CHAPTER 6: CASH

RULE 6-1: CASH RECEIPTS AND DEPOSITS
RULE 6-2: CHANGE FUNDS AND PETTY CASH FUNDS
RULE 6-3: IMPREST CASH ACCOUNTS AND BANK ACCOUNTS
RULE 6-4: REFUNDS AND REIMBURSEMENTS
RULE 6-5: PAYMENTS RETURNED BY FINANCIAL INSTITUTIONS
RULE 6-6: FEDERAL CASH MANAGEMENT
RULE 6-1: CASH RECEIPTS AND DEPOSITS

1. AUTHORITY:
   §24-36-103, C.R.S. (Moneys Transmitted to State Treasurer)
   §24-36-104, C.R.S. (Moneys to Be Deposited)

2. DEFINITIONS:
   2.1. Bank Account – An account approved by the State Controller and State Treasurer that is established by a State Agency or Institution of Higher Education in any financial institution for the purpose of conducting State business.

3. RULE:
   A State Agency or Institution of Higher Education that receives money for any reason shall make timely deposits to the State Treasury, unless otherwise provided by statute or Fiscal Rule. All money received and not deposited during the month shall be deposited within seven business days following calendar month-end. Deposits or transfers to the State Treasury from any bank account shall be made as required by the State Treasurer.
RULE 6-2: CHANGE FUNDS AND PETTY CASH FUNDS

1. **AUTHORITY:**

   §24-36-103(2), C.R.S. (Moneys Transmitted to State Treasury)
   §24-30-202 (20.1) C.R.S. (State Controller Authority)

2. **DEFINITIONS:**

   2.1. Change Fund – A fund established at a State Agency or Institution of Higher Education that receives cash to allow for making change.
   2.2. Commercial Card – See Fiscal Rule 2-7 (State Commercial Cards).
   2.3. Petty Cash Fund – A fund established at a State Agency or Institution of Higher Education to allow cash payment for small, incidental expenses.

3. **RULE:**

   3.1. Change Funds and Petty Cash Funds may be established based upon a written request from the Chief Fiscal Officer of a State Agency or Institution of Higher Education and approval of the State Controller, or the Controller's delegate. The request for approval shall state the purpose of the fund and contain justification for the amount requested.
   3.2. Change Funds shall only be used for making change when cash receipts are accepted from the public, such as for fees and fines. No expenditures of any kind shall be authorized from a Change Fund.
   3.3. Petty Cash Funds shall only be used for payment of incidental expenses of a nominal amount such as postage, parking or expenses not otherwise paid by Commercial Card or warrant. Petty cash expenditures shall be consistent with all applicable statutes, rules, regulations, and executive orders.
   3.4. All Petty Cash Funds and all change funds shall be recorded on the State Financial System or on an approved State Agency or Institution of Higher Education accounting system.
RULE 6-3: IMPREST CASH ACCOUNTS AND BANK ACCOUNTS

1. AUTHORITY:

§24-36-103(2), C.R.S. (Moneys Transmitted to State Treasury)
§24-36-104, C.R.S. (Moneys to Be Deposited)
§24-75-202, C.R.S. (Imprest Cash Accounts)

2. DEFINITION:

2.1. Bank Account – An account that is established by a State Agency or Institution of Higher Education in any eligible financial institution for the purpose of conducting State business.

2.2. Imprest Cash Account – A cash account that is established by a State Agency or Institution of Higher Education for the purpose of paying operating expenses.

3. RULE:

3.1. Written approval is required from the State Controller and State Treasurer prior to a State Agency or Institution of Higher Education establishing a Bank Account or Imprest Account. All cash Imprest Accounts and Bank Accounts shall be recorded on the State Financial System or on an approved State Agency or Institution of Higher Education accounting system. The request for approval of an Imprest Account shall state the purpose and justification for the Imprest Account, methodology in calculating the estimated Account balance, and any other information that is pertinent to the establishment of this Account.

3.2. Bank Account balances shall be limited to the minimum amount necessary to be consistent with legal requirements and operating efficiency.

3.3. Deposits to cash Imprest Accounts shall be in the form of reimbursements for actual expenditures, other than deposits used to establish and maintain a minimum balance, and shall be consistent with all applicable statutes, rules, regulations, and executive orders. Request for reimbursements shall be made so that all disbursements are properly reported on the State Financial System or an approved State Agency or Institution of Higher Education accounting system.
RULE 6-4:  REFUNDS AND REIMBURSEMENTS

1. AUTHORITY:
   §24-30-202 (19) C.R.S. (State Controller Authority)

2. DEFINITIONS:
   2.1. Non-augmenting Revenue Account – An account used to record a refund or reimbursement from a prior fiscal year. Such Non-augmenting Revenue Accounts do not serve as funding sources for appropriated expenditures.
   2.2. Refund – An amount or credit received because of an overpayment or the return of an item purchased.
   2.3. Reimbursement – Repayment received for amounts remitted on behalf of another party.

3. RULE:
   State Agencies and Institutions of Higher Education will normally use either an account receivable or a revenue account to record Refunds and Reimbursements. However, incidental and non-recurring Refunds or Reimbursements may be credited against the original account coding if the recovery occurs in the same fiscal year as the original expenditure and is for activities that involve a routine State Agency or Institution of Higher Education function. If such recoveries are made in a subsequent fiscal year, such as an audit recovery or accounts payable reversion, they should be credited to a Non-augmenting Revenue Account.

4. EXCEPTIONS TO RULE:
   4.1. Capital Construction Funds – Refunds or Reimbursements received for expenditures of Capital Construction Fund appropriations during the life of the project shall be treated as if they were received in the same fiscal year as the original expenditure. If the recovery is made after the term of the appropriation has expired, the recovery shall be credited to a Non-augmenting Revenue Account.
   4.2. Federal Funds – Refunds or Reimbursements received for expenditures of federal funds, prior to the expiration of the award, shall be treated as if they were received in the same state fiscal year as the original expenditure. If the recovery is made after the award has expired, the recovery shall be refunded to the Federal government, unless otherwise directed by the Federal government.
   4.3. Contracts and Grants – Refunds or reimbursements received for expenditures made from Contracts and Grants shall be handled as set forth in the terms of the Contract or the conditions of the Grant.
RULE 6-5:  PAYMENTS RETURNED BY FINANCIAL INSTITUTIONS

1. **AUTHORITY:**

   §24-30-202 (25), C.R.S. (Returned Check Penalty)

2. **RULE:**

   A State Agency or Institution of Higher Education that receives a returned payment, such as insufficient or non-sufficient funds, ACH/credit card chargebacks, refer to maker, stop payment, or closed account, shall assess a reasonable fee against the person who issued the payment. The fee assessed shall be at least equal to the additional bank charges incurred by the State Agency or Institution of Higher Education and may include up to an additional 25% of the additional bank charges to cover the State Agency or Institution of Higher Education's administrative costs. This penalty is in addition to any other penalty provided by statute except the penalty provided by §24-35-114, C.R.S.
RULE 6-6: FEDERAL CASH MANAGEMENT

1. AUTHORITY:
   31 CFR, Part 205 (Rules and Procedures for Efficient Federal-State Funds Transfers)
   §24-22-107 (6), C.R.S. (Duties of the State Treasurer)

2. RULE:
   2.1. Unless Federal funds have been advanced to the State Agency or Institution of Higher Education, State Agencies and Institutions of Higher Education shall make draws of Federal funds as closely as possible to the use of those funds and shall ensure compliance with applicable Federal and State laws, including any liability for interest payable to the Federal government for major Federal programs.

   2.2. The State Treasurer shall be the State's cash management officer responsible for the efficient management of all State cash and shall perform the duties necessary to carry out such function, in consultation with the Governor.