

CASH, RISK, AND CAPITAL FUNDING DIVISION

CHANGE FUND PROCEDURE

Overview:

City agencies/departments that accept cash receipts, such as taxes, fees and fines from the public, should have cash available to make change. This cash is called a change fund. This procedure is intended to direct agencies/departments in managing change funds, and shall be read jointly with [Fiscal Accountability Rule 3.3 – Change Funds](#) to ensure compliance and understanding. Agencies/departments shall not adopt internal change fund policies that deviate from those contained in the rule or this procedure.

The Expending Authority for each agency/department is responsible for the change fund, but may delegate authority to a Change Fund Custodian (Custodian) via the [Change Fund Authorization Form](#). The Custodian assumes full responsibility for the security and accountability of the funds in his/her care and is responsible for maintaining the security of the fund and administering the fund according to policies and procedures established by the City. This authority shall remain in effect until a new form is submitted and received by the Cash, Risk, and Capital Funding Division. To delegate, change, or cancel Custodian authority a new form shall be submitted; when the form is received the previous form shall become invalid. It is not necessary to inform the Cash, Risk, and Capital Division in the event of a temporary change of the Custodian.

Whenever Custodian authority changes from one employee to another (either due to a permanent change in custodianship or a temporary change such as the scheduled vacation of the Custodian), the fund shall be counted and reconciled to the Cash, Risk, and Capital Funding Division's authorized amount. The count, reconciliation, custodian names, and date of rotation shall be documented before custodial responsibilities are rotated. This documentation shall be retained by the agency.

At least once a quarter, the Change Fund Administrator (Administrator) from the Cash, Risk, and Capital Funding Division shall send a memorandum to each Custodian requesting the following information:

1. amount of the change fund on hand, by location;
2. current custodian for each location; and
3. phone number of the Custodian for each location.

The completed memorandum shall be returned to the Administrator by the deadline communicated. The 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 any discrepancies, a memorandum shall be sent to the Expending Authority and agency management responsible for the change fund. The agency shall investigate the discrepancy and take action to correct it within two weeks.

At least once annually, agencies/departments shall be required to submit written verification to the Change Fund Administrator certifying that they have reviewed their change fund procedures. Change funds may be audited by the Cash, Risk, and Capital Funding Division and/or the Controller's Office at any time.

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ADMINISTRATIVE PROCEDURES

1. Establish a Change Fund

A request to establish a change fund shall be made no less than one week prior to the date the funds are required. Following receipt of the form, the request shall be reviewed by the Manager of Cash, Risk, and Capital Funding. You shall be notified of approval or denial. If approved, transportation of the funds shall be coordinated by the Administrator with the Custodian via armored car or other secured means. The General Accounting Section in the Controller's Office shall prepare a journal entry to record the transaction.

All agencies/departments shall comply with [Fiscal Accountability Rule 3.4 – Receipts and Deposits, Rule 11](#) which explains how to manage cash shortages and overages.

- a.** Complete the [Change Fund Authorization Form](#). Check the **Establish Change Fund** box and indicate the amount requested.
- b.** The following documents shall be attached:
 - i.** the agency/department internal Cashier Close-Out Procedure;
 - ii.** the agency/department internal Over/Short Resolution Plan; and
 - iii.** the description of the physical security for the change fund.
- c.** Submit the form and the justification to the Change Fund Administrator in the Cash, Risk, and Capital Funding Division.

2. Increase a Change Fund

A request to increase a change fund shall be made via the Change Fund Request Form. Following receipt of the form, the request shall be reviewed by the Manager of Cash, Risk, and Capital Funding. You shall be notified of approval or denial. If approved, transportation of the funds shall be coordinated by the Administrator with the Custodian via armored car or other secured means. The General Accounting Section in the Controller's Office shall prepare a journal entry to record the transaction.

- a.** Complete the [Change Fund Authorization Form](#). Check the **Increase Change Fund** box.
- b.** Indicate the amount of the requested increase, and provide justification for the increase.
- c.** Submit the form and the justification to the Change Fund Administrator in the Cash, Risk, and Capital Funding Division.

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3. Decrease/Close a Change Fund

When a determination is made to either reduce or close a change fund it shall be initiated using the [Change Fund Authorization Form](#). The fund shall be counted and reconciled to the Cash, Risk, and Capital Funding Division's authorized amount prior to turning the fund over to the Cash, Risk, and Capital Funding Division. The Custodian and Expending Authority shall sign the form. Transportation of the funds shall be coordinated by the Administrator with the Custodian via armored car or other secured means. The General Accounting Section in the Controller's Office shall prepare a journal entry to record the transaction.

- a. Complete the [Change Fund Authorization Form](#). Check the **Decrease Change Fund** box.
- b. Submit the form and the justification to the Change Fund Administrator in the Cash, Risk, and Capital Funding Division.

4. Separation, Reconciliation, and Audit of Change Funds

The Custodian of a change fund shall count the fund on a regular basis to account for the entire fund. Cash counts shall be made on any day the fund is used, but in no case less than once per week. Overages and shortages noted during a cash count shall be handled in accordance with [Fiscal Accountability Rule 3.4 – Receipts and Deposits](#).

- a. 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.
- b. Verify that the change fund is separate from the total cash at each cashier station before the daily transaction processing at the end of each business cycle.
- c. Set-up and document a process that requires the change fund amount for each Cashier is verified by someone other than the Cashier once every business cycle.
- d. 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.

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5. Change Orders from Bank

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 Administrator.

- a.** Confirm that all orders of small bills/coin are offset by a matching deposit to the bank of larger bills.
- b.** Ensure that proper documentation of all change orders are kept on file by the 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

It is the responsibility of the Custodian to insure that a change fund is secured at all times. The change fund cash shall be kept in a locked cash box or drawer during the day and shall be kept in a locked desk, file cabinet, or safe at night. The locked cash box shall be kept out of sight during the day when not in use. All monies, receipts or other documents must remain locked when not in use, and shall be handled entirely by the Custodian. The Custodian may allocate the fund into individual cash drawers and assign each cash drawer to an individual Cashier. That individual Cashier becomes the Custodian for that part of the fund and has the same responsibilities as the Custodian.

In agencies/departments that maintain both petty cash funds and change funds, care shall be taken not to commingle those funds. Comingling can lead to a loss of accountability in addition to creating false overages and shortages between the two funds.

- a.** Make sure that the change fund is kept in a locking container such as a file, desk drawer, and cash drawer or safe any time a cashiering station is open for business. The container shall be locked at all times when the Cashier is not in attendance.
- b.** Confirm that all cash on hand at the close of a work day is locked in a safe, metal file cabinet, or desk. Amounts over \$500 shall be stored in an adequate safe.
- c.** 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, and the Administrator as soon as the discrepancy is discovered.

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- d. Notify the Expending Authority, the Administrator, and the Controller's as soon as a theft is discovered. A Police report shall be filed promptly for all suspected thefts. A [Change Fund Authorization Form](#) shall be submitted to the Administrator with a notation in the **Justification** section documenting the theft and a copy of the police report shall be attached. In addition, any other related documents that are necessary to reimburse the fund shall be attached.

CONTACTS / EMAIL ADDRESS / PHONE

- **Change Fund Administrator – Cash Management Section** of the **Cash, Risk, and Capital Funding Division**
 - ✓ Change Fund Operations
 - CFAdmin@denvergov.org
 - 720-913-5505