



DEPARTMENT OF ADMINISTRATION

Enterprise Policy

OAC-A-15a-2019

OFFICE OF ACCOUNTS AND CONTROL

Imprest Checking Accounts and Related Controls Policy

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Steven Blazer

(401) 222-2267

steven.blazer@doa.ri.gov

1. Purpose

- a. The purpose of an imprest checking account is to enable a State department or agency, in very limited circumstances, to pay for unique, operating necessities which cannot be administered economically and efficiently through the State's customary procurement and payable processes.

2. Applicability

- a. This policy/procedure applies to State departments and agencies that 1) wish to establish a new imprest checking account and/or 2) are currently managing one or more imprest checking accounts.

3. Procedures for Compliance

- a. Imprest checking account establishment
 - (i.) An agency seeking to have an imprest checking account established shall first submit Form ICA-1, Application for New Imprest Checking Account, to the State Controller. This form is available on the Controller's website.
 - (ii.) The Controller may accept, deny, or return the form with a request for more information, indicating his/her reason(s) for the decision.
 - (iii.) If the Controller determines that a bona fide need for the imprest checking account exists, and if he/she is assured that the agency has adequate accounting controls in place for administering such an account, then the Office of Accounts and Control will set up a new RI-FANS account number for the account and indicate it on the form. The agency in the new account number will be the agency administering the account, and the natural account will be 101140. Accounts and Control will then send the form ICA-1 to the General Treasurer's Office for approval and completion of the General Treasurer's section of Form ICA-1.
 - (iv.) Once all necessary forms are completed and approved, Accounts and Control will set up a new account payable site with the designated custodial bank to allow for periodic replenishment of the imprest checking account and will so inform the CFO of the agency.
 - (v.) Next a RI-FANS CSH journal entry will be created debiting the new RI-FANS imprest account number and crediting General Fund cash for the amount to be deposited into the new imprest checking account. The CSH entry will serve as

authorization for the General Treasurer to ACH this amount of money from the State's General Fund into the new imprest checking account.

- (vi.) As a one-time requirement, the State Controller has determined that the custodians of all the State's imprest checking accounts existing as of January 31, 2019 must submit a new form ICA-1 to his/her attention by April 1, 2019 in order to renew the authorizations for these accounts.
- (vii.) If the Controller, upon review of an agency's new ICA-1 form and after consultation with the agency, determines that an imprest checking account should be dissolved, he/she will instruct the Supervisor of Fiscal Services to create a RI-FANS journal entry to transfer the balance currently in the account (minus the amount of outstanding checks) into the General Fund. He/she will also instruct the Cash Manager in the General Treasurer's Office to close out the bank account once the bank informs him/her that its balance is now zero.

b. Operating guidelines

- (i.) After the initial establishment of an imprest checking account, an agency shall submit periodic vouchers for expenditure reimbursement to the Accounts Payable Section of Accounts and Control. All checking account reimbursements generated through the Accounts Payable process shall be made by wire transfer and shall be made payable to the imprest checking account and not to the order of the account's disbursing officers or to any other individual.
- (ii.) Copies of all supporting vendor invoices or statements must be attached to all reimbursement vouchers submitted to the Accounts Payable Section of Accounts and Control. Such vouchers must be signed by the agency's CFO, and the most recent reconciliation signed by the agency imprest checking account reconciler must be included.
- (iii.) An imprest checking account may not be used to provide payroll advances, mileage reimbursements, or similar payments to State employees or to any other individual or entity. An imprest checking account may not be used to reimburse a State employee for payments he/she makes out of his/her own resources for State purposes, except in the rare case of an emergency where the employee had to make such a payment as a last resort. It is preferable that employees make use of a State-issued P-card in such circumstances.
- (iv.) In cases where an imprest checking account has been used to reimburse an employee for emergency payments out of his/her own resources, the employee must provide an original vendor invoice as backup, showing the date, the dollar amount, and a description of the purchase, at a minimum.
- (v.) An imprest checking account cannot be used to make checks payable to any authorized signer on the account.
- (vi.) Effective March 15, 2019, two authorized signatures are required on checks for any disbursements from an imprest checking account, regardless of dollar amount. Effective May 1, 2019, in accordance with this requirement, all agencies that have imprest checking accounts must order and begin to use new check stock bearing language that 1) two authorized signatures are required, and 2) the check is void

after ninety days. All old remaining check stock must be shredded, and the agency CFO must send a copy of the certificate of destruction to the attention of the State Controller.

- (vii.) A II imprest checking accounts must utilize a positive pay feature in conjunction with the associated bank. The General Treasurer's Office will coordinate the initial establishment of the positive pay feature on each account.
- (viii.) An agency may not establish an imprest checking account to act as a representative payee for benefits for individuals who cannot manage or direct the management of their own Social Security or SSI benefits. Such checking accounts shall instead be set up and administered by the General Treasurer.
- (ix.) An imprest checking account may not be used to pay any party to whom the State is obligated to issue a Form 1099.

c. Imprest checking account reconciliation

- (i.) The book balance in an imprest checking account must be reconciled monthly to its associated bank balance by an individual other than the authorized signers of the account. The bank shall send all bank statements for the account directly to this independent account reconciler and not to anyone with authorized access to that imprest checking account. Completed bank account reconciliations shall be reviewed by the agency CFO, unless the CFO is one of the authorized signers of the account. In such a case, reconciliations shall be reviewed by the agency director. The review shall be documented.
- (ii.) Each year, all agency imprest checking account reconcilers shall complete and submit to the Supervising Accountant within Accounts and Control a reconciliation of the book balance to the bank balance of each of their agency's imprest checking accounts as of June 30. Said reconciliations are due at Accounts and Control by no later than July 31, with a corresponding Imprest Checking Account - Form A-I SR (available on the Controller's website) for each separate imprest checking account.
- (iii.) Completed reconciliations and bank statements, as well as check copies, shall be retained for at least six years.

d. Changes in imprest checking account management

- (i.) If there is a change in the custody or location of an imprest checking account, both the former and the successor custodians must sign a statement (an imprest checking account reconciliation report is acceptable) showing the exact financial status of the fund at the date of change. The administering agency shall transmit a copy of the signed statement to both the State Controller and the General Treasurer.

e. Imprest checking account dissolution

- (i.) The State Controller must be notified whenever an agency seeks to dissolve an existing imprest checking account. In such a case, the agency CFO must explain the reason(s) for its request and include a bank reconciliation of the checking account as of the time of notification.

- (ii.) To dissolve an imprest checking account, the disbursing officer shall first transmit any cash remaining in the account to Accounts and Control in the form of a check payable to the General Treasurer. The agency shall at the same time submit its final request for expenditure reimbursement to the Accounts Payable section of Accounts and Control. The accounts payable process will subsequently cause the final imprest checking account expenditures to post to the appropriate agency RI-FANS accounts, as usual. As an exception to the usual practice, however, the CFO must specify that this final reimbursement generated through Accounts Payable is to be in the form of a check made payable to the General Treasurer.
 - (iii.) When Treasury receives this check, it will transmit it to Accounts and Control, which will then deposit this check into the General Fund, together with the one designed to clear out the remaining cash in the checking account. The sum of these two checks should equal the balance of the imprest checking account in RI-FANS (if the amounts of the two checks together do not add up to the balance in the RI-FANS account, then the CFO of the agency must provide an explanation). The cash receipts journal prepared by Accounts and Control to book the deposit will debit the General Fund cash account for the total amount of the two checks being deposited, with the corresponding credit being to the imprest checking account in RI-FANS. This should bring the balance in the RI-FANS imprest checking account to zero, after which Accounts and Control will inactivate the imprest checking account number in RI-FANS and instruct the Cash Manager in the General Treasurer's Office to formally close the bank account.
- f. Audits of imprest checking accounts
- (i.) All imprest checking accounts are subject to audit at any time by the State Controller, the Office of Internal Audit, and the Office of the Auditor General.
 - (ii.) By July 31 of each year, the Cash Manager within the General Treasurer's Office will submit a list of the State's imprest checking accounts, and their respective bank balances as of June 30, to the Supervising Accountant within Accounts and Control. The Supervising Accountant will compare this list to the individual annual reconciliations, also due on July 31, to identify discrepancies or missing reports.
 - (iii.) The Cash Manager will send this year-end checking account listing to all agency CFO's with a request that they confirm to the State Controller that they are aware of the existence of the accounts for which they are responsible. The CF O's must inform their agency directors, the Cash Manager, and the State Controller of any checking accounts on this list whose existence they were not aware of previously, or of any imprest checking accounts they know to be in use at their agency, but which do not appear on the Cash Manager's checking account list.

4. Repercussions for Noncompliance

- a. Agencies that do not meet the deadline of April 1, 2019 for submitting a new form ICA-1 to the State Controller to renew the authorization for their currently existing imprest checking accounts will have their imprest checking accounts suspended and their

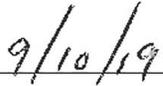
balances sent to the General Treasurer for deposit into the General Fund until such time as the new ICA-1 form is received.

- b. If agencies engage in any of the practices prohibited in the operating guidelines section of this policy/procedure, and a satisfactory resolution of the infraction does not occur within a month of discovery, the Cash Manager within the General Treasurer's Office will be instructed to close the bank account. Agencies that do not submit a year-end account reconciliation to the Supervising Accountant in Accounts and Control within a month after the July 31 deadline will have their imprest checking accounts suspended until the reconciliation is received.
- c. Agencies that do not include a proper account reconciliation when requesting a General Fund reimbursement of their imprest checking account disbursements will not receive such reimbursement until a proper reconciliation is received by the Accounts Payable Section of Accounts and Control.

5. Signatures



State Controller



Date



Director of Administration



Date