A8.800 Disbursing/Accounts Payable and Payroll

A8.827 Procedures to Establish, Decrease, Close, Increase an Imprest Checking Account

1. Purpose

To provide Imprest Checking Account procedures related to:

a. establishment of a checking account,

b. decreasing the checking account,

c. closing the checking account,

d. permanently increasing the checking account, and

e. temporarily increasing the checking account.

The "Request for Imprest Checking Account" form, Form IC-1 (Attachment 1), is used to initiate the required action.

2. Responsibilities

a. Each Campus/Department Office that requires the above mentioned action on an imprest checking account is responsible for submitting the original Request for Imprest Checking Account form to the Disbursing Office.

b. The Disbursing Office is responsible for coordinating action requests internally within the University organization as well as externally with the Department of Accounting and General Services.

c. The Internal Auditor's Office will update records for proper execution of responsibilities.

3. Guidelines

a. Authorized Fund Amount
The Authorized Fund Amount of an imprest checking account should be sufficient to sustain operations for 21 working days based on an average bi-weekly (every two weeks) replenishment schedule.

The imprest checking account disbursement records are examined periodically to determine whether a permanent increase or decrease of the Authorized Fund Amount is appropriate. The situation must be carefully considered to distinguish steady, continual requirements from seasonal requirements. The formula reflected in Attachment 2 is generally used to guide permanent funding levels. In situations where fund activity is very low, consideration should be given to the closing of the fund based on the assumption that it may be possible to make arrangements with a related department to cover the minimal imprest check disbursement needs.

High level seasonal requirements are to be accommodated through temporary increases to the fund. These needs are to be anticipated, and requests for temporary increases submitted prior to the peak periods. The temporary increases are to be returned upon resumption of normal activity. The Treasury and Logistical Operations Office coordinates all General Fund registration-related temporary increases for imprest checking accounts and change funds.

The Disbursing Office will instruct a campus/department unit to increase, decrease, or close an imprest checking account based on the annual review of disbursement activity. The Internal Auditor's Office will also make recommendations based on findings from field audits.

b. Appointment of the Custodian and Alternate

The imprest check custodian and the imprest check alternate should be regular, full-time University employees. In many situations, the custodians and alternates are clerks, account clerks, etc., who can provide a safeguard (separation of duties) for imprest checking account operations.

The duties of the imprest check custodian/alternate and the approving authority must be strictly segregated. Additionally, neither the Fiscal Officer nor the Campus/Department Head may be the custodian or the alternate. Where staff limitations make this separation of
duties impossible, arrangements should be made with another University organization to provide for it. Designating a Fiscal Officer as a custodian will be considered as a last resort measure, and allowed only if the Fiscal Officer does not authorize purchases and payments. Internal control against improprieties are strengthened by the separation of duties.

c. Authorization of Requests for Action

All imprest checking account requests for action must be approved by the Campus/Department Head (Dean/Director/Provost/Chancellor/Vice-President) and the Fiscal Officer. The Fiscal Officer assumes responsibility for the proper execution of administrative duties while the Campus/Department Head is ultimately responsible for the proper administration of the Imprest Checking Account and will be held accountable.

4. Procedures

a. Establishment Procedures

1) Campus/Department Office:

a) Campus/Department Offices seeking to establish an imprest checking account must submit the original Request for Imprest Checking Account form to the Disbursing Office for review at least one month in advance of expected fund usage.

b) If a non-general fund account is to be charged for the advance, the account code must be indicated and an Authorization for Payment (AFP) document must be submitted with the request form to process the advance payment.

c) The requested authorized fund amount should be based on the guideline of adequately sustaining activity for 21 working days. A justification for the fund and an explanation of the basis for determination of the authorized fund amount are required. (Refer to Section 3.a of this procedure for details.)

d) The appointed custodian and the alternate are to be identified on the form with signature specimens
provided. These appointments must be consistent with the guidelines for selection and separation of duties as specified in section 3.b of this procedure.

2) Disbursing Office:

   a) Upon approval by the Director of Financial Operations, a request will be processed to obtain a check for the initial operating balance.

   A bank signature card (Attachment 3) will be sent to the campus/department office with instructions to obtain the signature specimens of the custodian and the alternate. **Black ink must be used for all signature specimens.** The signature card will then be approved by the Director of Financial Operations and the Secretary of the Board of Regents. The BOR corporate seal will also be affixed on the card.

   b) A transmittal memo will be sent to the Campus/Department Head with the check, the signature card, and a copy of the approved Request for Imprest Check Account form. The transmittal memo must be certified by the Campus/Department Head for receipt of funds and returned to the Disbursing Office.

   The check and the signature card are to be immediately taken to the First Hawaiian Bank - University Branch for establishment of the imprest checking account (Neighbor island units will only receive the check, which is to be deposited with their First Hawaiian Bank branch. Since the signature card has already been submitted to the University branch for establishment of the checking account, the neighbor island branch should contact the University branch for instructions). Upon initial deposit or shortly thereafter, the Bank will provide the custodian with a check register, individualized deposit slips, and an individualized deposit stamp (Refer to A8.829 - Imprest Checking Account Disbursement Procedures and A8.830 - Replenishment of the Imprest Checking Account).
Campus/department units are responsible for the ordering of imprest checks which must be printed in the established format. Printing of the checks are covered by a formal bid process and each campus/department unit is to order imprest checks through the selected vendor. Contact the Disbursing Office for current information on the ordering of checks.

c) The Disbursing Office will assign vendor codes to the custodian and alternate custodian(s) for designation in the financial management system. Disbursing Office records are updated to include the newly established imprest checking account.

3) Internal Auditor's Office:

The Internal Auditor's Office updates records for the scheduling of audits.

b. Decrease/Close Procedures

1) Campus/Department Office:

a) Campus/Department Offices requesting a decrease or the closing of an imprest checking account must submit an original Request for Imprest Checking Account Form IC-1 to the Disbursing Office. The Authorized Fund Amount should be reviewed periodically through careful examination of imprest checking account disbursement records. Steady, continually reduced requirements must be distinguished from seasonally reduced requirements to determine the necessary action.

b) Request for permanent action to decrease or close the imprest checking account must be justified with an explanation of the situation and a quantitative analysis to support the requested change unless the action was dictated by the Disbursing Office. (Refer to section 3.a of this procedure for details).

c) Funds to cover the amount of the requested decrease/close are not to be submitted with the Request for Imprest Checking Account Form IC-1. Do not issue a check from the imprest checking account for the return of funds. Upon approval by
the Director of Financial Operations, the funds will be processed by way of a memorandum request for preparation of a Bank cashier's check charging the appropriate imprest checking account (made payable to the "University of Hawai‘i") for deposit into the appropriate account.

2) Disbursing Office:

a) Upon approval of the imprest checking account decrease/closing by the Director of Financial Operations, the bank cashier's check will be requested from the First Hawaiian Bank. If the transaction involves the return of a General Fund advance, the payment to DAGS will be coordinated centrally through the Treasury and Logistical Operations Office, and the campus/department office will be sent a copy of the approved Request for Imprest Checking Account Form IC-1 for record purposes.

b) If the transaction involves the return of a non-General Fund advance, the bank cashier's check will be transmitted with the copy of the approved Request for Imprest Checking Account Form IC-1 to the campus/department office. The deposit of funds to the proper account is to be initiated by the Campus/Department unit through the Cashier's Office with the approval request Form IC-1 as an attachment. A copy of the UH Treasury Deposit slip documenting the transaction must be submitted to the Disbursing Office to verify the deposit of funds.

3) Internal Auditor's Office:

The Internal Auditor's Office will update records for proper execution of responsibilities.

c. Permanent and Temporary Increase Procedures

1) Campus/Department Office:

a) Campus/Department Offices requesting permanent and temporary increases to the imprest checking account must submit the original Request for Imprest Checking Account Form IC-1 to the Disbursing Office for review at least one month in
advance of the expected funding requirement. The Authorized Fund Amount should be reviewed periodically based on careful examination of imprest checking account disbursement records. Steady, continual requirements must be distinguished from seasonal requirements to determine the necessary action.

b) Both permanent and temporary increases must be justified with an explanation of the situation and a quantitative analysis to support the requested change (Refer to section 3.a of this procedure for details). The return date for temporary increases must be indicated. Campus/Department Offices are responsible for prompt return of temporary increase funds. The return of funds must be coordinated with the Disbursing Office to request a bank cashier's check and to execute the procedure for deposit of funds as described in section 4.b.2 of this procedure.

c) If a non-general fund account is to be charged, an AFP must be submitted with the request for a permanent or temporary increase in funding to process the advance.

2) Disbursing Office:

a) Upon approval by the Director of Financial Operations, fund increases will be accommodated through the processing of a request to obtain a check.

b) A transmittal memo will be sent to the Campus/Department Head with the check and a copy of the approved Request for Imprest Checking Account Form IC-1. The transmittal memo must be certified by the Campus/Department Head for receipt of funds and returned to the Disbursing Office.

3) Internal Auditor's Office:

The Internal Auditor's Office will update their records for proper execution of responsibilities.

5. Request for Imprest Checking Account Form IC-1 (Attachment 1)
a. Detailed Instructions for Completing the "Request for Imprest Checking Account" form

1) Requesting UH Campus/Dept.: Enter the appropriate campus and department (e.g. Agr-Bio Chem; Honolulu CC).

2) Date: Enter the month, day, and year on which the form is being submitted (e.g. 03/31/96).

3) Action Requested: Check the appropriate block.

4) Source of Funds for Advance: Check either the "General" fund block or the "Other" fund block. If "Other" fund is selected, enter the type of fund -- Federal, Special, Revolving, Trust, or Agency.

5) Specify Account Code if "Other" Funds: If "Other" fund is selected, enter the appropriate 6 digit account number that the advance will be assessed against (e.g. 326867).

6) Amount-Currently Authorized: Indicate the existing level of funding.

7) Amount-Requested Increase/<Decrease>: Indicate the requested amount of funding increase or decrease. Decrease requests are to be reflected as negative numbers (e.g. <500.00>). For closing of fund requests, the negative amount in this section completely negates the amount reflected in "Amount-Currently Authorized". For establishment requests, enter the initial amount requested.

8) Explanation/Justification for Request/Basis for Amount/Physical Security: Provide an explanation/justification for the request. Describe the situation and provide the quantitative analysis in determination of the requested initial amount or change in amount. (Refer to section 3.a of this procedure for guidelines.) Describe the physical security measures that will be instituted to safeguard the imprest checking account (e.g. storage of checks in a safe with limited access, safety glass or a deadbolt installed in building, etc.).

Attach a separate page if additional space is required.

9) Return date for temporary increase: Enter the month,
day, and year of the date of return for the temporary increase (e.g. 06/30/96). This section is completed only for temporary increase requests.

10) Location of Fund - Bldg/Room #: Enter the name or number of the building and the room number in which the imprest checks are kept.

11) Custodian/Alternate - Signature Specimen and Name: The custodian and alternate signature specimens and names are required only for requests to establish an imprest checking account.

12) The Dean/Director/Provost/Chancellor/Vice-President and the Fiscal Officer are to sign and date the completed form to certify approval of the request and to certify provision for separation of duties and custodian/alternate familiarity with imprest checking account procedures. Indicate the Name/Title of the Campus/Department Head, the Fiscal Officer's code and telephone number.

Note: Do not fill in the bottom portion of the form. Central Office approval signatures will be reflected in this section.

b. Availability of Forms

The Request for Imprest Checking Account Form IC-1 (Attachment 1) should be reproduced as required.
Request for Imprest Checking Account

Requesting UH Campus/Dept.: ___________________________ Date: _____/____/____

Action
Requested: [ ] Establishment [ ] Permanent Increase
[ ] Decrease/Close [ ] Temporary Increase

Source of Funds for Advance:
[ ] General
[ ] Other: ___________________________ Specify Account Code if "Other"
Funds: ___________________________ Amount Requested
Increase/(Decrease): ___________

Explanation/Justification for Request/Basis for Amount/Physical Security:

Return date for temporary increase: _____/_____ Location of Fund Bldg./Room #: ___________________________

COMPLETE FOR ESTABLISHMENT REQUEST ONLY

Custodian Signature ___________________________ Date ___________________________ Alternate Signature ___________________________ Date ___________________________

Custodian Name/Title (Print or Type) ___________________________ Alternate Name/Title (Print or Type) ___________________________

I certify that provisions have been made for the separation of duties and that the custodian and the alternate are completely familiar with Imprest checking account procedures. I certify approval of the requested action.

Signature-Dean/Director/Provost/Chancellor/Vice-Pres. ___________________________ Date ___________________________ Fiscal Officer Signature ___________________________ Date ___________________________

Name/Title (Print or Type) ___________________________ P. O. Code ___________________________ Phone #: ___________________________

DISBURSING OFFICE USE ONLY

Vendor Code: X Pre-Audit Clerk: ______ Reviewed by: ___________________________ Director of Disbursing ___________________________ Date ___________________________
Established Fund Account No.: ___________________________ Approved by: ___________________________ Dir. of Financial Operations ___________________________ Date ___________________________

General Instructions: Submit the original document to the Disbursing Office.
RECOMMENDED PETTY CASH/IMPREST CHECK

AUTHORIZED FUND AMOUNT

The recommended petty cash/imprest check Authorized Fund Amount is based on an average bi-weekly (every two weeks) replenishment cycle which requires sufficient cash to sustain operation for 21 working days. The recommended Authorized Fund Amount level imposes a 100% turnover rate and therefore equals the average monthly disbursement:

\[
\text{Total Disbursements} = \frac{\text{Authorized Fund Amount}}{\text{Number of Months of Disbursement}}
\]

Note: The formula should preferably be computed over a one year period to account for seasonal fluctuations.
Corporate Resolution of Authority

Director of Financial Operations

Ruth M. Yoshida, Custodian
Janet Y. Agena, Alternate
Norman Yasumura, Director of Financial Operations

SPECIMEN SIGNATURE CARD

FOR BANK USE ONLY

Special Instructions: Maximum 150 Characters
Explanations below, alternate where possible