

PROCEDURE 3.3 – CHANGE FUND

Adopted Date: 08/02/2014
Revised Date: 10/12/2017

OVERVIEW

City departments or agencies that routinely accept cash receipts, such as taxes, fees and fines from the public, shall have cash available to make the appropriate change. This cash is called a change fund. This procedure is intended to direct departments or agencies in managing change funds, and shall be read in conjunction with [Fiscal Accountability Rule 3.3 – Change Funds](#) to ensure compliance and understanding.

The Expending Authority for each department or agency is responsible for the change fund, but may delegate authority to a Change Fund Custodian via the [Change Fund Authorization Form](#). The Expending Authority and/or Change Fund Custodian and designated alternate shall participate in Cash Handling Training, as administered by the Cash, Risk and Capital Funding Division. The Expending Authority and Change Fund Custodian assume full responsibility for the security and accountability of the change funds, including administering the change fund. This authority shall remain in effect until a new [Change Fund Authorization Form](#) is submitted and received by the Cash, Risk, and Capital Funding Division delegating, changing, or canceling the Change Fund Custodian authority. It is not necessary to inform the Cash, Risk, and Capital Division in the event of a temporary change of the Change Fund Custodian, such as during vacation or the required annual two-week rotation of duties to another employee.

When a Change Fund Custodian authority changes from one employee to another, either temporarily or permanently, the fund shall be counted and reconciled to the amount authorized by Cash, Risk, and Capital Funding Division. The count, reconciliation, custodian names, and date(s) of rotation shall be documented before custodial responsibilities are rotated. This documentation shall be retained by the department or agency and provided to the Cash, Risk and Capital Funding Division upon request.

ADMINISTRATIVE PROCEDURES

1. Establish a Change Fund

- A. A request to establish a change fund shall be made no less than five business days prior to the date the funds are required.
 - i. Following receipt of the form, the request will be reviewed by the Cash, Risk, and Capital Funding Division.
 - ii. The department or agency shall be notified upon approval, denial, or whether further review or information is needed. Once approved, delivery of the funds shall be coordinated by the Change Fund Administrator with the Change Fund Custodian via armored car or other secured means.

- B. The Controller's Office, Accounting Section shall be notified of the transaction by the department or agency with the submission of a journal entry into the General Ledger to record the transaction. Submission of the journal entry is the responsibility of the department or agency.
- C. Complete the [Change Fund Authorization Form](#), by selecting the **Establish Change Fund** box and supplying all requested information, including request amount and justification.
- D. The following documents shall be attached:
 - i. the department or agency internal Cashier Close-Out Procedure;
 - ii. the department or agency internal Over/Short Resolution Plan; and
 - iii. description of the physical security for the change fund, including front and back office environments (i.e., cashier station and safe).
- E. Submit the [Change Fund Authorization Form](#) and any documentation to the Change Fund Administrator in the Cash, Risk, and Capital Funding Division at CFAdmin@denvergov.org.

2. Increase a Change Fund

- A. A request to increase a change fund shall be made via the [Change Fund Authorization Form](#).
 - i. Following receipt of the [Change Fund Authorization Form](#), the request shall be reviewed by the Cash, Risk, and Capital Funding.
 - ii. The department or agency shall be notified of approval, denial, or if further review or information is needed. Once approved, delivery of the funds shall be coordinated by the Administrator with the Change Fund Custodian via armored car or other secured means.
- B. The Controller's Office, Accounting Section shall be notified of the transaction by the department or agency with the submission of a journal entry into the General Ledger to record the transaction. Submission of the journal entry is the responsibility of the department or agency.
- C. Complete the [Change Fund Authorization Form](#) by selecting the **Increase Change Fund** box and supplying all information requested, including amount and justification.
- D. Submit the [Change Fund Authorization Form](#) and any documentation to the Change Fund Administrator in the Cash, Risk, and Capital Funding Division at CFAdmin@denvergov.org.

3. Decrease or Close a Change Fund

- A. To either decrease or close a change fund it shall be initiated using the [Change Fund Authorization Form](#).
 - i. The change fund shall be counted and reconciled to the Cash, Risk, and Capital Funding Division's authorized amount prior to surrendering the funds.

- ii. The Change Fund Custodian and Expending Authority shall sign the form. Transit of the change funds shall be coordinated by the Change Fund Administrator with the Change Fund Custodian by means of armored car or other secured means.
 - B. The Controller's Office, Accounting Section shall be notified of the transaction by the department or agency with the submission of a journal entry into the General Ledger to record the transaction. Submission of the journal entry is the responsibility of the department or agency.
 - C. Complete the Change Fund Authorization Form, by selecting the Decrease Change Fund box and supplying all information requested, including amount and justification.
 - D. Submit the [Change Fund Authorization Form](#) and justification to the Change Fund Administrator in the Cash, Risk, and Capital Funding Division at CFAdmin@denvergov.org.
- 4. Separation, Reconciliation, and Audit of Change Funds**
- A. Supervisory personnel overseeing the Change Fund Custodian shall ensure that random independent counts and reconciliations of each change fund are performed at a minimum of once each quarter. Results of these surprise counts shall be documented and retained by the department or agency and provided to the Change Fund Administrator upon request.
 - B. The Change Fund Custodian of a change fund shall count the fund on a regular basis to account for the entire change fund. Cash counts shall be conducted by the cashier on a day the change fund is used, and no less than once per week. Overages or shortages noted during a cash count shall be handled in accordance with [Fiscal Accountability Rule 3.4 – Receipts and Deposits](#).
 - C. Implement and document a process requiring cashiers to count their change fund at the start of each business cycle to verify it is the correct amount.
 - D. Verify that the change fund is separate from the total cash deposit at each cashier station before the end of each business cycle.
 - E. Implement and document a process requiring the change fund amount for each cashier to be verified by an employee other than the cashier once each business cycle.
 - F. Implement and document a process that requires whenever a change fund is stored and accessed via a machine that converts paper currency to coins, the amount of the change on hand is counted and balanced whenever the machine is opened to replace accumulated currency with coins, or once per month, whichever is more frequent.
- 5. Change Orders from Bank**
- A. Occasionally Change Fund Custodians may need to exchange large bills for smaller bills or coin to meet their business needs. Exchanges may be done using the banks online or phone ordering service, or a request for small bills may be facilitated by the Change Fund Administrator.
 - B. Confirm that all orders of small bills and/or coin are offset by a matching deposit to the bank of larger bills.

- C. Ensure that proper documentation of all change orders are kept on file by the Change Fund Custodian and include a copy of the original change order, a transmittal or invoice from the bank showing the funds were delivered, and a deposit slip verifying that the matching deposit was made.

6. Security

- A. It is the responsibility of the Change Fund Custodian to ensure that the change fund is secured at all times by adhering to the following:
 - i. The locked cash container shall be kept out of sight during the day when not in use.
 - ii. All checks, payment information, receipts or other documents containing personal or sensitive information shall also remain secured when not in use, and shall be handled only by the Change Fund Custodian or designee.
- B. The Change Fund Custodian may allocate the change fund into individual cash drawers and assign each cash drawer to an individual cashier. That individual cashier becomes the designated Change Fund Custodian for that part of the fund and has the same responsibilities as the Change Fund Custodian.
- C. Departments or agencies that maintain both petty cash funds and change funds must take the appropriate steps to not commingle the change funds or substitute change funds with other city funds. Change funds shall be stored and documented separately at all times.
 - i. Make sure that the change fund is kept in a locking cash container such as a cash box, cash drawer, and/or desk drawer or safe any time a cashiering station is open for business. The locking cash container shall remain locked at all times when the cashier is not in attendance.
 - ii. Confirm that all cash on hand at the close of business is locked in a rigid cabinet or safe.
 - iii. Complete the [Change Fund Authorization Form](#) to replenish shortages, including an explanation of the shortage in the Justification section, and notify the Supervisor, Change Fund Custodian, Change Fund Administrator, and Controller's Office as soon as the discrepancy is discovered.
- D. Notify the Expending Authority, Change Fund Administrator, and Controller's Office immediately should a theft be discovered.
 - i. File a police report for all suspected thefts.
 - ii. Submit a [Change Fund Authorization Form](#) to the Change Fund Administrator with a notation in the Justification section documenting the theft and a copy of the police report shall be attached.

CASH, RISK, AND CAPITAL FUNDING DIVISION ACTIONS

1. At a minimum of once a quarter, the Change Fund Administrator from the Cash, Risk, and Capital Funding Division shall send a memorandum to each Change Fund Custodian requesting the following information:
 - A. amount of the change fund on hand, by location;
 - B. current custodian for each location; and
 - C. phone number of the Change Fund Custodian for each location.
2. The completed memorandum shall be returned to the Change Fund Administrator by the date listed on the memorandum.
3. The Change Fund Administrator shall check the reported change fund for each location against the change fund ledger maintained by the Cash, Risk, and Capital Funding Division. If there are discrepancies, a memorandum shall be sent to the Expending Authority and department manager or agency head responsible for the change fund.
4. The department or agency shall investigate the discrepancy and take action to correct it within two weeks of the memorandum's date.