

MS 760 OVERSEAS IMPREST MANAGEMENT

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1.0 PURPOSE

This manual section sets out the policies and procedures for the management of overseas imprest funds for which Peace Corps staff are accountable. These policies and procedures are consistent with those prescribed by departments of State and Treasury.

2.0 AUTHORITIES

Treasury Financial Manual, Volume 1, Part 4 (Disbursing); Part 6, Chapter 8000 (Cash Management); and Foreign Affairs Manual, Volume 4, Section 331.2 (c).

3.0 DEFINITIONS

3.1 Accommodation Exchange means the exchange of U.S. dollars for local currency. Specific approval from the Director of Global Accounts Payable (GAP) is required to perform this function.

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

3.3 Cash Verification Officer (CVO) means an employee who verifies cashier funds and performs tasks that verify the cashier is reporting accurate information. This designation can be assigned to a foreign service national (FSN) as long as the prerequisite Department of State requirements are followed.

3.4 Class B Cashier means an employee who has been designated by and receives an advance from a United States Disbursing Officer (USDO) for an imprest fund to make payments in support of agency operations, and is authorized to advance imprest funds to his or her own alternate and to a sub-cashier. The Class B cashier is accountable in his or her own name to the USDO for the entire amount of the advance received.

3.5 Financial Service Center (FSC) means an office maintained by the Department of State to provide support in disbursing and payment processing and oversight to cashier operations. The USDO is normally assigned to an FSC.

3.6 Imprest Fund (or Fund) means a fixed cash or petty cash fund in the form of currency, coin, or government check, which has been advanced overseas by a State Department - USDO, without charge to a government appropriation or fund account, to an appropriately designated cashier for cash payment or other cash requirement purposes as specified in the designation. An imprest fund is a method of payment, not an authorization for payment.

3.7 Reverse Accommodation Exchange means the exchange or conversion of local or another currency into U.S. dollars. Normally, this use is limited to banking transactions (currency conversion) and the sale of personal vehicles for departing U.S. direct hire staff. Specific approval, from the Director of GAP is required to perform this function.

3.8 Sub-Cashier means a direct hire employee or Volunteer who has been designated in writing by the Country Director or his/her designee to receive an imprest fund from a Class B cashier; is under the supervision of the same Country Director as the cashier from whom the advance is received; is accountable to such cashier for the funds received; and is stationed within a reasonable distance to the advancing cashier. Payment limitations and safekeeping requirements, which apply to cashiers, also apply to sub-cashiers.

3.9 United States Disbursing Officer (USDO) means an officer or employee of the Department of State at a FSC authorized by the Chief Disbursing Officer of the Treasury to receive, disburse and account for all official funds entrusted to that employee. Each Peace Corps Class B cashier is fully accountable to a USDO for the entire amount of the cash advance received.

4.0 PURPOSE OF THE FUND

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

The U.S. Treasury requires federal agencies to make payments by EFT, check, or government purchase card, with limited exceptions, to provide for secure payment processes, facilitate tracking, and limit cash exposure. Imprest cash payments are allowable only in the most limited of circumstances, that is, when it is not possible to pay through other means. These exceptions are authorized through waivers provided by the Director of GAP.

The Overseas Financial Management Handbook (OFMH), Cashiering and Imprest Management Chapter, should always be referred to when applying the policies outlined in this manual section.

5.0 SAFEGUARDING IMPREST FUNDS

Sections 5.1 through 5.9 set out the requirements for safeguarding imprest funds.

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

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

5.1 Contents of Safe

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

5.2 Combination to the Safe

The cashier must personally set the combination to the safe. The Embassy Regional Security Officer (RSO) or technician assisting with the changing of the combination is not authorized to set or know the combination of the safe. The cashier must memorize the lock combination for the safe and provide a copy of the combination in a sealed envelope to the Embassy RSO as directed below in Section 5.7 Emergency

Access to Funds. The cashier may not write down the combination for any other reason. The combination should be changed at least annually, whenever there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

5.3 Cash Boxes

Each sub-cashier or alternate cashier should maintain a cash box of his/her own with its own key or combination lock.

5.4 Dollar and Local Currency Funds

If a post operates both dollar and local currency funds, the two funds must be kept in separate cash boxes, accounted for separately, and may not be intermingled.

5.5 Unauthorized Storage Facilities

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

5.6 Access to Funds

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

5.7 Emergency Access to Funds

The Country Director or his/her designee must be able to access the funds on an emergency basis.

5.8 Transporting Funds

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

5.9 Separation of Funds

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

6.0 OPERATIONS

Only a duly designated and authorized cashier may operate an imprest fund. Cashiers initially receive an advance from the USDO by EFT or by check payable to the cashier. Cashier advances are replenished in the same manner. The cashier may not deposit checks or cash in a bank account or other financial institution or operate the fund by issuing checks without specific approval from the USDO, and in the case of a dollar account, by the U.S. Treasury.

The cashier is an accountable officer and is personally responsible and accountable for safeguarding, cash on hand, government reimbursement checks, checks/transaction documents from accommodation and reverse accommodation exchange, interim advance receipts, deposit slips, invoices, and other receipts for cash

payments. Cashiers will be held personally accountable for repayment of shortages and losses except when relief of accountability is authorized. Detailed guidance on the relief of cashiers is in the OFMH.

All laws and regulations that restrict or prohibit specific types of disbursements of government funds also apply to disbursements from the imprest fund. All cashiers operating within Peace Corps are subject to the same federal regulations for operating an imprest fund.

7.0 RESPONSIBILITIES FOR THE IMPREST FUND

7.1 Country Director

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

In addition, Country Directors will inform cashiers in writing of their personal liability and instruct cashiers not to be coerced into payments that are questionable. This procedure should be performed whenever a Country Director is assigned, to assure accountability and mutual understanding of responsibility.

Country Directors who fail to carry out their basic responsibility to ensure protection of government funds from waste, fraud, abuse, or misuse may be held personally liable for the repayment of the loss.

Specific responsibilities for cashier supervision may be delegated in writing to U.S. direct hire employees. However, it is important to note that the Country Director is ultimately responsible for effective imprest management. The responsibilities include:

- (a) Requesting designation of the cashier from the Director of Accounts Receivable and Cash Management (ARCM)
- (b) Providing immediate supervision of the cashier;
- (c) Making arrangements with a local bank for the cashier to receive funds by EFT and/or cash U. S. government advance/replenishment checks (sent by the Disbursing Office);
- (d) Providing the cashier with supplies (cash box, interim advance forms, rubber stamps to record "Paid" on receipts, etc.);
- (e) Taking and passing the cashier examination, which is required for designating a cashier; and
- (f) Identifying, in writing, staff authorized to approve cashier payments/disbursements.

Cashier supervisors must be U.S. direct hire employees. However, Foreign Service National (FSN) direct hire employees can be authorized to serve as CVOs by the USDO, which allows them to perform imprest reconciliations. Alternate cashiers may not perform imprest verifications due to internal control issues.

The U.S. direct hire supervisor has full responsibility for the following duties, which cannot be re-delegated:

- (a) Evaluating the cashier's performance;
- (b) Performing duties and responsibilities essential for the internal control of funds advanced to the cashier including those specified in the Cashiering and Imprest Fund chapter of the Overseas Financial Management Handbook; and

- (c) Implementing guidance issued by the USDO or the Bureau of Resource Management, Office of Global Financial Services, Customer Support, Training, and Global Disbursing Operation Directorate (RM/GFS/S/DO) of the Department of State. These instructions will usually be communicated to post by the Peace Corps Office of Accounts Receivable and Cash Management (ARCM) in the Office of the CFO.

The U.S. direct hire supervisor is not an accountable officer for the cashier advance (the cashier is personally liable for all cashier advances) or under the authority of the USDO. However, the U.S. direct hire supervisor may be disciplined for mismanagement of the cashier advance.

7.2 Cashier

The cashier is personally responsible for the safeguarding, control, disbursement, and accountability of imprest funds.

Specific responsibilities include:

- (a) Disbursing funds consistent with federal and agency requirements;
- (b) Ensuring that all payments are properly documented;
- (c) Performing daily imprest reconciliation; and
- (d) Monitoring the level and adequacy of the fund.

Each cashier is personally accountable and responsible for the imprest fund until proper and acceptable accounting is made to the USDO who advanced the funds, to another cashier, or person authorized to accept the funds.

8.0 NUMBER AND TYPES OF CASHIERS

Cashiers are nominated by the Country Director, according to the procedures outlined in the Overseas Financial Management Handbook. Class B cashiers and alternate cashiers must be designated by the USDO and sub-cashiers must be approved by the Director of ARCM.

Each principal (Class B) cashier must have an alternate cashier at the same location. If assisting in regular cashier duties, the alternate must have his or her own safe or a separate drawer with a separate three-tumbler, government approved security lock in a shared safe.

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

Sub-cashiers may not operate in the same physical location as the principal or alternate Class B cashier. The Sub-cashier is accountable to a principal Class B cashier or alternate. Sub-cashiers do not have alternates. See Overseas Financial Management Handbook for limitations regarding the amount funds that can be designated for sub-cashiers.

A Volunteer Leader may provide imprest fund services if designated as an imprest fund Class B cashier or sub-cashier within the provisions of MS 760, after having received the same training, directives, materials,

guidance, and supervision as cashiers who are U.S. government employees. This designation must be requested by the Country Director and approved by the Director of ARCM. See Manual Section 202, Section 5.0(f).

9.0 CASHIER REQUIREMENTS

In order to be designated, cashiers must meet the following specific qualification standards:

- (a) Must be direct hire employees (FP or FSN) or in limited cases, a Volunteer Leader, See Section 8.0;
- (b) Must speak and read English fluently;
- (c) Must meet embassy security requirements (coordinate with RSO); and
- (d) Must have appropriate experience and abilities.

Once approved, the principal Class B cashier is assigned a cashier code by the USDO and authorized a maximum allowable advance. All cashier transactions (disbursements, collections, accommodation exchanges, replenishments, etc.) are processed under the cashier code.

Upon receipt of the designation cable from the USDO for principal and alternate cashiers, the cashier must read, sign, and date the cable and retain it in the cashier's official files and provide a copy to the USDO.

When cashiers leave Peace Corps employment or are transferred to another position, posts must contact their Overseas Cashier Liaison/ARCM to request that the cashier designation be revoked.

Initial USDO approval is given on a temporary basis for 180 days. This six-month period is provided to allow the cashier sufficient time to complete the required cashier examination successfully.

10.0 ESTABLISHING THE FUND

Country Directors must submit a request to establish an imprest fund to ARCM at least 30 days before the desired effective date, indicating funds requested in both local currency (LCU) and U.S. dollars (USD).

The majority of payments made by overseas posts will normally be in the appropriate local currency. However, U.S. dollar funds can be approved for international travel and emergency payments.

11.0 BEGINNING CASHIER OPERATIONS

Before operations can begin, the cashier must make arrangements to secure the funds, provide the combination to the safe and extra cash box keys to the RSO or his/her designee, obtain the initial advance by EFT or cashing a check, and notify ARCM that the following requirements have been met:

- (a) The fund has been adequately safeguarded (See Section 5.0);
- (b) The cashier has been provided with a copy of this manual section and other relevant instructions including delegations of approval authority (see Section 7.1);
- (c) The safe combination and extra cash box keys have been given to the RSO or his/her designee and the name and title of that official; and
- (d) The cashier is beginning imprest fund operations.

12.0 DISBURSEMENTS

Imprest payments should be kept to a minimum and other payment methods should be used whenever possible. Imprest payments are authorized when they meet the waiver requirements outlined in the OFMH and the limitations in Section 12.1. In general, imprest funds may be used for nonrecurring transactions, for emergency payments, and for small cash payments where the cost of processing a check or EFT is disproportionate to the cost of the item. The fund should not be used for recurring transactions if the payment can be anticipated in time to obtain a check or EFT through regular vouchering procedures. Payments must be supported by approved obligating documents (purchase orders, travel authorizations, travel advance requests, etc.) and original receipts.

The cashier is authorized to make disbursements and advances from the imprest fund within specified dollar limitations upon receipt of authorized and approved requests for payment and presentation of acceptable identification from the payee. Payments must be approved by direct hire employees prior to payment and based on receipts documenting the basis for the payment.

12.1 Limitations to Disbursements

Imprest funds are a method of disbursement. They cannot be used to make any payment that would be improper or illegal under any other disbursement mechanism.

Payments are not authorized if they:

- (a) Can be paid through other means, such as a check or EFT;
- (b) Exceed the amount limitations; and
- (c) Are not approved through a waiver approved by the Director of Global Accounts Payable.

Routine payments made from overseas imprest funds are limited to U.S. \$500 for any single transaction with the exception of authorized emergency and blanket and post-specific payments, as detailed below.

12.2 Emergency Payments

Overseas Peace Corps posts may make single-transaction emergency payments, not to exceed U.S. \$3,000, to meet bona fide emergencies. Amounts in excess of U.S. \$3,000 must be individually approved by the Country Director and authorized by the Director of GAP.

12.3 Blanket Waivers

The Department of Treasury issued a final rule on September 25, 1998, that requires federal agencies to use EFT for payment unless the payment qualifies for a waiver. The OCFO has established blanket waivers for certain types of payments that are applicable to a significant number of posts, to reduce the number of individual requests. However, these waivers may be referenced only when required and posts are advised to use EFTs or checks, in lieu of imprest funds, when possible.

These blanket waivers will be reviewed annually by GAP to determine if the blanket waivers are still justified for the majority of posts. Posts will be advised annually if there are changes in the list of blanket waiver payments.

12.4 Post-Specific Waivers

Posts may request a waiver from the Director of GAP for any specific type of recurring payment that post is unable to pay by EFT due to in-country banking or other limitations and which is not included among the blanket waivers.

Each post must make an annual evaluation of its imprest fund needs and submit a written request to the Director of GAP justifying their need to maintain any post-specific waiver.

13.0 CASH ADVANCES

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

13.1 Authorized Advances

Each cash advance must be approved in writing by the Country Director or his/her designee, prior to disbursement. All advances must be properly documented and accounted for in the imprest reconciliation. A cashier is authorized to make a cash advance for the purposes identified below.

13.2 Advances to the Sub-Cashier

The Class B cashier is authorized to advance a specified amount to the sub-cashier to operate an imprest fund. As the sub-cashier makes payments, he or she will exchange paid receipts for additional cash at least once each month. A Class B cashier may not advance to a sub-cashier more than the minimum amount of money required to operate effectively.

13.3 Interim Advances

Interim advances, which should be tightly controlled, may be made by the cashier to staff who have been authorized by the Country Director or his/her designee to receive cash from the cashier to make cash purchases.

Peace Corps Trainees, Volunteers, or staff may receive an interim advance to make a cash purchase when it meets the requirements for payment.

13.4 Advances for Off-Site Payments

Class B cashiers should not make off-site disbursements because of their known identity and the inherent risk of theft or loss.

Advances on interim receipts should be made to authorized sub-cashiers or designated money carriers when individual payment to vendors must be paid off-site.

14.0 EMERGENCY ACCESS TO IMPREST FUND

When there is a need for emergency access to imprest funds, the cashier shall:

- (a) Put duplicate cash box keys and the safe combination in a sealed, signed, and dated envelope;
- (b) Personally hand carry the sealed envelope to the appropriate Embassy RSO for retention, unopened, in a secure place that is unavailable to other persons; and

- (c) Where the distance is too great for quick accessibility to the fund or where there is no resident security officer, the cashier must arrange an alternate means of storing the key and combination to provide accessibility to the fund in his or her absence. The alternate provision for safeguarding the key and combination must be approved in advance by the Director of ARCM.

15.0 IMPREST OVERAGES/LOSSES

15.1 Overages

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

15.2 Losses

Losses must be reported to the Office of the Inspector General, Director of ARCM, Overseas Cashier Liaison, responsible Financial Management Officer in GAP, and the USDO. If the loss is not fully recovered from the cashier within 30 days, normally, OCFO will establish an obligation to allow the USDO to remove the loss from cashier/USDO accountability until a final determination is made regarding the cashier's accountability for the loss.

16.0 DAILY FUND RECONCILIATION REQUIREMENTS

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

A daily reconciliation of the status of the fund by the cashier must be performed and will improve fund control, as well as quickly identify any oversight or errors in transactions.

16.1 Monthly and Quarterly Fund Verification

Fund Verification, which accounts for all funds advanced to the cashier, is a basic supervisory responsibility to assure protection of U.S. funds. Unannounced verifications must be completed on a monthly basis for all Class B cashiers and alternate cashiers. Monthly reconciliations are required for sub-cashier funds of U.S. \$1,000 (LCU equivalent) or more; quarterly reconciliations are required for sub-cashier funds of less than U.S. \$1,000 (LCU equivalent).

In rare instances, with a well documented justification explaining why reconciliation cannot be performed by the sub-cashier, the post may submit a waiver request to the Director of ARCM. If the Director of ARCM approves the waiver request, the waiver will be forwarded to the Director of the Office of Financial Policy and Management Control at the Department of State for a final decision.

The Country Director is specifically responsible for conducting the verification at least once per quarter. The cashier supervisor/CVO may perform the verification during the other months.

A record of the fund verifications (including sub-vouchers and other receipts on hand but not yet replenished), the date of the cash count, and the results must be provided to the Overseas Cashier Liaison/ARCM and to the USDO and a copy retained at post.

17.0 CHANGES IN PERSONNEL

When a change in the cashier is required, the Country Director or his/her designee should advise the Overseas Cashier Liaison/ARCM and the Financial Management Officer/GAP at least 10 calendar days before the effective date change, to allow adequate time for administrative processing.

A final verification of the imprest fund must be undertaken and the verification documents must be provided to the Overseas Cashier Liaison/ARCM, whenever there is a change in the principal Class B cashier, the cashier supervisor (normally the Administrative Officer), or CVO.

18.0 FINAL REIMBURSEMENT VOUCHER

The outgoing cashier must prepare a final reimbursement voucher. This voucher should close out all advances and receipts received since the last replenishment request was prepared. If replenishment is requested at the time of transfer, it will be prepared in the name of the incoming cashier but will carry a notation that this represents a transfer from the cashier surrendering the advance.

19.0 CANCELLATION/ISSUANCE OF NEW REPLENISHMENTS

When replenishments are in transit and the cashier to whom the replenishment is made payable has already transferred the fund, the following actions must be performed:

If EFT: the bank responsible for processing the EFTs must be notified of the change.

If check: the check must be returned immediately to the USDO for cancellation and issuance of a new check to the new cashier, or endorsed to the new cashier by the outgoing cashier.

20.0 INCREASE OR DECREASE IN AMOUNT OF FUND

To meet changing requirements, the following rules apply to changes in the amount of imprest funds advanced to a cashier:

- (a) If a change (increase or decrease) in the maximum authorized limit of an imprest fund is necessary, the Country Director or his/her designee should contact the Overseas Cashier Liaison/ARCM and the Financial Management Officer/GAP, explaining why a change is necessary, and, if the request is for a temporary increase, when that increase will no longer be necessary;
- (b) Posts are required to conduct an annual imprest analysis, to assess the level of accountability and clarify fund requirements. The analysis is provided to the Overseas Cashier Liaison/ARCM, who coordinates the analysis with the Financial Management Officer/GAP and the USDO;
- (c) The Country Director must promptly discontinue or reduce the fund when it is no longer needed, or when fund activity is reduced;
- (d) Cashiers will be notified of any approved changes by the USDO.

21.0 EFFECTIVE DATE

The effective date is the date of issuance.