



Agency Policies and Procedures

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## Imprest Cash

### Policy Objectives:

Agency policies and procedures for imprest cash are designed to:

- Ensure consistent accounting treatment of all imprest cash funds agency-wide;
- Provide assurances that imprest balances are being reported accurately; and
- Provide assurance that the State of Minnesota's cash balances are not being misused.

### Background Information:

These agency policies and procedures supplement the imprest cash funds policies and procedures 0608-01 to 0608-03 contained in the MAPS Operations Manual.

### Authority:

- **Minnesota Statute**  
[M.S. § 15.191 Imprest Cash Funds](https://www.revisor.leg.state.mn.us/statutes/?id=15.191) – This statute authorizes the commissioner of finance to establish imprest cash funds for state agencies for the purpose of providing minor disbursements, change, and advances. (<https://www.revisor.leg.state.mn.us/statutes/?id=15.191>)
- **MAPS Operations Manual Policy and Procedure 0608-01 through 0608-03** specifies the state's policies and procedures on establishing, increasing, reducing, using and reimbursing imprest funds. (<http://www.mmb.state.mn.us/chapter-6>)

### Business Risks:

- Failure to record imprest cash correctly could adversely affect cash flows.
- Improperly maintained imprest cash could lead to the misappropriation of funds.

### Policies and Procedures:

#### PART ONE - TO ESTABLISH OR INCREASE AN IMPREST CASH FUND

1. The commissioner of Minnesota Management and Budget can authorize an imprest cash fund for state agencies for the purpose of providing funds of *minor* payments. The commissioner can also authorize the increase of existing funds.
2. Imprest cash funds are established from existing appropriations.
  - A. Imprest cash funds may be used for emergency employee travel advances, and for regular travel advances.
  - B. Imprest cash funds may not be used for any of the following:
    1. To cash checks for employees,
    2. Normal employee travel reimbursements,
    3. Employee relocation expenses,

4. Payments subject to federal form 1099 reporting,
  5. Vendors doing repetitive business with agencies, and
  6. Sole source vendors that refuse to accept a Department Purchase Order (DPO).
- C. Approval must be obtained from the commissioner of Minnesota Management and Budget before the imprest cash fund is established or increased.
- D. To obtain approval, or to have your imprest cash fund increased, write a letter to your executive budget officer stating:
1. Total amount requested or increased,
  2. Amount to be retained as imprest cash,
  3. Amount to be deposited in checking account,
  4. Purpose of the fund,
  5. Justification,
  6. Fund and appropriation unit from which the imprest cash fund will be established or increased, and
  7. Establish a requisition for the amount of the request in object code 6A40 using the agency imprest cash as vendor.
- E. The commissioner of Minnesota Management and Budget will send a letter approving or denying the request, to the requesting agency. A copy of the authorization or denial will also be sent to the Legislative Auditors Office.
- F. When the approval letter is received, the agency will set up the imprest account in MAPS. This imprest cash account must be part of an existing appropriation.
- G. To set up an imprest cash fund in MAPS:
1. Go to Cash Receipts (CR) screen,
  2. In the CR document code fill in the object code field with 6A40, and
  3. Fill in the balance sheet account field with AA02.
- This will transfer the imprest cash funds back to the state treasury. This will result in the proper balances being entered on the general ledger for the fund in which the imprest cash is established.
- H. To increase an existing imprest cash account in MAPS:
1. Go to Payment Voucher (PV) screen,
  2. Enter as a PV 1 type document which will produce the warrant to increase the imprest cash account,
  3. In the CR document code fill in the object code field with 6A40, and
  4. Fill in the balance sheet account field with AA02.
- This will result in the proper balances being entered on the general ledger for the fund in which the imprest cash is established, while producing a check that will be deposited into the state treasury.

## PART TWO - TO REIMBURSE OR USE THE IMPREST CASH FUND

Minnesota Statute 15.191 authorizes imprest cash funds for the making of *minor* disbursements, providing for change, and for providing employees with a portion of, or all of their payroll warrant if not received through the payroll system.

1. Retain copies of all documents for agency records.
2. When travel is complete, the employee must obtain the reimbursement through MAPS accounting or SEMA4, and refund the advance back to the imprest cash fund.
3. Obtain DPO.
4. Determine whether the item is an appropriate imprest cash expense item, and if so, authorize payment from agency imprest cash account.
5. Match the invoice with the appropriate DPO and prepare imprest cash check or cash authorization form.
6. Prepare document for reimbursement of imprest cash account through MAPS.
7. Department of Minnesota Management and Budget (MMB), Quality Control section, will periodically review agency imprest cash funds to ensure compliance with MAPS procedures. Agency imprest cash funds should be reconciled to MMB's imprest cash funds. Any changes or discrepancies should be documented and sent to MMB.
8. Agencies should reimburse the imprest cash fund at least monthly (or more often if necessary) to maintain the balance at an adequate minimum.

### **PART THREE - REDUCTION OF IMPREST CASH FUND**

State agencies can reduce the amount of an imprest cash fund when the need arises. However, the fund must not be reduced by failing to reimburse the fund for items paid.

1. Determine what the full authorization of the imprest cash fund should be.
2. Reimburse the fund to its present full authorization.
3. Write an imprest cash fund check payable to your agency for the amount of the reduction.
4. Treat as any other deposit. It should be deposited to the account and fund from which the money was originally disbursed.
5. If the total amount of the authorization is returned, all unused bank checks must be shredded or disposed of in a manner that assures that they will not be able to be cashed by anyone. Two employees must witness this.
6. Deposit with the State Treasurer Office's as a non-dedicated receipt or a dedicated receipt, when provided for by statute or session laws.
7. Keep a copy of the deposit slip in the agency for your records.
8. Send a copy of the deposit slip to MMB, General Accounting section.

#### **Forms:**

MMB Form:

FI-00529, [\*SEMA4 Employee Expense Report\*](#)

#### **See Also:**

FMR-4C-01, [\*Employee Travel Expenses\*](#)

FMR-4D-01, [\*Special Expenses\*](#)