

**COUNTY OF HENRICO, VIRGINIA**  
**CHANGE FUND POLICIES AND PROCEDURES**



Approved by the County Manager  
And Effective August 1, 2007  
(Updated January 1, 2012)

## CHANGE FUNDS

**Purpose:** A change fund allows a department or agency to make change so that exact payments may be accepted for goods or services provided by the County to the public or for amounts billed to the public that are paid at the County offices with cash. This policy sets the guidelines for the establishment, use, and security of change funds on a countywide basis.

**Establishment:** A department or agency may request a new change fund or a change to an existing change fund by submitting a **Change Fund Request** (Exhibit 1) to the Director of Finance. The form must contain a justification for the request, the amount being requested, the procedures that will be used to safeguard the funds, and the name of the person that will be custodian of the change fund. The Department Head must sign the Change Fund Request. The Director of Finance must approve the request before the change fund can be established. Once the Director of Finance approves a request, the following occurs in the Department of Finance:

1. The Accounting Division establishes standard customer in Oracle accounts receivable for a new change fund. Increases or decreases to existing change funds are posted to the standard customer created in Oracle accounts receivable when the change fund was initially created.
2. The Accounting Division forwards a copy of these procedures to the requesting department or agency.
3. The Accounting Division generates a check for the approved amount of the change fund. The check is picked up by the custodian of the change fund and a **Change Fund Receipt** (Exhibit 2) is signed by the custodian and the Department Head to acknowledge receipt of the check and the establishment of the fund.

**Change Fund Custodian:** Each change fund will have one person named as its custodian. The custodian assumes the full responsibility for the security of the funds in their care. The change fund custodian will acknowledge receipt of the initial change fund and subsequent receipt of any County checks for deposit into the change fund by signing a **Change Fund Receipt** (Exhibit 2) and forwarding it to the Accounting Division. It will be the responsibility of the custodian to cash the check and deposit the cash into the change fund. If a department changes the custodian, the new custodian should verify the amount of cash in the presence of the old custodian and forward a Change Fund Receipt to the Accounting Division indicating they have verified and received the funds. The Department Head should also sign any Change Fund Receipt before forwarding it to the Accounting Division.

**Use of Funds:** The use of change funds will be limited to the making of change so that payments for goods and services, or for amounts billed to citizens, may be received for the exact amount of the charge. Transactions accepted through a change fund should be balanced daily, receipts deposited through the Treasury Division Cashiers, and the fund should be restored to its authorized amount. Checks received for payments should be for the exact amount of the payment. No change should be given back from a change fund for a check that is written for more than the amount of the charge. Change funds should not be used for the following:

- Cashing checks
- Making loans to an employee for any reason
- Making travel advances or reimbursements for travel expenses
- Making purchases of any kind

**Security for Funds:** It is the responsibility of the custodian to insure that a change fund is secured at all times. The change fund cash should be kept in a locked cash box or drawer during the day and should be kept in a locked desk, file cabinet, or safe at night. The locked cash box should be kept out of sight during the day when not in use. All monies, checks, pay-in-vouchers, receipts or other documents must remain locked when not in use, and should be handled entirely by the custodian. The custodian of the change fund authorized for the Finance Department Treasury Division Cashier's Section may allocate the fund into individual cash drawers and assign each cash drawer to an individual cashier. That individual cashier becomes the custodian for that part of the fund and has the same responsibilities as the custodian.

**Verification of Funds:** The custodian of a change fund must count the fund on a regular basis to insure all of the cash is accounted for. Cash counts should be made on any day the fund is used, but in no case less than once per week. Cash counts should be documented on a log kept by the custodian with the date the count was made and the results of the count. A suggested log format is contained in Exhibit 4. Overages and shortages noted during a cash count should be handled in accordance with the procedures outlined below, and the disposition of the difference should be noted as part of the documentation of the cash count. The supervisor of the custodian or another designated employee should make unannounced cash counts in the presence of the custodian at least twice per year. These counts are in addition to the June 30<sup>th</sup> confirmation and should be documented on the log maintained by the custodian with the date the count was made, the results of the count, and the signature of the custodian's supervisor.

**Overages and Shortages:** When cash counts are performed, cash may not equal the authorized change fund amount. After considering any transactions processed through the change fund, if the cash count differs from the authorized amount, the custodian's supervisor must be notified immediately and must count the fund. If the cash count differs by more than \$1.00, the Department Head must be notified immediately after the supervisor counts the fund. If a difference of \$5.00 or more occurs or differences amounting to greater than \$20.00 occur over a period of ten business days, the Director of Finance must be notified immediately by email. The documentation of the cash count should indicate when all required notifications were made. If the cash count amount is less than \$5.00 over the authorized change fund amount and the source of the overage is not able to be determined, then a pay-in-voucher (PIV) should be prepared for the amount of the overage and taken to the Treasury Division Cashier. The overage should be coded to the Miscellaneous Revenue Account (0101-43202-14001-0000-00000-0000-00000-00000). If the cash count is short of the authorized change fund amount by less than \$5.00 and the source of the shortage is not able to be determined, then a Direct Pay Invoice (DPI) should be prepared for the amount of the shortage and coded to a miscellaneous expense account for the department. The Department Head must sign the (DPI). The Director of Finance will determine the appropriate handling of all reported differences of \$5.00 or more.

**Theft or Fraud:** Any department suspecting fraud, theft, or mishandling of change funds by a custodian or other employee will notify the Director of Finance immediately by email. The Director of Finance will evaluate the situation and determine whether it is appropriate to notify the Henrico County Division of Police and the County's Director of Internal Audit.

**Closing or Reduction of a Change Fund:** An Agency should complete a Change Fund Request form (Exhibit 1) when a determination is made to either reduce or close a change fund. The Custodian and Department Head must sign the form. The fund must be counted and amount verified prior to turning the monies over to the Accounting Division. The Accounting Division will prepare a Pay-In-Voucher (PIV). The cash and PIV will be submitted to Treasury Division Cashier for processing. A copy of the PIV will be provided to the Custodian as a receipt acknowledging the amount of funds returned to the Accounting Division.

**Miscellaneous:** The Accounting Division of the Department of Finance will maintain a list of all approved change funds to include the department name, amount of the fund, the accounts receivable customer number, and the custodian name. Every year for the annual audit, the Accounting Division will obtain an **Annual Change Fund Confirmation** (Exhibit 3) from each custodian of the funds under their control. The confirmation will include a certification from the custodian and the Department Head that the funds have been audited and are all accounted for. At that time, the custodian and Department Head should review the amount of the change fund and its use to determine if the fund should remain open or if the amount of the fund should be adjusted.

In departments that maintain both petty cash funds and change funds, care must be taken not to commingle those funds. Commingling can lead to a loss of accountability in addition to creating false overages and shortages between the two funds.

**Exceptions to this Policy:** A Department Head may request an exception to this policy from the Director of Finance. Requests for exceptions should be made in writing with specific reasons stating why the exception is needed. The Director of Finance will approve or deny the exception and reply in writing to the Department Head. Written approvals for exceptions will be maintained by the custodian and the Accounting Division.



## COUNTY OF HENRICO, VIRGINIA CHANGE FUND REQUEST

TO: Director of Finance

FROM:

DATE:

Request to:

- Approve a new Change Fund in the amount of:  
The custodian of the fund will be:
- Approve an increase to a Change Fund to:
- Approve a decrease to a Change Fund to:  
**The funds will be surrendered to the Accounting Division.**
- Close a Change Fund. The funds will be surrendered to the Department of Finance, Accounting Division.

If requesting a change to an existing Change Fund, indicate which fund:

Provide justification for the request:

Describe how the funds will be safeguarded:

\_\_\_\_\_  
Department Head

\_\_\_\_\_  
Custodian

Approved

Denied

\_\_\_\_\_  
Director of Finance



## COUNTY OF HENRICO, VIRGINIA CHANGE FUND RECEIPT

I, \_\_\_\_\_, custodian of the Change Fund for the  
\_\_\_\_\_ Department, acknowledge the receipt of funds in the  
amount of \$ \_\_\_\_\_.

Custodian Signature: \_\_\_\_\_

Department Head Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Type of Activity:

- Initial Change Fund Setup
- Increase to Change Fund Amount
- Reimbursement of Fund Shortage
- Change of Custodian – Funds were verified by the New Custodian

Signature of Former Custodian: \_\_\_\_\_



**COUNTY OF HENRICO, VIRGINIA  
ANNUAL CHANGE FUND CONFIRMATION**

**TO:** **SUBJECT: CHANGE FUNDS**

**FROM: Clarence C. Daniel** **DATE:**  
**Accounting Division Director**

The *Change Fund Policies and Procedures* require the Accounting Division to perform a confirmation as part of the annual financial audit. As part of the confirmation process, the Custodian and Department Head are asked to certify that the Change Fund has been audited and all funds are accounted for.

According to our records, the following Fund is assigned to your Department:

AMOUNT	DESCRIPTION	CUSTODIAN
\$<<Amount>>	<<Description>>	<<Custodian>>

Please complete the attached **Change Fund Annual Confirmation Form**. We are also requesting that a copy of the **Change Fund Verification Form**, which documents the performance of unannounced counts, be provided with the Confirmation. The forms should be forwarded to the Accounting Office within 15 days of the end of the fiscal year.

Thank you in advance for your assistance. Any questions should be directed to the Accounting Division.

A. Attachment

## Change Fund Annual Confirmation and Certification Form

### Instructions:

Please provide the information requested below. The completed form as well as a copy of your **Change Fund Verification Log** documenting the verification of the fund at the end of the fiscal year should be returned to Diana Vargas, Finance-Accounting within 15 days of the end of the fiscal year.

### Compliance Questions:

(Please circle one below)

Do you have a copy of the written Change Fund Policies and Procedures? Available at: <a href="http://www.co.henrico.va.us/finance/petty.html">http://www.co.henrico.va.us/finance/petty.html</a>	YES	NO
Are the Change Fund Policies and Procedures being fully complied with?	YES	NO
Do you have written departmental change fund procedures in addition to the County's Change Fund Policies and Procedures?	YES	NO
The Custodian and Department Head have reviewed the amount of the change fund and its use to determine if the fund should remain open or if the amount of the fund should be adjusted?	YES	NO

### Change Fund Verification: (<<Description>>, \$<<Amount>>)

Date	Cash on Hand	Receipts	Total (Cash + Receipts)

As custodian I certify the above amount in cash and receipts has been counted and verified.

Signature Of Custodian	Name & Title

Information is correct:

Incorrect:

Department Head Signature	Name & Title

Please provide an explanation for any differences between the Fund total at June 30, 20XX and the authorized balance. Also, please note any planned changes to the fund based on the annual review of the fund amount and its use.

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