



# WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

<b>Section</b>	<b>05</b>	<b>ACCOUNTS PAYABLE, INTER AND INTRA UNIT PAYMENTS AND TRANSFERS</b>	<b>Effective Date</b>	<b>10/1/2015</b>
<b>Sub-section</b>	<b>05</b>	<b>Contingent Funds</b>	<b>Revision Date</b>	<b>9/15/2015</b>
<b>SAM Ref</b>	<b>5-9</b>			

## BACKGROUND

### 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 DOA. 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 emailing the SCO - Treasury Programs Manager.

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 STAR (see below).

### Contingent Fund Definitions:

<b>Contingent Fund</b>	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.
<b>Contingent Fund Account</b>	A contingent checking account, petty cash account or change account.
<b>Contingent Checking Account</b>	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.
<b>Petty Cash Account</b>	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.
<b>Change Account</b>	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 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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## POLICIES

1. Due to the wide acceptance of the Purchasing Card, and the availability of on-demand checks in STAR, Contingent Checking Accounts are no longer needed, and will only be authorized when there is a unique business need.
2. Agencies should use appropriation 99300 to record imprest contingent funds. Revenues and expenditures should still be recorded to budgeted appropriations.

## PROCEDURES

### INITIAL APPROVAL AND INCREASES IN CONTINGENT FUND AUTHORIZATIONS

Agencies should send all requests to establish or increase contingent fund authorizations to the SCO – Treasury Programs Manager.

### TRANSACTIONS TO RECORD CHANGES TO CONTINGENT FUND AUTHORIZATIONS

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

**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).

DR/CR	GL Unit	Line Amt	Bud Ref	Fd	Appn	Dept	Account	Acct Name
DR	A-S	400.00	FY 2016	A-S	99300	A-S	1122000	Contingent Funds - Petty Cash
CR	A-S	100.00	FY 2016	A-S	99300	A-S	1123000	Contingent Funds - Change
DR	A-s	-500.00	FY 2016	A-S	99300	A-S	1000000	Treasurer’s Cash

*Transactions to record the establishment of a \$500 contingent fund with authorized amounts of \$400 for petty cash and \$100 for change.*

The Enterprise Single Payment Supplier ID should be used for the transaction. 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)



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**2. Moving a contingent fund authorization from a petty cash account to a change account.**

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.

DR/CR	GL Unit	Line Amt	Bud Ref	Fd	Appn	Dept	Account	Acct Name
DR	A-S	200.00	FY 2016	A-S	99300	A-S	1123000	Contingent Funds-Change
CR	A-S	-200.00	FY 2016	A-S	99300	A-S	1122000	Contingent Funds – Petty Cash

*Journal transactions to transfer a \$200 authorization from a petty cash account to a change account.*

**3. Reducing the total authorization of a contingent fund.**

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

DR/CR	GL Unit	Line Amt	Bud Ref	Fd	Appn	Dept	Account	Acct Name
DR	A-S	500.00	FY 2016	A-S	99300	A-S	1000000	Treasurer’s Cash
CR	A-S	-200.00	FY 2016	A-S	99300	A-S	1122000	Contingent Funds – Petty Cash
CR	A-S	-300.00	FY 2016	A-S	99300	A-S	1123000	Contingent Funds - Change

*To close the contingent fund.*

**CONTINGENT CHECKING ACCOUNT BANKING GUIDELINES**

Agencies must utilize the Enterprise 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.

**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.



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- 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 specific payment applications that are consistent with the respective agency’s written contingent fund guidelines which have been approved by the SCO.

Additional Contingent Fund Guidelines:

- 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.



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

**LOCAL DEPOSITORY ACCOUNTS**

Agencies may wish to establish local depository accounts with the Enterprise Bank or at another financial institution if there is not a nearby Enterprise Bank location. Please see Wisconsin Accounting Manual Section 09-07 for additional procedures on local depository accounts.