

U.S. Department of Agriculture
Washington, D.C. 20250

DEPARTMENTAL REGULATION		Number: 2250-1
SUBJECT: Imprest Fund Authorities and Requirements	DATE: August 11, 2003	
	OPI: Office of the Chief Financial Officer	

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1 PURPOSE

This policy directive requires that the Department of Agriculture agencies eliminate agency imprest funds except where waivers are approved. This directive provides waiver request and approval policy. This directive applies to both domestic and international imprest funds.

2 SPECIAL INSTRUCTIONS/CANCELLATION

This regulation revises Departmental Regulation 2250-001, "Imprest Fund Authorities and Requirements," dated January 10, 1986.

3 REFERENCES

- a Financial Management Service, Imprest Fund Policy Directive
- b 31 CFR 208, Management of Federal Agency Disbursements
- c Manual of Procedures and Instructions for Cashiers

d Debt Collection Improvement Act of 1996
 e 31 CFR 202, Depositories and Financial Agents of the
 Government

4 BACKGROUND

Treasury required agencies to eliminate agency imprest funds because they were labor intensive, required relatively more internal controls than non-cash payment mechanisms, and the government did not earn interest on money held in these accounts.

Treasury's Imprest Fund Policy Directive was issued based on the recommendations of the National Performance Review, Report on the Elimination of Imprest Funds in the Federal Government through the Use of Electronic Commerce, January 1996 (Report), as well as the requirements of the Debt Collection Improvement Act of 1996, and the implementing regulation at 31 CFR 208, Management of Federal Agency Disbursements, Final Rule (Treasury Electronic Funds Transfer Rule).

5 ABBREVIATIONS

CFO	-	Chief Financial Officer of USDA Agency
DCIA	-	Debt Collection Improvement Act of 1996
EFT	-	electronic funds transfer
FI	-	financial institution
FMS	-	Financial Management Service, US Department of the Treasury
OCFO	-	Office of the Chief Financial Officer
PCMS	-	Purchase Card Management System
Treasury	-	US Department of the Treasury
USDA	-	US Department of Agriculture

6 DEFINITIONS

a Electronic Fund Transfer: Any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an

electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes but is not limited to, automated clearinghouse transfers, fedwire transfers, and transfers made at automated teller machines and point-of-sale terminals.

- b Imprest Fund: Fixed-cash or petty cash, which includes all field party advances or change making funds, maintained by USDA agencies in the form of currency, coin, or depository account balance representing advanced funds held outside of Treasury. The Approving Official may designate three types of Imprest Fund Cashiers. Class A Cashiers are authorized to make disbursements but may not advance funds to another cashier, except to an alternate cashier. Class B Cashiers are authorized to make disbursements and may also advance funds to an alternate cashier or sub cashier. Class D Cashiers are designated solely for change making purposes.
- c Third-Party Drafts: Check-like instruments drawn on and paid by an outside contractor (draft company) or FI. The FI or draft company supplies the Federal agency with drafts to be issued against an agency's account by the FI.
- d Convenience Checks: Issued to authorized cardholders. Convenience checks are written against a purchase card account and reconciled in PCMS. Pursuant to DCIA, convenience checks are not considered electronic transactions. Convenience checks may not be used unless a waiver has been received from the Department.

7 POLICY

This policy directive requires that USDA agencies eliminate agency imprest funds except for waived payments described below. Agencies may establish, maintain, and operate an imprest fund only if they meet the waiver criteria described in the FMS Imprest Fund Policy Directive at www.fms.treas.gov/imprest, and 31 CFR 208. An agency's primary payment mechanisms should be electronic funds transfer, as required by 31 CFR 208 and the DCIA. In addition, imprest funds may be approved for change making

purposes when justified and no other source is available for change making. The maximum imprest fund transaction limit is \$500 unless accompanied by a written waiver from the Agency Head.

Purchase cards, convenience checks, and third party drafts shall not be used to establish, maintain, or replenish imprest funds. Purchase cards, convenience checks, and third party drafts shall not be used to obtain cash for imprest funds directly, through employees, or through third parties.

USDA agencies that justify and receive approval for waivers must implement an internal agency process and related procedures for establishing, maintaining, and operating imprest funds. The process and procedures must be in compliance with Departmental policy, the FMS Policy Directive on Imprest Funds, and the FMS Manual of Procedures and Instructions for Cashiers. The internal agency imprest fund process must have agency headquarters' oversight to ensure uniformity and consistency of imprest fund requests, operation, and reporting.

The OCFO approval of imprest fund waivers is based on the submission of an agency's (a) request (b) justification, (c) certification, and (d) semi-annual informational reporting. The absence of any of the four items will jeopardize the approval of a waiver. All imprest fund waivers approved by OCFO are for one year and must be re-justified annually.

- a Request for Waivers: USDA agency CFOs must submit imprest fund waiver requests to OCFO. Imprest funds may only be used when:
- (1) A payment by EFT is waived in accordance with the provisions of 31 CFR 208, Management of Federal Agency Disbursements. Section 208.4 states that EFT is not required where an individual determines, in his or her sole discretion, that payment by EFT would impose a hardship due to physical or mental disability or a geographic, language, or literacy barrier, or would impose a financial hardship; **and**

- (2) Payments involve national security interests, military operations, or national disasters;
- (3) Payments are made in furtherance of a law enforcement action;
- (4) The amount is less than \$25;
- (5) The political, financial, or communications infrastructure of a foreign country does not support payment by a non-cash mechanism; **or**
- (6) Payments are made in emergencies, or in mission critical circumstances, that are of such an unusual and compelling urgency that the Government would otherwise be seriously injured, unless payment is made by cash.

b Justification of Imprest Funds: Annual imprest fund waiver justifications must be completed by the agency CFO. The justifications must be by individual fund and include the following:

- (1) Imprest Fund location and if applicable reference number.
- (2) OCFO prior year approved balance.
- (3) Requested new fiscal year balance.
- (4) Number of Sub-Cashiers and amount of each.
- (5) Types of payments made from the fund.
- (6) Specific Treasury waiver(s) and reasons justifying the imprest fund.

c Certification of Imprest Funds: Agency CFOs must certify at the end of each fiscal year whether their agency imprest funds are managed and operated in accordance with the Department of the Treasury and USDA regulations. The certification must address and include the departmental certification standards and requirements in the appendix of this Departmental Regulation. The certification may be all encompassing if all imprest funds are in compliance. If there are imprest funds not in compliance, the certification should identify and itemize the funds not in compliance, the reason(s) for noncompliance, and estimated compliance date.

- (1) Certification of full reconciliation of fund balances.
- (2) The completion of cash verifications and audits.

- (3) The revocation of agency cashiers that no longer have the authority to disburse funds.

d Informational Report: Agencies with imprest funds must submit semi-annual informational reports for each fiscal year to the OCFO. The first six-month report is due on April 30 and the second six-month report is due October 30. The report should include the following:

- (1) The number of agency imprest funds.
- (2) Total balance outstanding.
- (3) Total number and dollar amount of transactions during the six months.

8 RESPONSIBILITIES

a OCFO: Responsible for the following:

- (1) Review and analysis of requests, justifications, certifications, and reports.
- (2) Approval of waivers in accordance with the FMS Imprest Fund Policy Directive, 31 CFR 208, and USDA's Imprest Fund Directive (Departmental Regulation No. 2250-001).
- (3) Departmental policy oversight and monitoring.

b Agencies: Responsible for the following:

- (1) Requesting waivers in accordance with the FMS Imprest Fund Policy Directive, 31 CFR 208, and USDA's Imprest Fund Directive (Departmental Regulation No. 2250-001).
- (2) Preparing annual certification and justifications for imprest funds that have waivers. (Due to OCFO by October 30).
- (3) Ensuring personnel are in full compliance with all applicable Treasury and Departmental imprest fund regulations.
- (4) Implementing an internal agency process and related procedures for establishing, maintaining, and operating imprest funds with oversight from agency headquarters.
- (5) Preparing semi-annual informational reports for funds that have waivers. (Due to OCFO by April 30 and October 30).

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9 INQUIRIES

Inquiries should be directed to the Credit, Travel and Accounting Policy Division, Office of Chief Financial Officer, 202-720-1167

APPENDIX A
IMPREST FUND CERTIFICATION

1 CERTIFICATION STANDARDS

The CFO of each agency operating imprest funds is responsible for ensuring the integrity of the agency's imprest funds. The CFO must manage and operate imprest funds in accordance with Treasury and Departmental regulations.

2 CERTIFICATION REQUIREMENTS

The CFO of each agency operating imprest funds shall provide written certification to the OCFO addressing the following requirements:

- a Imprest fund cashiers have an updated listing of the signatures of all officials authorized to approve reimbursement claims. The listing is updated whenever there is a change in authorizing official and signatures on claims are verified against these listings prior to issuing funds to claimants.
- b Internal controls have been established to ensure an ongoing monitoring process of imprest fund operations. Imprest fund cash verifications, audits, and reconciliations have been performed, discrepancy reports submitted to the OCFO, and necessary corrective actions have been taken.
- c Fund balances are not excessive and the appropriate agency official has ascertained this by periodic reviews of the fund's activities.
- d Reasons have been identified and steps taken to rectify the causes of any discrepancies disclosed by Departmental or external review of agency imprest funds. A report of actions taken has been provided to the OCFO.

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- e All agency cashiers that no longer have the authority to disburse funds are revoked immediately.
- f The establishment, operation, and physical security of imprest funds complies with Treasury and USDA policies on safeguarding of cash funds.
- g Document control is effective. Cashiers are required to number sequentially each voucher prior to issuing cash and maintain a master voucher number register to ensure that cashiers are aware of the last voucher number issued.
- h Claims in excess of \$500 are disapproved unless accompanied by a written waiver from the Agency Head.