

RULE 3.3 – CHANGE FUND

Adopted Date: 08/02/2010

Revised Date: 10/12/2017

PURPOSE

City departments or agencies which routinely 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 (city) 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 to ensure compliance and understanding:

- [Fiscal Accountability Rule 2.4 – Separation and Rotation of Duties](#)
- [Fiscal Accountability Rule 3.2 – Petty Cash Fund](#)
- [Fiscal Accountability Rule 3.4 – Receipt and Deposit](#)

DEFINITIONS

Business Cycle – The period beginning when a change fund is accessed and used for transactions and ending when the cash fund is brought back to its original starting balance. This is typically at the end of a business day, but may be at the end of a shift or when cash drawers or registers are cleared at any point to make a deposit. Business cycle and deposit frequency shall comply with [Fiscal Accountability Rule 3.4 – Receipt and Deposit](#).

Change Fund – A change fund is the cash issued to a department or agency for the purpose of making change for customers conducting cash transactions with the department or agency. A distinguishable change fund is issued for each physical location where the department or agency conducts business. The department or agency 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 facilitates establishment, adjustment, and/or elimination of change funds as necessary in accordance with department or agency needs. The Change Fund Administrator tracks and audits change fund activities and reporting citywide to ensure compliance with fiscal accountability rules, procedures and industry best practices.

Change Fund Custodian – An employee of a department or agency who is responsible for overseeing the change fund as well as its allocation of specific amounts to each cashier

station. The Change Fund Custodian is responsible for ensuring the change fund is counted and reconciled each day the fund is accessed, ensuring the change fund is secured at all times, as well as the completion and submission of periodic reports to the Change Fund Administrator.

RULES

- 1.** A department or agency shall establish, maintain, and monitor internal change fund policies and procedures. The policies and procedures may be more restrictive, but not more generous, than this fiscal accountability rule and the associated procedure as long as the more restrictive policies and procedures are consistently applied.
- 2.** To establish a change fund the Expending Authority for the department or agency shall;
 - A.** Appoint a Change Fund Custodian,
 - a.** Change Fund Custodians shall complete Change Fund Custodian training as designated by Cash, Risk, and Capital Funding within 30 days of taking on custodial duties.
 - b.** The Change Fund Custodian appointment will remain in effect until a new [Change Fund Authorization Form](#) is received by the Change Fund Administrator. To appoint or change a Change Fund Custodian a new Change Fund Authorization Form shall be submitted. When a new Change Fund Authorization Form is received, the previous Change Fund Authorization Form shall become invalid.
 - B.** Complete the [Change Fund Authorization Form](#) for submittal to the Cash, Risk, and Capital Funding Division,
 - C.** Create a Cashier Close-Out Procedure (refer to Rule 5 of this fiscal accountability rule), and
 - D.** Create an Over/Short Resolution Plan (refer to [Fiscal Accountability Rule 3.4 – Receipt and Deposit](#)).
- 3.** Change funds shall be recorded on the city's General Ledger as designated by the Controller's Office.
- 4.** Change funds shall only be used to provide change for customers transacting city business with a city department or agency at designated receipting locations. Change Funds are not to 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.
5. The department or agency shall create and maintain a **Cashier Close-Out Procedure** to document the cash drawer count and payment system reconciliation processes at the close of the business cycle.
 6. The change fund shall be reconciled at the end of each business cycle. This applies to every cashier station including those at decentralized offices.
 7. 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.
 8. The change fund shall be secured at all times as specified in [Fiscal Accountability Rule 3.4 – Receipt and Deposit](#).
 9. To increase a change fund, the Change Fund Custodian shall submit a [Change Fund Authorization Form](#) to the Change Fund Administrator. If approved, the Change Fund Administrator will coordinate the department's or agency's receipt of the cash fund.
 10. To decrease or close a change fund, the department or agency shall submit a [Change Fund Authorization Form](#) to the Change Fund Administrator. The Change Fund Administrator shall coordinate the transfer of the change fund.
 11. Change fund shortages shall be reported to the cashier's supervisor, the Change Fund Custodian, and the Change Fund Administrator as soon as the discrepancy is discovered.
 - A. 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.
 - B. A police report shall be filed for all suspected thefts as soon as a theft is discovered, and a copy shall be provided to the Change Fund Administrator.
 12. Departments or agencies maintaining both a petty cash fund and a change fund shall physically separate the funds and account for each fund separately.
 13. The Change Fund Custodial responsibilities shall be rotated to another employee for at least two consecutive weeks during each calendar year. Documentation of this rotation shall be retained by the Change Fund Custodian and provided to the Change Fund Administrator upon request.
 14. 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 department or agency and provided to the Change Fund Administrator upon request.

15. Departments or agencies shall review and maintain their change fund procedures annually to ensure they are current and in compliance with applicable fiscal accountability rules. Any updates to procedures shall be reviewed and approved by the Cash, Risk, and Capital Funding Division prior to implementation.
16. Change Fund Custodians shall report status of their change fund quarterly, as prompted by the Cash, Risk, and Capital Funding Division. Change fund status reports shall be submitted to the Change Fund Administrator no later than the last business day of the quarter.
17. Change funds shall be audited by the Change Fund Administrator on a sample basis in accordance with Cash, Risk, and Capital Funding's annual plan. The audit shall include a surprise count of the change fund as well as a review of the related Cash Handling or Close-Out Procedures, Over/Short Resolution Plan, best practices, and general security of the Cash Handling environment. A communication containing results of the audit shall be provided to the appropriate level of management overseeing the department or agency cash handling area within 30 days of the audit.
 - A. Noncompliance of this fiscal accountability rule, related procedures, guides, job aids, forms, and/or one-page summaries or industry best practices by a department or agency shall be documented by the Change Fund Administrator.
 - B. The Change Fund Administrator shall submit recommendations for improvement to the appropriate level of management overseeing the department or agency cash handling area.
 - C. The department or agency shall respond to these recommendations within the timeframe allotted in the recommendation.
 - D. The Change Fund Administrator shall follow up with the department or agency on execution of recommendations within 30 days of the recommendation deadline.

AUTHORITY AND ACCOUNTABILITY

The **Cash, Risk, and Capital Funding Division** and the **Controller's Office** are responsible for this fiscal accountability rule and any procedures, guides, job aids, forms, and one-page summaries associated with this rule.