

Chapter 1. Establishment and Operation of Imprest Funds

1-1. Policy. All Imprest Funds maintained by the Department of Housing and Urban Development (HUD) will be established and maintained in accordance with the requirements of the Department of the Treasury as stated in the Treasury Financial Manual; the Manual Of Procedures and Instructions for Cashiers, operating under 31 USC 3321 (formerly Executive Order Number 6166), dated July 1985 (hereinafter referred to as "The Manual"); and the requirements stated in the "General Accounting Office (GAO) Policy and Procedures Manual for the Guidance of Federal Agencies." This Handbook also implements Treasury Bulletin Number 85-13, by increasing the transaction limit for Imprest Funds to \$500.00. The Treasury issuances provide the basic standards and guidance relating to establishment and operation of Imprest Funds.

This Handbook provides policy and guidance for those situations where Treasury guidance requires clarification or modification. Local management is encouraged to make changes to the Handbook designed to meet local requirements. Any changes must be approved and documented and will become part of the Handbook for the local office. Imprest Funds that have cash equivalents such as travelers checks, credit cards, third party drafts, and metro fare cards and tokens should establish the same types of controls as required by The Manual.

It is intended that the Handbook, including approved local changes, will be the HUD procedural documentation for the establishment and operation of Imprest Funds.

1-2. Designations. The Director, General and Program Accounting Group, Office of Finance and Accounting (OFA) and the Regional Accounting Directors (RAD), have received delegations from the Secretary (HUD) as authorizing officials. This responsibility consists of requesting the Treasury to designate HUD employees as Imprest Fund Cashiers/alternates and to request the revocation of such designations. HUD employees, so designated, become extensions of Treasury Disbursing Officers (sub-disbursing officers) responsible to Treasury Officials for the performance of all duties relating to the Imprest Funds entrusted in their care.

Imprest Fund Cashiers/alternates are under the administrative supervision of HUD; however, HUD officials are not authorized to order them to take any actions prohibited by Treasury regulations, or which involve their personal

financial responsibility to Treasury for the Imprest Funds. OF 211 - Request for Change or Establishment of Imprest Funds, will be used by the Authorizing Officials to request designations as Cashiers/alternates.

1-3. Audits, Reviews, Verifications, and Safeguarding of Imprest Funds. The Manual defines the general requirements, which are supplemented by the following:

- a. Audits of HUD Imprest Funds are performed by the Office of Inspector General (IG) and the General Accounting Office (GAO). These audits are at the discretion of the auditing organization. All HUD employees are required to give full support to audits and the personnel designated to perform them.
- b. Reviews of HUD Imprest Funds are performed by the Director, OFA, in Headquarters and the RADs in the Field locations. The Director, OFA, and the RADs are required to make one unannounced review of each Imprest Fund on an annual basis. The checklist in Appendix 1 and the reconciliation form in Appendix 2 will be used to document the review. In addition, local managers are encouraged to perform reviews as necessary, to assure efficient and effective operations.
- c. Verifications of HUD Imprest Funds are performed on a quarterly basis by the Administrative Office of each Imprest Fund Cashier. These verifications must be performed by the Cashier and an individual independent of the Imprest Fund Cashier and the Imprest Fund Cashier's supervisor. The fund balance equals the total of the cash, replenishment checks, reimbursements pending and paid vouchers (total of funds and disbursements that have been reimbursed). The documentation supporting the quarterly verifications will be maintained until submitted to the Director, OFA, or the RAD, at the time of verification. Copies of the verification documentation will be reviewed for quality and timeliness and will be made part of the review package.
- d. The Imprest Fund Cashiers/alternates should maintain daily controls of the fund and confirm the total of the cash whenever a replenishment voucher is submitted.
- e. Safeguarding of Imprest Funds consists of procedural and physical safeguards. Imprest Fund Cashiers/alternates will not be assigned conflicting duties, except as authorized in writing by the Director, OFA, or the RAD. Conflicting duties are those of Collection Officer,

accounting records. In small offices, reasonable exceptions shall be authorized. The following physical security requirements shall be observed:

(1) Imprest Funds shall not be established unless adequate physical security facilities are available. The Director, OFA, and the RADs are responsible for assuring the adequacy of the facilities before authorizing the establishment of an Imprest Fund. Supervisors of Imprest Fund Cashiers are responsible for maintaining physical security of established Imprest Funds. Cashiers/alternates are reminded of their personal financial responsibility for funds and are encouraged to assure that the facilities are adequate at all times.

(2) Replenishment checks and cash shall be kept in a safe or vault, within the office occupied by the cashier. The safe or vault shall be under the exclusive control of the cashier and shall have separate locking compartments or cash boxes if more than one cashier uses the facility.

(3) The cashier will assure that emergency access to the fund (key/combination) is available by placing the combination or a duplicate key in a signed, sealed and dated envelope. The envelope is to be held by an appropriate official such as the Field Office Manager or the RAD, where the Imprest Fund is located in a Regional Office. In Headquarters, the envelope may be held by either the Division Director responsible for the Imprest Fund cashier or the Director, Administration and Management Staff.

(4) If it becomes necessary for the envelope to be opened to gain access to the fund, at least two employees must be present. When access to the fund is gained, the employees shall jointly verify the fund balance and sign off on the reconciliation form (Appendix 2). When the envelope has been opened, the lock/combination must immediately be changed.

(5) At least quarterly, the cashier will verify that the envelope has been maintained unopened. The lock/combination must be changed at least annually. It must also be changed whenever emergency access occurs and whenever there is a change in cashiers.

1-4. Shortages and Overages in Imprest Funds. The cashier is personally responsible for any shortages, and, if directed, must restore any losses for which held liable. The general requirements for handling shortages and overages are found in sections 5 and 10 of The Manual. The Manual reference to "designated agency officials" shall be construed to mean the Director, OFA, and the RADs.

a. Determination that a shortage exists. The cashier or other person that determines a shortage exists, shall

immediately notify the Imprest Fund supervisor. The supervisor and the cashier (or other designated employee)

1911.1 REV-4

1-2
(1 of 2)

May 1988

shall jointly verify the shortage by performing a reconciliation.

b. Upon verification of a shortage. The supervisor must prepare a written notification of the shortage for the signature of the Division Director administratively responsible for the Imprest Fund cashier. The written notification will be sent to the RAD when the shortage is in a Field/Regional Office Imprest Fund and to the Director, OFA, when the shortage is in a Headquarters Imprest Fund. The Director, OFA/RAD, shall be telephoned as soon as a shortage is verified and within 24 hours written notifications must be prepared and sent. A copy of the notification must be given to the cashier to support his/her timely reporting of the shortage.

If fraud or theft is suspected, the Inspector General or Regional Inspector General, whichever is appropriate, should be notified immediately. Otherwise, an independent administrative review should be initiated. Larger losses and repetitive occurrence should be referred to the Director, OFA or RAD, for an administrative review by a higher level official and could result in stronger administrative action.

c. Designated agency officials must take the following actions upon receipt of the notification of a shortage:

(1) Authorize the preparation of a voucher for the amount of the loss to restore the Imprest Fund. Support the voucher with a copy of the notification and classify the voucher as a miscellaneous administrative expense. RADs must notify the Director, OFA, when this action is taken so that these actions can be tracked.

(2) The RAD will:

(a) Notify the Director, OFA, for the purposes of tracking and satisfying any additional reporting requirements.

(b) Restore the Imprest Fund shortage by charging agency appropriation and establishing a receivable.

(c) Maintain follow-up with the investigation and prepare the final report to the Director, OFA, which will include an investigative summary and a recommended action.

(3) The Director, OFA will:

(a) Restore the Imprest Fund shortage by charging the agency appropriation and establishing a receivable.

(b) Track all reported shortages through disposition and follow-up with the IG on Headquarters shortages.

(c) Prepare a final report, including an investigative summary for Headquarters shortages.

d. Inspector General Notify the Director, OFA or RAD, of the results of the IG investigation.

1911.1 REV-4

1-2
(2 of 2)

May 1988

e. Clear Loss. The loss must be cleared as required by The Manual. The cashier can be required to replace the funds. If the loss is less than \$500, the cashier can be cleared of liability by administrative action. For larger amounts, a request for relief can be submitted to the General Accounting Office. The handling of this debt falls under the policy and procedures of the Delinquent Debt Collection Handbook, 1900.25 REV-3 .

1911.1 REV-4

1-3

May 1988