

# FISCAL ACCOUNTABILITY RULES

## RULE 3.3 – CHANGE FUNDS

### Purpose

City agencies or departments which accept cash payments from the public must have a change fund in order to provide change for customers. The purpose of this rule is to document the policy of the City and County of Denver and ensure proper handling of a change fund.

This rule, and the associated [Change Fund Procedure](#), shall be read in conjunction with the following Fiscal Accountability Rules (FAR) to ensure compliance and understanding:

- [Fiscal Accountability Rule 2.4 – Separation and Rotation of Duties](#)
- [Fiscal Accountability Rule 3.2 – Petty Cash and Imprest Funds](#)
- [Fiscal Accountability Rule 3.4 – Receipts and Deposits](#)

### Definitions

**Business Cycle** – The period beginning when a change fund is accessed and used for transactions and ending when the fund is brought back to its original starting balance. This may be at the end of a shift, the end of the business day, or when cash drawers/registers are cleared at any point to make a deposit.

**Change Fund** – A change fund is the cash issued to an agency for the purpose of making change for customers conducting cash transactions with the agency. A separate discrete change fund is issued for each location where the agency/department conducts business. The agency/department may allocate the change fund into specific amounts for each cashier station within a location.

**Change Fund Administrator** – An employee of the Cash, Risk, and Capital Funding Division who establishes, adjusts, and/or eliminates change funds as necessary in accordance with agency/department needs and tracks and audits change fund activities citywide to ensure compliance with FAR and procedures.

**Change Fund Custodian** – An employee of an agency/department who is responsible for allocating the change fund(s) into specific amounts for every cashier station, ensuring the change fund is counted and reconciled every day the fund is accessed, and ensuring the change fund is secured at all times.

# FISCAL ACCOUNTABILITY RULES

## RULE 3.3 – CHANGE FUNDS, CONTINUED

### Rule

1. Change funds shall only be used to provide change for customers transacting business on City premises.
2. The balance of the change fund shall remain the same at all times, and shall be equal to the amount authorized by the Cash, Risk, and Capital Funding Division.
3. Every change fund shall be reconciled at the end of each business cycle. This applies to all cashier stations including those at satellite offices.

4. The change fund shall be secured at all times as specified in [FAR 3.4 – Receipts and Deposits](#).

5. Change fund shortages shall be reported to the Supervisor, the Change Fund Custodian, and the Change Fund Administrator as soon as the discrepancy is discovered.

If the shortage is due to theft the Expending Authority, Change Fund Administrator, and the Controller shall be notified as soon as the discrepancy is noticed. A Police report shall be filed for all suspected thefts as soon as a theft is discovered.

6. Agencies/Departments maintaining both a petty cash fund and a change fund shall physically separate the funds and account for each fund separately.
7. Change funds shall be recorded on the City's General Ledger in account 000400 (Treasurers Change Fund) and fund 97000 (Treasurers Group Of Accounts).
8. Under no circumstances shall a change fund be used to:
  - a. purchase materials, supplies, or services or be used in any way as a petty cash fund;
  - b. cash checks;
  - c. purchase personal items for employees;
  - d. extend cash advances to employees;
  - e. issue refunds; and/or
  - f. fund a shortage from a cashier station.

## FISCAL ACCOUNTABILITY RULES

### RULE 3.3 – CHANGE FUNDS, CONTINUED

9. To establish a change fund the Expending Authority for the agency/department shall appoint a Change Fund Custodian, complete the [Change Fund Authorization Form](#), and submit the form to the Cash, Risk, and Capital Funding Division. The agency/department internal Cashier Close-Out Procedure, Over/Short Resolution Plan (see [FAR 3.4 – Receipts and Deposits](#)), and a description of the physical security for the change fund shall be attached. If approved, the Change Fund Administrator shall obtain the cash from the bank and arrange delivery.
  - a. When a change fund is necessary for multiple locations an agency/department Change Fund Custodian shall be appointed and a Change Fund Custodian for each location shall be assigned.
  - b. The Change Fund Custodian appointment shall remain in effect until a new form is received by the Cash, Risk, and Capital Funding Division. To appoint or change a Change Fund Custodian a new form shall be submitted; when a new form is received the previous form shall become invalid.
10. Custodial responsibilities shall be rotated to another employee for at least two consecutive weeks during each calendar year.
11. To increase a change fund, the Change Fund Custodian shall submit a new [Change Fund Authorization Form](#). If approved, the Change Fund Administrator shall obtain the cash from the bank and arrange delivery to the agency.
12. To decrease/close a change fund, the agency/department shall submit a [Change Fund Authorization Form](#) to the Change Fund Administrator. The Change Fund Administrator shall arrange the transfer of the cash.
13. Supervisory personnel who oversee cashiering staff and the Change Fund Custodian shall ensure that random independent counts and reconciliations of each change fund are performed at least once each quarter. Results of these surprise counts shall be documented and retained by the agency.
14. Agencies/departments shall review their change fund procedures annually to ensure that they are in compliance with this rule and report any updates to the Cash, Risk, and Capital Funding Division.

# FISCAL ACCOUNTABILITY RULES

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## RULE 3.3 – CHANGE FUNDS, CONTINUED

- 15.** Change funds shall be audited by the Cash, Risk, and Capital Funding Division and/or the Controller's Office on a sample basis at least once each year. The audit shall include a surprise count of the change fund as well as a review of the related Over/Short Resolution Plan, physical security, and daily cashier close-out procedures.

### Procedures and Forms

The **Cash, Risk, and Capital Funding Division** and the **Controller's Office** are responsible for any procedures and forms associated with this rule.