

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	1 of 7

CONTINGENT FUNDS - GENERAL

Contingent fund usage will be limited due to WiSMART's ability to generate next day checks and the availability of purchasing cards. In general, a contingent fund should only be used when immediate, on-the-spot payments are required and payment can not be made through any other method. Note: 1099 reportable payments should not be made from contingent funds.

Contingent Checking, Petty Cash and Change Accounts

Under the authority granted in Sect. 20.920, Stats., each state agency may establish a contingent fund with the approval of the Department of Administration (DOA) and the State Treasurer's Office. In addition, each agency which has a contingent fund may under the authority of sec. 16.52 (7), Stats., establish a petty cash account from its contingent fund. Agencies requesting approval for the establishment of a contingent fund or an increase to their existing contingent fund authorization may do so by making the request in writing to the State Controller. In addition, a request for a Contingent Checking Account must include a completed Uniform Request for Banking Services form (DOA-2571). The State Controller's Office (SCO) will review contingent fund requests and will secure the necessary approvals from the State Treasurer' Office and the Depository Selection Board.

Agencies may transfer funds from authorized contingent checking accounts to new or existing petty cash accounts, and/or change accounts without prior DOA approval as long as the overall agency contingent fund level does not increase. Agencies may also close contingent fund accounts and reduce their authorized contingent fund balance without prior DOA approval. However, all reductions in authorized contingent fund levels and transfers from checking accounts to cash accounts must be supported by the appropriate entries within WiSMART (see below).

Contingent Fund Definitions:

Contingent Fund	For each state agency, one contingent fund will be authorized under the authority granted in Sect. 20.920 Stats. Such funds must be deposited in a public depository approved by the Depository Selection Board, except for petty cash and change accounts, which are cash-on-hand only.
Contingent Fund Account	A contingent checking account, petty cash account or change account.
Contingent Checking Account	A checking account established from the contingent fund of a state agency. Contingent checking accounts must be held in a public depository approved by the Depository Selection Board.
Petty Cash Account	A cash account established from the contingent fund of a state agency. Petty cash accounts are cash-on-hand only and are held in specified state agency locations. They should only be used when the immediate payment of cash is required, and shall be no greater than \$500 per account, unless otherwise authorized.
Change Account	A cash account established from the contingent fund of a state agency. Change accounts are cash-on-hand only and are held in specified state agency locations. They should be used for making change in agency

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	2 of 7

	business operations related to the collection of fees, licenses, goods and services. Account size is limited to \$500 per account, unless otherwise authorized.
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INITIAL APPROVAL AND INCREASES IN CONTINGENT FUND AUTHORIZATIONS

Agencies should send all requests to establish or increase contingent fund authorizations to the State Controller. Requests should include the following information:

1. Reason or purpose for establishing or increasing contingent fund. Discussion should include justification and a description of the types of disbursements to be paid from the contingent fund.
2. Size of contingent fund requested.
3. Detailed procedures for operation of contingent fund processing (including control procedures).
4. Anticipated locations of contingent accounts.
5. Justification for use of banks other than the State Working Bank.
6. Maximum payment amounts.
7. Funding source.
8. Completed Uniform Request for Banking Services form (DOA-2571) – if establishing a contingent checking account.

WiSMART TRANSACTIONS TO RECORD CHANGES TO CONTINGENT FUND AUTHORIZATIONS

The following WiSMART transactions should be prepared and processed by agencies to record changes made to contingent fund authorizations. The SCO will monitor these entries.

1. Establishing or increasing a contingent fund authorization.

Once the SCO has approved the establishment or increase of a contingent fund authorization, a check must be issued for the new amount. The entry is made to the agency's non-budget appropriation (993).

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR
XXX	XXX	993	01	1220	Contingent Funds - Petty Cash	100	
XXX	XXX	993	01	1230	Contingent Funds - Change	100	
XXX	XXX	993	01	1250	Contingent Funds - Checking	500	

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	3 of 7

XXX	XXX	993	01	1000	Treasurer's Cash		700
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P1 transactions to record the establishment of a \$700 contingent fund with authorized amounts of \$100 for petty cash, \$100 for change and \$500 for checking.

The payee name on checks written to establish, increase or reimburse contingent accounts should be in the following format:

Department of _____ - Petty Cash or Contingent Account
C/o (Name of Account Custodian)

The vendor number should be established in WiSMART using the agency's Taxpayer Identification Number and a suffix.

2. Moving a contingent fund authorization from a contingent checking account to petty cash and change accounts.

Agencies may move authorized amounts from contingent checking accounts to petty cash and change accounts without SCO approval as long as the total agency contingent fund authorization does not increase.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR
XXX	XXX	993	01	1250	Contingent Funds - Checking		200
XXX	XXX	993	01	1220	Contingent Funds - Petty Cash	100	
XXX	XXX	993	01	1230	Contingent Funds - Change	100	

JR transactions to transfer a \$200 authorization from a contingent checking account to petty cash and change accounts.

3. Reducing the total authorization of a contingent fund.

Agencies may close contingent checking, petty cash and change accounts or reduce their authorized amounts without SCO approval.

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR
XXX	XXX	993	01	1000	Treasurer's Cash	300	
XXX	XXX	993	01	1220	Contingent Funds - Petty Cash		100
XXX	XXX	993	01	1230	Contingent Funds - Change		100
XXX	XXX	993	01	1250	Contingent Funds - Checking		100

CR transactions to record the reduction in the authorized amounts for petty cash, change and checking accounts.

CONTINGENT CHECKING ACCOUNT BANKING GUIDELINES

Agencies should utilize the State Working Bank for contingent checking accounts wherever possible. Earnings in excess of banking fees charged for the contingent checking account should be deposited as general revenue of the related statutory fund.

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	4 of 7

CONTINGENT FUND INTERNAL CONTROL GUIDELINES

Control procedures over the contingent fund must include the following basic controls:

- a. All disbursements should be authorized in accordance with the normal payment approval procedures of the agency. Under no circumstance shall the contingent fund custodian or contingent account manager independently authorize and make a disbursement over \$25 without an additional second party authorization.
- b. Access to records and assets should be restricted to prevent unauthorized entries to the records or loss of assets.
- c. The system and individuals performing the procedures should be properly supervised.
- d. All contingent checking accounts should be reconciled monthly. The reconciliation, or a review of the reconciliation, should be made and attested to by an individual independent of the individual responsible for maintaining the account or fund.

CONTINGENT FUND OPERATIONAL GUIDELINES

Contingent funds may be utilized to make payments *ONLY* under the following circumstances:

- a. For payments that can not be made through the state's central checkwriting process or by using a purchasing card.
- b. In case of emergencies.
- c. For specific payment applications that are consistent with the respective agency's written contingent fund guidelines which have been approved by the SCO.

Contingent funds **may not** be utilized to make payments for:

- a. Employee salaries, salary related fringe benefits, tax withholdings or personal deductions.
- b. Local assistance payments.
- c. Aids to individuals and organizations.
- d. Debt service.
- e. Internal service center payments or internal transfers between appropriations or agencies.

Additional Contingent Fund Guidelines:

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	5 of 7

- a. For each contingent fund established, the respective agency shall designate a contingent fund manager who shall be responsible for administering the fund in accordance with sound business practices and the contingent fund guidelines.
- b. Records should be maintained such that the summation of the checkbook balances, petty cash and change funds, and unreimbursed invoices reconcile with the total authorized dollar amount of the contingent fund or account.
- c. All contingent fund records should be kept for a period of six years.
- d. The disbursement limit for contingent checking accounts is \$1,000 unless otherwise authorized. The disbursement limit for petty cash accounts is \$100 unless otherwise authorized. Contingent fund disbursements should be subject to normal preaudit procedures to insure that accountability is maintained.
- e. Contingent checking accounts should be replenished at least monthly. Petty cash should be replenished at least quarterly. Replenishment transactions should record expenditures to the proper appropriations and object codes.
- f. Original vendor invoices must support all transactions reimbursed by the contingent fund.
- g. Checks shall be prenumbered.
- h. Voided checks which have been signed should have the signature cut off or destroyed before the check is filed by numbered sequence.
- i. Checks not paid within one year should be canceled and deposited to the general revenues of the fund from which the check was originally issued.
- j. Authorized signers of the checks shall be designated by the chief financial officer.
- k. Disbursements from the contingent fund do not preclude the agency from conforming with the required state procurement procedures or travel reimbursement guidelines.

AGENCY MONITORING OF CONTINGENT FUNDS AND ACCOUNTS

The agency contingent fund manager will be responsible for reviewing all agency contingent accounts on an annual basis to accomplish the following objectives:

1. Account balances are being used efficiently. Accounts should need replenishment 1 - 2 times a month; otherwise the authorized amount should be increased or decreased.
2. Checkbook balances are always positive.

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	6 of 7

3. There is a monthly reconciliation of the book balance to the checkbook balance and to the authorized balance.

DEPOSITORY ACCOUNTS

Agencies may wish to establish depository accounts with the State Working Bank or other convenient financial institution for the purpose of depositing cash from remote agency locations. Deposits should be transferred to the state's central cash concentration account when deposits total \$10,000, but no less frequently than weekly. Interest earnings in excess of the banking fees charged for the account should be deposited as general revenue to the related statutory fund.

ANNUAL REPORTING TO THE STATE CONTROLLER'S OFFICE

Bank and Cash Account Certification (includes Contingent Accounts and Depository Accounts)

Each agency must also submit to the SCO (Asset Management Section) by September 30th a Bank and Cash Account Certification (see page below) that lists the authorized amounts for all contingent checking, petty cash and change accounts, depository accounts and any other bank accounts. The state agency financial manager must sign the certification. This certification should include the following account data:

1. Type of account (contingent checking, petty cash, change, depository or other).
2. Amount authorized.
3. Name of account manager.
4. Agency division/bureau.
5. Bank name.
6. Bank/cash account location.
7. Account transit #.
8. Account #.

STATE CONTROLLER'S OFFICE ANNUAL REVIEW

The SCO will review agency certifications and WiSMART transactions annually to insure that all accounts are properly authorized and recorded.

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	V Expenditures	EFFECTIVE DATE:	July 1, 1999
SUB-SECTION:	9 - Contingent Funds	REVISION DATE:	July 1, 1999
SUBJECT:	Policy and Procedure	PAGE:	7 of 7

Bank and Cash Account Certification
For the Fiscal Year Ended June 30, _____
Agency _____

Account Type	Amount Authorized	Account Manager	Division /Bureau	Bank Name	Bank/Cash Location	Transit #	Account #
Contingent Checking	\$1,000	John Doe	Admin /Finance	First National	Basco	123456789	123456
Petty Cash	\$500	Jane Doe	Admin /Field				
Depository	\$0	James Doe	Admin /Field2	Third National	Mobasco	987321654	652143

Certification

I certify that this is a complete list of all contingent accounts and bank accounts held by this agency.

Signature _____
 State Agency Financial Manager

Position _____

Date _____