds

.01 General

An OF 1129, Cashier Reimbursement Voucher and/or Accountability Report, must be generated by each principal Class A and B cashier. This report enables the cashier's

supervisor, and other interested management officials, to monitor the status of the imprest fund.

.02 Submission of Accountability Reports

Optional Form 1129 should be submitted:

- a. On the last workday of each month (minimum requirement);
- b. Whenever there is a change in the approved level of the fund (an additional advance or a liquidation of funds); and
- c. Whenever there is a transfer of accountability for the fund, such as a change in cashiers. In this case, the form should be submitted, signed once by the outgoing cashier, and once by the incoming cashier. A copy should be given to the incoming cashier and the outgoing cashier. A copy should also be maintained in the organization unit's file where the imprest fund is located.

.03 Using the Reimbursement Voucher as an Accountability Report

Accountability Reports are to be submitted as follows:

- a. By the close of business on the last workday of the reporting month, the cashier will submit an Accountability Report to his/her supervisor.
- b. The cashier's supervisor will review the Accountability Report and take any corrective action necessary to ensure that the fund is intact, and will submit the report to the servicing payment center by the fifth workday of the following month, noting any action(s) still pending to restore the fund. (~~See Section 5.0 if an irregularity is disclosed.~~)
- c. The servicing payment center will review the Accountability Report to ensure that there has been a full accounting for the fund, or will follow-up for corrective action.
- d. The Accountability Report will be filed by the servicing payment center for future reference and use in auditing the fund.
- e. At year-end, imprest fund status reporting should be made in accordance with the Department accounting procedures and information requirement of the FMS Form 2108, Year-end Closing Statement.

.04 Submitting Report Forms

In addition to the normal procedures for completion of OF 1129 for reimbursement, the following annual and quarterly reports should be submitted to the servicing payment center:

a. Form CD-422, Cashier Account Audit

The CD-422 will be used to record the bureau audit of a cashier account. An unannounced audit of each account must be made at least annually. Instructions on the form are self-explanatory. A signed copy of the CD-422 and the CD-423 should be forwarded to the servicing payment center.

b. Form CD-423, Verification of Imprest Cash

The CD-423 will be prepared by the bureaus to document an unannounced verification of the cash balance in an imprest fund. At a minimum, cash verifications must be performed once each quarter, as well as at the time of the annual audit. A signed copy of the CD-423 should be forwarded to the servicing payment center.

.05 Sub-cashiers

Sub-cashiers should submit their sub-vouchers to the Class B cashier whenever the Class B cashier is preparing a reimbursement voucher. At the time of accountability, the sub-cashier must submit:

- a. All sub-vouchers on-hand for replenishment if the advance is to be continued. These sub-vouchers should not be numbered by the sub-cashier, but will be numbered, upon receipt, by the principal cashier. If there is a deficiency in the documentation submitted, the sub-cashier must resolve the deficiency to the satisfaction of the principal cashier; and
- b. A statement of accountability for funds held, similar to the "Status of Funds" statement on the reimbursement voucher, if any funds are retained following the accountability.

If there has been no activity during the month, the sub-cashier should provide a signed statement showing cash accountability as of the last day of the month to the Class B cashier who advanced the funds. A statement must be provided justifying the retention of the advance, or return all the funds held for cancellation of the advance and revocation of the sub-cashier designation.

.06 Class D Cashiers

Each Class D cashier will complete and submit a Treasury Fiscal Service (TFS) Form 1652, Statement of Advance Funds for Change-Making Purposes, at least once each fiscal year. The Statement should be submitted to the servicing payment center on the anniversary date of the initial advance (minimum requirement), when there is a change in the amount of the advance, or when there is a transfer of the fund to another Class D cashier. However, if an accountability on TFS Form 1652 has not been submitted during the last six (6) months of the fiscal year, a TFS Form 1652 must be submitted on

September 30 for year-end validation purposes.

A prerequisite to the submission of each TFS Form 1652 is a witnessed verification of the fund. The verification process will be limited to an assurance of the physical presence and proper use of the fund (see .08 below for Verification of Funds).

a. Alternate Cashiers and Sub-Cashiers

When the Class D cashier has advanced funds to an alternate or to a sub-cashier, the alternate and sub-cashier must complete a TFS Form 1652, and submit it to the principal Class D cashier for backup to his/her required submission. All such sub-advances must be verified and witnessed when TFS Form 1652 is completed. Copies of TFS Form 1652 completed by the alternate and sub-cashier will be retained by the principal Class D cashier and will be made available for review, when requested, as part of an on-site audit.

b. Certification of Continued Need

Each TFS Form 1652 must bear the following certification of continued need signed by the director of the organization unit facility where the Class D cashier is assigned: "I certify that there is a continuing need for a change-making fund in the amount of \$ at this location because..." (briefly state a justification). If there is no continuing need for the fund, or if the activity in the fund has been so limited as to render the cash idle, the advance should be repaid and the fund closed-out.

.07 Verification of Funds: Spot Checks

The performance of periodic verifications satisfies an important management oversight responsibility and is intended to assure management that the imprest fund is intact and is being operated in a responsible way.

a. Responsibility for Verification

The cashier's supervisor has the basic responsibility for ensuring that verifications are conducted. The supervisor is not required to conduct a verification, but is encouraged to participate when feasible. The bureau finance officer will monitor the performance of verifications, and may assist by providing or arranging for personnel to conduct verifications when necessary. The cashier must be present during the entire verification process and must acknowledge the return of the funds.

b. Selection of Personnel

Any two (2) Government employees other than the principal, alternate, or sub-cashier may perform the verification. The verifiers need not have financial backgrounds, but should have an awareness of the purpose and use of an imprest

fund and be capable of conducting a cash count, including sub-vouchers, travelers checks, and completing the verification form. All individuals participating in the verification, including the cashier, will sign the CD-423, Imprest Fund Verification.

c. Frequency of Verifications

Verifications must be unannounced, except in the case of a change of cashiers.. Verifications shall be performed at least once each calendar quarter. Verifications should be performed more frequently if there has been a recent shortage where restitution has occurred, even if the cashier was not determined to be negligent.

d. Requirements of the Verification Process

The required actions in the verification process are as follows:

1. The amount of the advance for which the principal cashier is responsible must be confirmed before verification by inquiry to the servicing payment center, as well as by referring to the current copy of the cashier's designation form (OF 211).
2. Imprest fund activities must be suspended while the initial cash count and documentation verification process is underway. The verification process may extend beyond the day the actions were initiated, in which case the fund will be released by the verifiers for continued operation, unless there is evidence of an improper act. If the fund cannot be returned to the principal cashier because of improper acts, the fund must be properly transferred to the alternate cashier. In any case, completion of the verification process must be prompt.
3. Advances made to sub-cashiers and others (on interim receipts) must be verified by obtaining confirmation from the recipient. Normally, travel advance forms will not be confirmed, but if there is a suspicion of invalid documentation, or travel advance forms are dated prior to the date of the last submission for reimbursement, the advances should also be confirmed. If interim advances are given to employees to make specific cash purchases, the date must be examined. These advances must be resolved within five (5) workdays. If such advances have been outstanding for more than five (5) workdays at the time of verification, the recipient should be directed to resolve the advance immediately by repayment of cash and/or submission of acceptable receipts for goods purchased, or the verifier must report the advance as an unresolved shortage on the verification report.
4. The cashier's record of reimbursement vouchers in-transit to or from the

servicing payment center must be verified. This can be accomplished by telephone, wire, or by a memorandum. If all the in-transit reimbursement vouchers cannot be accounted for within a few workdays of initiating the verification, further investigation or an audit should be performed under the guidance of the bureau finance officer with the participation of the cashier's supervisor. If the vouchers cannot be confirmed or satisfactorily reconstructed, the missing transactions must be reported as an unresolved shortage.

5. All the paid sub-vouchers held by the principal cashier for which a reimbursement voucher has not been processed must be reviewed for validity. The review must confirm that the sub-vouchers are properly approved for payment, are supported by prescribed documentation, contain a certification that the goods or services were received, bear a cancellation stamp or perforation, and have been sequentially numbered from the last reimbursement voucher of record.

6. The total amount verified by the above actions must equal the total advance to the principal cashier, or an unresolved shortage must be noted on the verification report. Overages must be deposited to miscellaneous receipts account.

7. Following the initial verification process and confirmation of the advance or determination of a shortage, the funds and documentation will be returned to the principal cashier, or transferred to an alternate cashier, and will be confirmed and acknowledged, in writing, by the cashier and verifiers.

e. Report of Verification

A report of the results of each verification shall be forwarded to the payment office and made available to the supervisor of the cashier and to the bureau finance officer. Form CD-423, Imprest Fund Verification, will be used to establish the accountability of the cashier for verification purposes. However, this form must be supplemented by a narrative report whenever the verification discloses a problem in the operation of the imprest fund or an unresolved shortage or loss. Any irregularities will be promptly reported to the Office of the Inspector General upon discovery (see DAO 207-10, Inspector General Investigations). A copy of each verification report will be retained at the servicing finance office for reference in conducting the required annual audit. If further investigation, resolution, or audit is required during the verification, the cashier's supervisor or the bureau finance officer should consider notifying the Office of the Inspector General for assistance and/or guidance, and shall take the necessary action to ensure full compliance with these regulations. The bureau finance officer will monitor the frequency of verifications for each fund, and will take corrective

action if verifications are not being performed as required. Corrective action may include, if necessary, suspension of a replenishment or the closing of the fund.

.08 Missing Funds

An imprest fund cashier, as an accountable officer, is held to a high standard of care with respect to the funds with which he/she is charged and is automatically liable when a physical loss occurs. The cashier is presumed negligent and, to obtain relief, must rebut the presumption with convincing evidence that the loss was not caused by his/her negligence or lack of responsible care.

A bill for collection should be prepared and an account receivable due from the cashier should be recorded by the bureau's finance officer.

.09 Reports of Irregularities

Reports of missing funds or irregularities must be submitted to the responsible bureau finance officer or their designee. A formal report including pertinent details should be submitted so that the accountability records may be properly adjusted. The bureau finance officer or their designee will forward a copy of the report to the Director for Financial Management.

.10 Restoring Funds

If a loss or shortage has been reported by the outgoing cashier, the cashier's supervisor (with the approval of the bureau's finance officer or their designee) may request a temporary restoration of imprest funds to cover the loss. This request will be in the form of a memorandum, which shall include a full report on the loss of funds, to the servicing payment center after advising the bureau finance officer. The restoration does not resolve a loss or irregularity, but merely provides for the continuation of imprest fund services. Recovery of or relief from the loss must still be pursued.

.11 Clearing a Loss of Funds

When a loss of funds has been discovered, whether by the cashier or an unannounced cash verification, the cashier's supervisor is responsible for obtaining clearance of the loss in one of two ways:

- a. By requiring the cashier to replace the funds--if there is no doubt as to the liability. However, the loss of funds should still be referred to the OIG for investigation.
- b. By administrative action--the bureau finance officer or their designee has authority to relieve cashiers of responsibility for losses less than \$3,000. Relief for losses \$3,000 or greater are to be reviewed by the Director for Financial

Management, who will make formal request to GAO, if appropriate.

.12 Clearance by Administrative Action

The cashier's supervisor may request administrative relief and submit the request, with supporting documentation to the bureau finance officer. The appropriation(s) to be charged for the loss must be included with the request. If amount is less than \$3,000 the bureau finance officer or their designee may determine administrative relief. If amount is \$3,000 or greater the bureau finance officer or their designee is to forward request to the Director for Financial Management. The Director will determine whether administrative relief or referral to GAO is appropriate.

If formal relief is granted by DOC/GAO, the servicing payment center will prepare an OF 1129, Reimbursement Voucher. When restoring funds to the cashier, the OF 1129 will credit the fund originally charged for restoration. If lost funds were not restored by the bureau, the OF 1129 will be in favor of the cashier by name and title "cashier."

If relief is not granted, bureau finance officer must follow-up on the bill for collection and take action needed to collect and replace the funds.

.13 Clearance by Cashier

The bureau finance officer should require that the cashier replace lost funds once it has been determined that the cashier is liable for the loss or theft (~~see Section 5.04e, Types of Settlement~~). If the bureau has restored the lost amount to the fund, the cashier should refund the restoration by personal check or money order made out to the Department of Commerce. The check shall accompany a memorandum indicating clearance of the loss, and the cashier's name and title. The memorandum and check should be sent to the servicing payment center and a copy to the bureau. Restoration by the cashier may also be made by salary offset under 5 U.S.C. Sec. 5514.

.14 Audit

An audit includes, but extends beyond, the verification of cashier funds. Audits are expected to: evaluate the efficiency, economy, legality, and effectiveness of operations; to assist management in performing their responsibilities by providing an objective appraisal of the fund, supported by findings and recommendations; prevent or disclose fraud, waste, and abuse; and ensure that Department cash management and internal control goals to reduce the risk of loss are being carried out.

a. Responsibility for the Audit

The primary responsibility for scheduling and arranging for the performance of an audit rests with the bureau finance officer. For distant locations, this responsibility may be carried out by arranging for qualified employees, regardless of the organization unit, near

the imprest fund site to conduct the audit.

b. Selection of Personnel

The employees selected for audits must have some knowledge of fiscal policy, procedures and documentation, and an understanding of the directives governing the operation of an imprest fund. The audit will generally be performed by one (1) or two (2) fiscal or administrative employees approved by the bureau finance officer, unless the audit is scheduled to be conducted by the Office of the Inspector General.

c. Scheduling of the Audit

Imprest funds shall be audited once each fiscal year, unless an audit has been performed during that fiscal year by the Office of the Inspector General. The audit will cover all the activity of an imprest fund since the previous audit. An audit may be scheduled at any time during the fiscal year, but at least three (3) months should have elapsed since the previous audit. If there is a reported or suspected problem with a fund, or there is a change in cashiers, an audit may be conducted at any time.

When scheduling audits, the Office of the Inspector General should be consulted to avoid any duplication of effort, and to discuss any suspected mishandling of imprest funds.

d. Scope of the Audit

The audit will examine and report on all aspects of the imprest fund, including travelers checks, if applicable. The examination of paid documentation is an important element of an audit. However, if a random sampling does not reveal the presence of significant errors or deviations from policy, it would generally not be useful or economical to expand the examination. On the other hand, if there is some question of deviation from policy or evidence of wrongdoing, the examination should be sufficiently broad to identify the extent of the problem and to fix responsibility. A review of past Accountability Reports should be included in each audit, and may indicate or substantiate a pattern of mismanagement of the imprest fund.

Audits shall include a review of cash turnover at the fund to determine whether the funds advanced to the cashier are excessive.

e. Planning for the Audit

Audits should be unannounced and conducted so that the timing of the audit is not predictable. Before starting an imprest fund audit, the participating employees should establish a plan describing the actions determined to be essential to the audit. The first step of the plan must be a cash verification, to lessen the opportunity for a cover-up of any loss or shortage. It should also include an analysis of fund activities over several months.

While the plan should cover all imprest fund operations, it should also allow some flexibility should a problem be discovered, such as the in-depth examination of paid sub-vouchers because of improper processing. The plan should provide the framework for completing the CD-422, Cashier Account Audit. For a sample of the questions contained in the CD-422, refer to the following address:
<http://www.doc.gov/forms/pdf/cd422fl.pdf>

f. Conducting the Audit

The effort devoted to carrying out an audit should relate to the size and activity of the fund. A more extensive investigation may be required if problems arise. The audit plan should be followed and changes made to respond to suspected problems.

Interviews with employees will be conducted whenever necessary. The audit will require the examination of documentation held by the cashier and documentation previously processed for payment during the audit report. Workpapers and notes must be retained in support of the audit.

g. The Audit Report

Although Form CD-422, Cashier Account Audit, will serve to indicate that an audit has been completed, a narrative audit report of findings and recommendations should be issued in addition to the CD-422.

1. The audit report will consist of:

- o A summary of the operation of the imprest fund;
- o A brief description of how the audit was conducted and who conducted the audit. Indicate their occupational series, title, and grade;
- o A detailed discussion and objective appraisal of the findings that respond to each of the questions listed **at the web address provided in .14e** ~~in .15e~~ above, and any other supplementary issues appropriate to the audit; and
- o Recommendations for improvement of the operation of the fund, or for follow-up action required of other employees or officials.

2. Copies of the audit report will be distributed to:

- o The cashier;
- o The director of the organization unit where the cashier is located;

- o Chief of the servicing payment center; and
- o Bureau finance officer.

If there is an irregularity, copies of the audit report will also be distributed to:

- o Director of the servicing payment center;
- o Office of the Inspector General; and
- o Office of Financial Management.

3. A copy of each audit report and the supporting workpapers will be retained by the bureau finance officer. The retention period will be in accordance with the Department's record retention schedule.

4. The bureau finance officer is responsible for follow-up action, including a review of the fund level in relation to fund activity, to ensure the resolution of reported findings and recommendations and/or reported irregularities. A memorandum addressed to the cashier's supervisor and signed by the bureau finance officer will be attached to the audit report noting the following:

- o The official who is responsible for ensuring implementation of each finding or recommendation stated in the audit report. An implementation date should also be established for each finding or recommendation;
- o The responsible official should transmit a follow-up memorandum to the bureau finance officer indicating that implementation of the finding or recommendation has been completed. If full implementation has not been completed by the predetermined date, the responsible official should state why there has been a delay. He/she should establish an expected full implementation date. (If implementation is determined not feasible, the official should state why in the memorandum.)
- o The complexity of the problem that is to be resolved should be considered when determining an implementation date. Generally, for imprest funds, a period of one (1) to three (3) months should be sufficient for full implementation.
- o Non-compliance will necessitate raising the problem to higher levels of management and/or reducing or closing the fund.
- o All documentation related to audit findings or recommendations and efforts at implementation should be retained in the permanent file at the

bureau finance office.

Section 15.0 Cashier Forms and Documentation

Exhibits of Treasury forms can be located at:

<http://www.fms.treas.gov/imprest/cashierform.pdf>

For Commerce's cashier forms, refer to the following address:

<http://www.doc.gov/forms>

For specific procedures applicable to your bureau, consult your bureau finance officer or financial policy personnel.

16.0 Securing Government Deposits

.01 Introduction

Federal Agencies must ensure the security of public money. In instances where public money is held in financial institutions, bureaus establishing such accounts must ensure that legal authority exists to have such accounts and that the financial institution establishes sufficient collateral to protect the funds. Federal Reserve Banks (FRB's) or authorized third party custodians must secure and monitor pledged collateral. The Department of Treasury issues regulations under 31 CFR, Part 202 (Depositaries and Financial Agents of the Federal Government) and Part 380 (Collateral Acceptability and Valuation).

.02 Bureau Responsibilities

Bureau finance officers must:

- A. Ensure that funds are handled in accordance with 31 CFR 202.
- B. Ensure that the bureau has authority to hold funds outside of the U. S. Treasury.
(See 1 TFM 6-8000)
- C. Follow the depository guidelines contained in 1 TFM 6-8030.20.
- D. Ensure that the financial institution holding public money has been properly designated (See 31 CFR 202.2).
- E. Establish a collateral account with the National Customer Service Area (NCSA) at the St. Louis FRB through Treasury by providing the Financial Management Service (FMS) with a list of collateral contracts using the "Federal Agency Collateral Contract Information" form. (See 1 TFM Part 6 Chapter 9000, Appendix 1).
- F. Provide FMS with a timely annual update of contract information.
- G. Notify FMS immediately when there are changes to authorized individuals or the certifying official. An electronic form should be submitted.
(See www.fms.treas.gov/collateral).
- H. Provide timely address changes to FMS.

I. Notify FMS in writing when cancelling a “V” account. “V” accounts are collateral accounts established by FMS. The bureau must state that it no longer has collateral holdings and no longer needs the “V” account.

J. Develop and maintain internal operating procedures to ensure the security of public money.

K. Provide NCSA with current information on collateralized amounts. This allows NCSA to maintain sufficient collateral in excess of the recognized deposit insurance limit (generally \$100,000). See 12 CFR 330.

L. Maintain and monitor collateral records by reviewing monthly FRB Recap and Holdings Reports.

.03 Selection of a Depository and Establishing an Account

A. Financial institutions used to hold public money must meet the requirements of 31 CFR 202. Bureaus are encouraged, but not required, to use minority financial institutions as depositories whenever these institutions can provide required banking services without an appreciable increase in cost or risk to the Government. Treasury certifies qualified minority banks annually, see www.fms.treas.gov/mbdp for a roster of qualified banks.

B. All agencies must use the FMS assigned 4-digit alphanumeric agency account number to pledge collateral. Agencies must use their account number to establish an account at an authorized depository and to request an increase or decrease in collateral.

.04 Securing an Account and Collateral Requirements

A. All public money must be fully secured at all times. The current Federal deposit insurance limit per insured account is \$100,000. Public money is considered sufficiently secured if the total amount on deposit at a single depository is less than the recognized deposit insurance limit or if the depository pledges eligible collateral.

B. When a bureau deposits public money exceeding the deposit insurance limit, it must request that the depository pledge eligible collateral to secure the uninsured amount. The depository must pledge collateral with a Federal Reserve Bank or an authorized third party custodian approved by the Federal Reserve Bank. If a third party custodian is used, the depository must notify the Federal Reserve bank by a trust receipt. The NCSA must ensure the depository pledges collateral according to the list of “Acceptable Collateral for Pledging to Federal Agencies” under 31 CFR 202 and 380. See the website at www.publicdebt.treas.gov.

.05 Monitoring and Verifying Collateral Amounts

A. Bureaus must maintain adequate records to ensure that the amount to be collateralized on agency reports accurately reflects the amount on deposit. Agencies must document that deposits are protected at all times and ensure NCSA has accurate account balance information.

B. Bureaus must verify that the Recap and Holdings Reports accurately reflect amounts to be collateralized. Individual collateral balances must be maintained independently of the Holdings Report balance.

.06 Mergers and Insolvencies

A. It is important that bureau and NCSA collateral records correctly reflect the results of depository mergers. This ensures that collateral deficiencies do not develop. When a bureau maintains accounts with two depositories, each account is separately ensured. If two depositories serving the same bureau merge, the surviving depository may need to pledge additional collateral to replace the insurance coverage lost because of the merger.

B. If a bureau maintains public funds in an account at a depository that becomes insolvent, the bureau must immediately contact FMS (see 1 TFM Part 6 Chapter 9000 - "Contact page").

.07 Helpful Websites

The following websites contain useful information regarding the collateralization of public money held outside of the U.S. Treasury:

- The Bureau of the Public Debt: www.publicdebt.treas.gov.
- The Federal Reserve: www.frbervices.org
- The Financial Management Service: www.fms.treas.gov/collateral