

FAP 111-56-00
IMPREST CASH FUNDS

Subject to the provisions of KRS Chapter 45A, a budget unit, if provided for by appropriation or if authorized by the Finance and Administration Cabinet, may establish one (1) or more imprest cash funds for the purpose of making disbursements requiring prompt cash outlay, and to carry out the provisions of KRS Chapter 45A. The agency head shall assume full responsibility for the proper use of the imprest cash funds. The custodian shall administer the fund. An agency requesting imprest cash funds shall contact the Office of Insurance to determine the amount of individual bonds that may be required.

- 1. PROPER USE OF IMPREST CASH FUNDS:** The preferred methods of payment for all expenses are the state's procurement and accounting systems and the state procurement card. An agency shall use imprest cash funds only if it is impractical or impossible to make payments through one of the preferred methods.
- 2. IMPREST CASH SHALL NOT BE USED FOR THE FOLLOWING PURPOSES:**
 - a. Salaries or wages for Commonwealth employees.
 - b. Travel or any expense relating to travel or entertainment.
 - c. Legal fees.
 - d. Printing.
 - e. Lease or purchase of real property.
 - f. Freight or express if the vendor is obligated to pay freight or express
 - g. Payments on existing contracts.
 - h. Refund of fees or other receipts.
 - i. Purchase of scheduled items in excess of \$500 per category during the scheduled period.
 - j. Bond or Insurance Premium, except notary bonds.
- 3. PETTY CASH FUNDS:** Petty Cash Funds not to exceed \$50.00, except with special approval of the Office of Material and Procurement Services, may be used for purchases in which cash payment is necessary. Such funds may be established as sub-imprest cash funds and are authorized for the following purposes:
 - a. Postage.
 - b. Freight and Express. Expenses for incoming freight and express shall not be paid if shipping instructions were F.O.B. agency. An explanation shall be made to show the purpose for each payment.
 - c. Governmental Publications.
 - d. Local market purchases of supplies, materials, services or fees, not to exceed \$25 per purchase except with special authorization from the executive director of the Office of Material and Procurement Services.

4. HOW TO ESTABLISH IMPREST CASH FUNDS:

- a. An agency shall submit a letter requesting an imprest cash fund to the Office of Material and Procurement Services. The request shall contain the following information:
 - (1) The amount of funds desired. This amount shall be approximately the sum of two months of estimated imprest cash expenditures.
 - (2) A list of items that the agency wishes to pay for from the imprest cash fund (See Section 1).
 - (3) An explanation of the need for imprest cash fund purchases rather than other established procedures.
 - (4) A proposed custodian and alternate. Only one custodian and one alternate shall be authorized unless need for an additional alternate is justified.
 - (5) The period for which imprest cash funds shall be appropriated.
 - (6) A statement that requires a bond to be executed immediately upon establishment of the fund.
- b. The Office of Material and Procurement Services shall evaluate the request and, if approved, prepare an imprest cash authority indicating the items approved for payment from the imprest cash fund and any financial restrictions applicable thereto.
- c. Upon receipt of a copy of the approved authority, the Division of Statewide Accounting Services shall prepare a warrant for the amount of the fund. The State Treasurer shall issue a check in the approved amount payable to the custodian of the fund.
- d. The agency custodian shall establish a bank account for the Imprest Cash Fund at the Commonwealth's depository bank and order checks. The custodian shall write checks to make payments authorized by the authority and prepare an agency imprest cash voucher. The custodian shall also prepare a summary of disbursements and requests for reimbursement per instructions of the Division of Statewide Accounting Services.

- 5. REVISION OF IMPREST CASH FUNDS:** An agency shall submit a request for changes in an imprest cash authority in writing to the Office of Material and Procurement Services. This request shall include the imprest cash authority number, the custodian and custodian I.D. number, and a complete explanation and justification of the requested changes. If approved, the Office of Material and Procurement Services shall prepare an amendment to the authority indicating the items changed.

(KRS 45A.095; KRS 45A.650-KRS 45A.655)