DEPARTMENT OF CORRECTIONS

Policy Number: **104.170**
Title: **Imprest Cash Funds**
Effective Date: **9/4/18**

PURPOSE: To provide procedures for the establishment and use of imprest cash funds.

APPLICABILITY: All employees and facility offenders/residents

DEFINITIONS:
Imprest cash funds – an account that is maintained for minor cash or check disbursements. It is periodically restored via transfer to its original amount from the cash account of a sum equal to the total disbursements. At the end of the fiscal year, the account is restored to its original balance.

PROCEDURES:

A. Imprest cash funds may be established from existing appropriations, with prior approval from the Commissioner of Minnesota Management and Budget (MMB), for the purposes of making minor disbursements (up to $50), providing employees with emergency travel advances, or with a portion or all of their payroll warrant when the warrant has not been received through the payroll system, and for offender/resident-related disbursements. Disbursements that are not subject to the $50 limit are listed in procedures below.

B. General guidelines

1. Financial services staff submits a written request to establish an imprest cash fund or to increase the amount of an existing imprest cash fund to the department executive budget officer according to operating policy and procedure 0606-01.1in the statewide integrated financial tools (SWIFT) operations manual. To reduce the amount of an imprest cash fund, financial services staff must follow operating policy and procedure 0606-01.3 in the SWIFT operations manual. Additional instruction is available in the DOC Imprest Cash Reduction Step-by-Step form (attached). All requests for changes to imprest cash funds are submitted to central office financial services for approval and then sent to MMB.

2. Financial services staff are notified of the status of the request in writing (approved/disapproved), as supporting documentation. This documentation must be attached to the copy of the request.

3. If the request is approved, financial services staff process the payment and deposit the warrant in the checking account or retain in petty cash, as authorized.

4. Authorization and reconciliation of transactions

   a) MMB accounting policy and procedure 0606-01.2 outlines procedures for the use and reimbursement of imprest cash funds.

   b) Employees who do not process imprest cash transactions and are not responsible for writing checks are authorized to sign checks. All financial services units must maintain a list of employees authorized to sign checks.

c) Imprest cash funds are reconciled monthly by an employee other than the person responsible for writing the checks. The employee reconciling the account must sign the reconciliation. Bonding for state employees is not required per Minn. Stat. §574.205, except when federal law or rule requires bonding as a condition precedent to receiving federal grants. Reconciliations are retained according to the finance retention schedule.

d) Central office financial services maintains a listing by fund and appropriation of all department imprest cash funds.

5. Stale-dated checks

a) All imprest fund checks are considered stale-dated after 180 days.

b) When an imprest check becomes stale-dated, the amount of the check must be deposited to the account from which it was issued. A stop payment may be ordered at the discretion of the finance director.

C. Authorized use of imprest cash funds

The following are the authorized uses of imprest cash funds, some of which are specific to the department. Any imprest cash fund may be used for minor disbursements (up to $50) and for providing change.

1. General funds

a) Payroll

Imprest cash funds may be used to provide an employee with a portion or all of the employee's payroll warrant, when the warrant has not been received through the payroll system and the next payroll processing on-cycle or off-cycle cannot be used.

(1) The use of the imprest cash fund for payroll warrants is expected to be rare and only under extreme circumstances.

(2) The guidelines outlined in operating policy and procedure PAY0030 in the Statewide Employee Management System (SEMA4) operations manual must be followed.

(3) The limit of $50 per disbursement is not applicable.

b) Emergency travel advances

Imprest cash funds may be used for emergency employee travel advances when there is insufficient time to process an advance through the payroll system and the next payroll processing on-cycle or off-cycle cannot be used.

(1) The failure of the employee to request a travel advance with adequate processing time is not an emergency.

(2) The guidelines outlined in operating policy and procedure PAY0020 in the SEMA4 operations manual must be followed.

(3) The limit of $50 per disbursement is not applicable.

c) Gate money

Imprest cash funds may be used for the payment of all, or a portion of, gate money to an offender being discharged. The current general fund statutory limit is $100 per disbursement.

d) Miscellaneous offender/resident costs

Imprest cash funds may be used for payment for offender/resident-related items which are not feasible to process through the payroll or accounting system, such as transportation costs for offenders/residents/parolees, payment of meals for juvenile residents taken off grounds, and drivers' license fees for juveniles. The $50 limit is not applicable.

e) Vendor payments
Imprest cash funds may be used for payments to vendors that do not conduct repetitive business with the state and are not subject to Federal Form 1099 reporting.

2. Social welfare
   a) Imprest cash funds may be used for the disbursement of offender/resident funds as required by law-such as court-ordered restitution-or as requested by an offender/resident. Payment of the remaining offender/resident funds is made to the offender on release.

   b) Imprest cash funds may be used for the disbursement of group account or trust benefit account funds, including non-general fund gate money. The amount of the disbursement is limited by the amount of funds held by the requesting group or in the trust benefit account.

3. Correctional industries
   a) Imprest cash funds may be used for:
      (1) Payments to vendors that do not conduct repetitive business with the state and are not subject to Federal Form 1099 reporting;
      (2) Bid fees, security deposits, and blueprint deposits encountered in the normal course of conducting a business enterprise;
      (3) Payment of meals and travel costs for offenders/residents working off grounds; and
      (4) Disbursements requiring immediate completion to ensure that industry goods, services, and/or legal requirements meet customer, legal or job deadlines.

   b) The limit of $50 is not applicable when using imprest cash funds for Procedures C.3.a)(2) or C.3.a)(4).

4. Office of special investigations (OSI)
   The OSI may use imprest cash funds for investigative purposes. The limit of $50 per disbursement is not applicable.

D. <u>Unauthorized use of imprest cash funds</u>
The following types of disbursements may not be made using imprest cash funds:
1. Routine employee travel advances;
2. Reimbursement of employee expenses/employee travel expenses;
3. Employee relocation expenses;
4. Payments subject to Federal Form 1099 reporting;
5. Payments to vendors doing repetitive business with the department;
6. Non-emergency purchases exceeding $50;
7. Payments to sole-source vendors who do not accept a purchase orders; and

8. Vehicle license plates and renewals.

E. If there is a unique circumstance that requires an imprest cash disbursement for a purpose that is not specifically authorized in this policy, prior approval must be obtained from MMB. The date and name of the MMB staff approving the disbursement is noted on the documentation supporting the disbursement. DOC staff requesting approval must notify the DOC chief financial officer and/or the financial management director as soon as practical, in the event this type of approval is requested.

INTERNAL CONTROLS:

A. The written notification of approval is attached to the paperwork.

B. Reconciliations are retained according to the retention schedule.

C. The list of employees authorized to sign checks is retained in the financial services department.

ACA STANDARDS: 2-CO-1B-05; 2-CO-1B-06; 4-JCF-6B-02; 4-4033; 4-4034; 4-4035

REFERENCES: Minn. Stat. §§ 15.191; 241.08, subd. 1; 241.13, subd. 1; 243.24
Policy 104.461, "Employee Reimbursement for Travel and Other Business Expenses"
Statewide Financial Policies 0606-01, 0606-01.1 0606-01.2, and 0606.01.3
SEMA4 Policies PAY0020 and PAY0030

REPLACES: Policy 104.170, "Imprest Cash Funds," 9/6/16.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS: DOC Imprest Cash Reduction Step-by-Step (104.170A)

APPROVALS:
Deputy Commissioner, Facility Services
Deputy Commissioner, Community Services
Assistant Commissioner, Facility Services
Assistant Commissioner, Operations Support