



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

1.35.18

NOVEMBER 24, 2020

EFFECTIVE DATE

(11-24-2020)

PURPOSE

- (1) This transmits revised IRM 1.35.18, Financial Accounting, Imprest Funds.

MATERIAL CHANGES

- (1) IRM 1.35.18.1, Program scope and objectives, added to conform to the new internal control requirements described in IRM 1.11.2, Internal Revenue Manual (IRM) process. Also, rearranged and updated existing IRM content to place subsection. All other subsequent subsections were renumbered accordingly.
- (2) IRM 1.35.18.1.2, Authorities, updated to reflect current IRM's and manuals.
- (3) IRM 1.35.18.1.3, Responsibilities, updated to reflect organizational changes.
- (4) IRM 1.35.18.1.3.1, CFO and Deputy CFO, updated responsibilities.
- (5) IRM 1.35.18.1.3.2, Associate CFO for Financial Management and Deputy Associate CFO for Administrative Financial Management, added Deputy ACFO for Administrative Financial Management and updated responsibilities.
- (6) IRM 1.35.18.1.3.3, Director, Accounts Payable and Financial Operations, added.
- (7) IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management, added.
- (8) IRM 1.35.18.1.3.5 Director, Financial Reporting, updated the office name and responsibilities.
- (9) IRM 1.35.18.1.3.6 Chief, CI, updated responsibilities.
- (10) IRM 1.35.18.1.3.7 CI Director, Field Operations, updated responsibilities.
- (11) IRM 1.35.18.1.3.8, CI Director, Special Investigative Techniques, updated responsibilities.
- (12) IRM 1.35.18.1.3.9, CI Director/Assistant Director, Finance, updated the office name and responsibilities.
- (13) IRM 1.35.18.1.3.10, CI Special Agents-in-Charge, updated responsibilities.
- (14) IRM 1.35.18.1.3.11, CI Director, International Operations, updated responsibilities.
- (15) IRM 1.35.18.1.3.12, CI Special Agents and Attaches, updated the office name and responsibilities.
- (16) IRM 1.35.18.1.3.13, CI Cashiers, updated responsibilities.
- (17) Previous IRM 1.35.18.6.15, CI Headquarters International Operations Cashier, deleted per CI.
- (18) Previous IRM 1.35.18.6.16, CI Headquarters International Operations Alternate Cashier, deleted per CI.
- (19) IRM 1.35.18.1.3.15, CI International Operations Sub-cashiers, updated responsibilities.

- (20) IRM 1.35.18.1.3.16, SB/SE Property Appraisal and Liquidation Program Manager, updated responsibilities.
- (21) IRM 1.35.18.1.3.17 SB/SE Property Appraisal and Liquidation Cashier, updated responsibilities.
- (22) Previous IRM 1.35.18.7 Beckley Finance Center Imprest Fund Management, removed items disbursed to specific offices, deleted.
- (23) IRM 1.35.18.1.8, Related Resources, updated to current IRMs.
- (24) IRM 1.35.18.2.1, CI Imprest Fund (Domestic Operations), updated responsibilities.
- (25) IRM 1.35.18.2.2, CI Imprest Funds (International Operations), consolidated sentences and updated responsibilities.
- (26) IRM 1.35.18.3 (3), Establishing an Imprest Fund, clarified.
- (27) IRM 1.35.18.3.1, Imprest Funds Requesting Officials, updated responsibilities.
- (28) IRM 1.35.18.4, Designation of Cashiers, updated responsibilities.
- (29) IRM 1.35.18.4.1, Designating a Sub-Cashier, updated responsibilities.
- (30) IRM 1.35.18.5, Establishing an Imprest Fund Checking Account, added federally insured and updated responsibilities.
- (31) IRM 1.35.18.5.2, Checking Account Signature Cards, updated responsibilities.
- (32) IRM 1.35.18.5.3, Change in Financial Institution or Financial Institution Information, updated responsibilities.
- (33) IRM 1.35.18.6, Funding an Imprest Fund, updated responsibilities.
- (34) IRM 1.35.18.6.1, Increases or Decreases to an Investigative Imprest Fund, updated responsibilities.
- (35) Previous IRM 1.35.18.6.3, Director, Beckley Finance Center, removed items disbursed to specific offices, deleted
- (36) Previous IRM 1.35.18.6.4, Director, Financial Management Policy Office, deleted to reflect organizational changes this office was dissolved.
- (37) IRM 1.35.18.7.1, Planned Cashier Absences and Transfer of Accountability, updated responsibilities.
- (38) IRM 1.35.18.7.2, Unplanned Cashier Absence, updated responsibilities.
- (39) IRM 1.35.18.7.3, Termination of Cashier's Designation, updated responsibilities.
- (40) IRM 1.35.18.8, Cashier Responsibilities, updated responsibilities.
- (41) IRM 1.35.18.8.2, Expenditures, updated referenced IRM.
- (42) IRM 1.35.18.8.4, Security Deposits, updated to add FY appropriations.
- (43) IRM 1.35.18.8.5, Monthly Reconciliation and Reporting, updated responsibilities.
- (44) IRM 1.35.18.8.6, Checking Account Replenishment, updated responsibilities.
- (45) IRM 1.35.18.9.1, Physical Security, updated referenced IRM and responsibilities.
- (46) IRM 1.35.18.9.2, Authorizations, updated responsibilities.

- (47) IRM 1.35.18.9.4, Validations, updated responsibilities.
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- (56) IRM 1.35.18.11, Fiscal Year-end Accounting, updated responsibilities.
- (57) IRM 1.35.18.12, Closing and Investigative Imprest Fund, updated responsibilities.
- (58) This revision includes changes throughout the document for the following:
 - a. Removed all references to BFC and replaced with specific office.
 - b. Added minor editorial changes.
 - c. Removed IPS and replaced with PPS
 - d. Removed Optional form (OF) 211 and replaced with (OF) 211 worksheet.
 - e. Centralized all addresses and referred to appropriate IRM.

EFFECT ON OTHER DOCUMENTS

IRM 1.35.18, dated December 18, 2015, is superseded.

AUDIENCE

CI Division
SB/SE Division
Chief Financial Officer

Ursula S. Gillis
Chief Financial Officer

1.35.18

Imprest Funds

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1.35.18.1
(11-24-2020)
Program Scope and Objectives

- (1) Purpose: Revising process for managing imprest fund.
- (2) Audience: CI Division, SB/SE Division and CFO
- (3) Policy Owner: CFO
- (4) Program Owners: CFO Accounts Payable and Financial Operations
- (5) Primary Stakeholders: CI Division, SB/SE Division and CFO
- (6) Program Goals: Ensuring accuracy and timeliness for imprest funds.

1.35.18.1.1
(11-24-2020)
Background

- (1) Under the Debt Collection Improvement Act of 1996, (P.L. 104-132, Chapter 10), imprest funds may only be used when the electronic funds transfer (EFT) requirement is waived.
- (2) The Department of the Treasury, Bureau of the Fiscal Service, Policy Directive: Imprest Funds Policy Statement (dated November 9, 1999) states that all imprest funds are to be eliminated unless they meet certain identified waiver criteria.
- (3) The IRS maintains imprest funds as identified in the waiver authority derived from within the Treasury Imprest Fund Policy Directive and identified in 31 CFR 208, §208.4, Waivers:
 - Where a threat may be posed to national security, the life or physical safety of any individual may be endangered, or a law enforcement action may be compromised;
 - Where an agency's need for goods and services is of such unusual and compelling urgency that the government would be seriously injured unless payment is made by a method other than electronic funds transfer; or, where there is only one source for goods or services and the government would be seriously injured unless payment is made by a method other than electronic funds transfer.
- (4) The IRS has two separate business units that require funds to support Internal Revenue Code law enforcement operations:
 - CI serves as the law enforcement arm of the IRS and performs various undercover operations in support of its mission. CI establishes investigative imprest funds to provide special agents with funding for ongoing covert operations.
 - SB/SE conducts liquidation auctions as part of its responsibilities under the Property Appraisal and Liquidation (PAL) program. SB/SE does not have the capability to conduct electronic sales transactions at most auction locations and must provide the opportunity to support cash sales as provided in 26 CFR 301.6335-1(c)(7), Payment of Bid Price. This subsection states, in part: "All payments for property sold under this section shall be made by cash or by certified, cashier's or treasurer's check drawn on any bank or trust company incorporated under the laws of the United States or under the laws of any State..... This necessitates that cash be made available to support the program.

1.35.18.1.2
(11-24-2020)
Authorities

- (1) The authorities for this IRM include:

- a. Internal Revenue Code, Section 7608, Authority of Internal Revenue Enforcement Agents
- b. United States Code, Title 31, Chapter 33, Depositing, Keeping, and Paying Money
- c. Code of Federal Regulations, Title 31, Part 202, Depositaries and Financial Agents of the Federal Government
- d. Code of Federal Regulations, Title 31, Part 208, Management of Federal Agency Disbursements
- e. United States Code, Title 26, Chapter 64, Sub-chapter D Seizure of Property for Collection of Taxes. Internal Revenue Code, Subtitle F, Chapter 64, Collection
- f. Treasury Financial Manual is Volume I, Part 4A, Chapter 3000, section 30170, Authority to Disburse Imprest Funds

1.35.18.1.3
(11-24-2020)

Responsibilities

- (1) This section provides responsibilities for:
 - a. CFO and Deputy CFO
 - b. Associate CFO for Financial Management and Deputy Associate CFO for Administrative Financial Management
 - c. Director, Accounts Payable and Financial Operations
 - d. Director, Government Payable and Funds Management
 - e. Director, Financial Reporting
 - f. Chief, CI
 - g. CI director of Field Operations
 - h. CI director, Special Investigative Techniques
 - i. CI director/assistant director, Finance
 - j. Special agents-in-charge
 - k. CI director, International Operations
 - l. CI special agents and attachés
 - m. CI cashiers
 - n. CI alternate cashiers
 - o. CI International sub-cashiers
 - p. SB/SE property appraisal and liquidation program manager
 - q. SB/SE property appraisal and liquidation cashier
 - r. SB/SE property appraisal and liquidation alternate cashier
 - s. SB/SE property appraisal and liquidation sub-cashiers

1.35.18.1.3.1
(11-24-2020)

CFO and Deputy CFO

- (1) CFO and deputy CFO are responsible for:
 - a. Overseeing the imprest program.
 - b. Ensuring financial policy and processes in support of IRS imprest fund operations are established and managed.
 - c. Evaluating requests for relief in accordance with Delegation Order 1-18 (Rev.1), Settlement of Accounts and Relief of Accountable Officers.

1.35.18.1.3.2
(11-24-2020)

**Associate CFO for
Financial Management
and Deputy Associate
CFO for Administrative
Financial Management**

- (1) The associate CFO for Financial Management and deputy associate CFO for Administrative Financial Management are responsible for:
 - a. Establishing, maintaining, and ensuring compliance with accounting policy and procedures for internal accounting operations and financial reporting.
 - b. Ensuring that IRS non-tax related disbursing operations comply with the law, regulations, and the Treasury Financial Manual.

- c. Liaising with the Department of the Treasury regarding a waiver of the requirement to disburse all funds electronically.

1.35.18.1.3.3
(11-24-2020)

**Director, Accounts
Payable and Financial
Operations**

- (1) The director, Accounts Payable and Financial Operations, is responsible for:
 - a. Ensuring that disbursements, cash advances, monthly depository account reconciliations and expense reports are received, authorized, and adhere to internal controls and regulations.
 - b. Approving the request for change or establishment of imprest funds.
 - c. Authorizing requests for all imprest funds requiring fund operations not held within Treasury approved financial institutions.
 - d. Authorizing all requests for permission to exceed the maximum authorized amount of an imprest fund for a temporary period in an emergency.
 - e. Approving, in coordination with the chief, CI, any temporary waiver authority to support operational requirements that deviate from instructions established within this IRM.
 - f. Acting as the primary liaison office with business unit, imprest fund managers and cashiers.
- (2) All correspondence should be sent to:

IRS Beckley Office
Director, Accounts Payable and Financial Operations
Attn: Miscellaneous Programs Unit
110 N. Heber Street
Beckley, WV 25801
Or by electronic submission to:
CFOBFC.InvoiceLink@irs.gov

1.35.18.1.3.4
(11-24-2020)

**Director, Government
Payables and Funds
Management**

- (1) The director, Government Payables and Fund Management, is responsible for:
 - a. Processing, collecting, and accounting of administrative (non-tax) debts.
 - b. Processing and accounting of income from churning and interest earned on funds for undercover operations, and deposits.

- (2) All correspondence should be sent to:

IRS Beckley Office
Director, Government Payables and Funds Management Office
Attn: Debt Collection Unit
110 N. Heber Street
Beckley, WV 25801

1.35.18.1.3.5
(11-24-2020)

**Director, Financial
Reporting**

- (1) The director, Financial Reporting, is responsible for:
 - a. Preparing footnotes to the annual financial statements, when applicable.
 - b. Reviewing and validating that the balances in the Integrated Financial System (IFS) sub-ledger agree to the Cashier Reports.

1.35.18.1.3.6

(11-24-2020)

Chief, CI

- (1) The chief, CI, is responsible for:
 - a. Providing oversight of the investigative imprest fund program including headquarters' reviews that confidential expenses are compliant with IRS policy and guidelines.
 - b. Establishing a centralized financial plan to conduct CI operations.
 - c. Approving all Group I undercover operations including approval of an undercover plan for operations.
- (2) For additional information on these responsibilities, see, IRM 9.11.1.4.3, Approval Levels for Confidential Expenditure Authorizations.

1.35.18.1.3.7

(11-24-2020)

CI Director, Field Operations

- (1) The CI director, Field Operations, is responsible for:
 - a. Monitoring the overall program of expenditures made from investigative imprest funds in their respective areas.
 - b. Approving all Group II undercover operations including approval of the undercover plan for operations.
- (2) For additional information on these responsibilities, see, IRM 9.11.1.4.3, Approval Levels for Confidential Expenditure Authorizations.

1.35.18.1.3.8

(11-24-2020)

CI Director, Special Investigative Techniques

- (1) The CI director, Special Investigative Techniques, is responsible for:
 - a. Implementing a program of evaluation and follow-up, ensuring that funds are used appropriately and in a manner that is both lawful and consistent with the administration and enforcement of the laws enforceable by CI.
 - b. Ensuring review of undercover operations are conducted.
 - c. Receiving closing reports from special agents-in-charge no later than 60 days after the close of operations.
 - d. Approving increases/decreases for the applicable section Investigative imprest fund cashier's bank account.
 - e. Ensuring non-confidential expenses (bank fees) from investigative imprest funds are approved by staff authorizing officials.
 - f. Supervising investigative imprest funds, including designating, assisting, and training applicable section cashiers, in the performance of their duties.
 - g. Providing supervision and control over the operations of the cashiers that are applicable section employees.
 - h. Approving reimbursement vouchers and accountability reports for applicable section employees.
 - i. Ensuring audits are performed as required for applicable section employees.
 - j. Implementing corrective action for matters discovered during any audit or review, or by any other means, for applicable section employees.
 - k. Implementing appropriate action in case of loss, or possible loss, of all or a portion of an investigative imprest fund for applicable section employees.
 - l. Reviewing month-end reports.
 - m. Maintaining investigative imprest funds at levels that are commensurate with demonstrated needs.
 - n. Audit reports are maintained for six years and three months and record disposal of all closed reports are maintained for ten years and three months.

1.35.18.1.3.9
(11-24-2020)
**CI Director/Assistant
Director, Finance**

- (1) The CI director/assistant director, Finance is responsible for:
 - a. Committing and obligating funds for the investigative imprest fund program.
 - b. For additional information on these responsibilities, see IRM 1.35.18.1.3.8, CI Director, Special Investigative Techniques (1) d through n.

1.35.18.1.3.10
(11-24-2020)
**CI Special
Agents-in-Charge**

- (1) Special agents-in-charge are responsible for oversight of their respective field office authorization and reimbursement requests from the investigative imprest fund and ensuring the correct procedures and controls are being followed.
- (2) For additional information on these responsibilities, see IRM 9.11.1.4.4.3, Special Agent in Charge.

1.35.18.1.3.11
(11-24-2020)
**CI Director, International
Operations**

- (1) CI director, International Operations, is responsible for:
 - a. Providing oversight for international investigative authorization.
 - b. Providing supervision and control over the operations of the International Operations sub-cashiers assigned to a foreign post.
 - c. Providing safeguards over the international investigative authorization and related records.
 - d. Approving forms for the international investigative authorization. This includes signature on the investigative imprest fund foreign bank account.
 - e. Approving reimbursements from the international investigative authorization.
 - f. Reviewing month-end reports.
 - g. Ensuring funds are expended in a manner that is both lawful and consistent with the administration and enforcement of the laws enforceable by CI.
 - h. Maintaining adequate internal controls over international investigative authorization and taking appropriate action to ensure the internal controls are carried out as prescribed.
 - i. Maintaining audit reports for six years and three months and maintaining record disposal of all closed reports for ten years and three months.
 - j. Implementing corrective action for matters discovered during any audit or review, or by any other means.
 - k. Implementing appropriate action in case of loss, or possible loss, of all or a portion of an international investigative imprest fund.
 - l. Certifying to the accuracy and legality of payments made from federal government funds.

1.35.18.1.3.12
(11-24-2020)
**CI Special Agents and
Attachés**

- (1) CI special agents and attachés are responsible for:
 - a. Complying with IRS policy and guidelines.
 - b. Completing requests for advances, reimbursement vouchers, accountability reports, and other necessary documentation, following established procedures.
 - c. Ensuring funds are spent in a manner that is both lawful and consistent with the administration and enforcement of the Internal Revenue laws.
 - d. Safeguarding all funds and related records.

1.35.18.1.3.13
(11-24-2020)

CI Cashiers

- (1) CI cashiers are responsible for:
 - a. Disbursing funds when properly authorized.
 - b. Maintaining detailed records and documentation of all transactions involving the imprest fund.
 - c. Securing and safeguarding all imprest funds.
- (2) For additional information on these responsibilities, see, IRM 9.11.1.4.5.5, Guidelines for the Investigative Imprest Fund Cashier.

1.35.18.1.3.14
(12-18-2015)

CI Alternate Cashiers

- (1) CI alternate cashiers are responsible for:
 - a. Serving as acting CI cashier in the absence of the principal cashier.
 - b. Performing CI cashier duties, as detailed in IRM 1.35.18.1.3.13, CI Cashiers, after accepting the transfer of accountability for an investigative imprest fund.
 - c. Accepting the transfer of accountability for an investigative imprest fund before a planned absence of the principal cashier and returning the accountability when the principal cashier returns.
 - d. Completing imprest fund training.

1.35.18.1.3.15
(11-24-2020)

CI International Operations Sub-cashiers

- (1) CI International Operations sub-cashiers are responsible for the same duties as CI cashiers identified in IRM 1.35.18.1.3.13, CI Cashiers, except:
 - a. They do not have access to the CI imprest fund computer program. Therefore, all authorized expenses must be forwarded to the Special Investigative Techniques Storefront Cover Agent (with supporting documentation) for input into the CI Imprest Fund computer program.
 - b. All Special Investigative Techniques sub-cashier's funds are advanced from the Special Investigative Techniques cashier.
 - c. International Operations sub-cashiers are located at overseas posts.

1.35.18.1.3.16
(11-24-2020)

SB/SE Property Appraisal and Liquidation Program Manager

- (1) The SB/SE PAL program manager is responsible for:
 - a. Ensuring PAL operations using imprest funds follow IRS policy and guidelines.
 - b. Determining the location for the PAL imprest funds and providing for the personal safety of the cashiers.
 - c. Supervising imprest funds, including designating, assisting, training, and directing cashiers (and alternates) in the performance of their duties.
 - d. Coordinating all liquidation auctions in support of the PAL program including assignment of a PAL specialist (as sub-cashier) to support the liquidation auction with a change-making fund.
 - e. Notifying the PAL cashier of the PAL specialist assigned to perform change-making duties at the various liquidation auctions.
 - f. Approving the sub-voucher for the change fund to be assigned to the sub-cashier.
 - g. Validating the balance of the PAL cashier's account as part of the monthly reporting.
 - h. Interacting with the Accounts Payable and Financial Operations and Government Payables and Funds Management offices on all aspects of the PAL imprest fund operations including compliance with the requirements identified throughout this IRM.

- i. Ensuring proper procedures are accomplished during any transfer of accountability of cashier responsibilities.
- j. Ensuring audits are performed as required.
- k. Maintaining audit reports for six years and three months.
- l. Implementing corrective action for matters discovered during any audit or review, or by any other means.
- m. Implementing appropriate action in case of loss, or possible loss, of all or a portion of an imprest fund, including change funds assigned to sub-cashiers.

1.35.18.1.3.17

(11-24-2020)

**SB/SE Property
Appraisal and
Liquidation Cashier**

(1) The SB/SE PAL cashier is responsible for:

- a. Managing the PAL imprest fund in an approved financial institution as a change-making fund only.
- b. Having a thorough knowledge of the policy and regulations for use of imprest funds.
- c. Designating PAL specialists, as sub-cashiers, (as assigned by the PAL program manager) with the authority to provide a change-making capability at approved liquidation auctions.
- d. Providing the sub-cashier, a check for the authorized change fund upon receipt of an approved sub-voucher.
- e. Ensuring the sub-cashier understands all accountable official responsibilities including the protection of funds in approved storage container and the return of funds within five business days after the close of the liquidation auction.
- f. Maintaining detailed records and documentation of all transactions.
- g. Maintaining all records by fiscal year and retaining them on-site so they are available for review and audit.
- h. Reconciling the authorized imprest fund balance with the current bank statement, and any outstanding sub-vouchers monthly including review by the PAL program manager before forwarding to CFOBFC.InvoiceLink@irs.gov.
- i. Accepting personal accountability and responsibility for the custody of the PAL imprest fund, including all sub-vouchers.
- j. Transferring accountability for the PAL imprest fund to the alternate cashier before planned absence following established procedures.
- k. Reconciling the imprest fund monthly and preparing all required forms.
- l. Accepting responsibility for all shortages. If directed, cashiers must restore any losses for which they are liable.
- m. Completing imprest fund training.

1.35.18.1.3.18

(12-18-2015)

**SB/SE Property
Appraisal and
Liquidation Alternate
Cashier**

(1) The PAL alternate cashier is responsible for:

- a. Serving as acting cashier in the absence of the principal cashier.
- b. Performing cashier duties, as detailed in IRM 1.35.18.1.3.19, SB/SE Property Appraisal and Liquidation Sub-Cashier, after accepting the transfer of accountability for an imprest fund.
- c. Accepting the transfer of accountability for an imprest fund before a planned absence of the principal cashier and returning the accountability when the principal cashier returns.
- d. Completing imprest fund training.

- 1.35.18.1.3.19
(12-18-2015)
SB/SE Property Appraisal and Liquidation Sub-cashier
- (1) The PAL sub-cashier is responsible for:
 - a. Maintaining the safety and security of funds used to ensure that enough money is available to provide change to successful bidders at cash sales.
 - b. Maintaining an accurate record of all transactions and ensuring the fund balance is maintained and returned to the PAL cashier within five business days after the conclusion of the liquidation auction.
 - c. Accepting personal accountability and responsibility for the custody of the change fund, including responsibility for all shortages. Sub-cashiers may be directed to restore losses for which they are liable.
- 1.35.18.1.4
(11-24-2020)
Program Management and Review
- (1) The Investigative Imprest Fund database is used by the Accounts Payable and Financial Operations office to produce status reports on a monthly and quarterly basis. These reports include:
 - a. Cashier Reimbursement Voucher and Accountability Report (Form 1129)
 - b. Statement of Designated Depository Account (Form 1149)
 - c. Reconciliation of Imprest Fund (Form 2844)
 - (2) Program effectiveness is measured by processing and approving accurate authorizations, advances, and reimbursements, and evaluating the value received when confidential funds are expended.
- 1.35.18.1.5
(11-24-2020)
Program Controls
- (1) Imprest fund controls are used to ensure the Investigative Imprest Fund is properly safeguarded, only for authorized purposes, maintained at an adequate level, and properly accounted for include:
 - a. Physical security
 - b. Authorizations
 - c. Separation of duties
 - d. Validations
 - e. Audits and Independent reviews
- 1.35.18.1.6
(12-18-2015)
Terms/Definitions
- (1) The following terms and definitions apply to this program:
 - a. **Accountable officer** - A certifying officer, disbursing officer, collecting official, cashier and any other officer or employee who is responsible for or has custody of public funds.
 - b. **Cashier** - A U.S. government employee who is responsible for issuing and reconciling requested funds from an imprest fund.
 - c. **Class A cashier** - A cashier, officer, or employee who receives an advance from a federal agency appropriation and has not been authorized to advance an imprest fund to another cashier, except the alternate. The Class A cashier is personally accountable to the head of the federal agency or designee for the entire amount of the advance received.
 - d. **Class B cashier** - A cashier, officer, or employee who receives an advance from a federal agency appropriation and is authorized to advance an imprest fund to his or her own alternate and to a sub-cashier. The Class B cashier is personally accountable to the head of the federal agency or designee for the entire amount of the advance received.
 - e. **Class D cashier** - A cashier, officer, or employee who receives an advance from a federal agency appropriation solely for change-making purposes. They may advance funds to sub-cashiers for change-making purposes only upon authorization by the head of the federal agency from

which they received the advance. The Class D cashier is personally accountable to the head of the federal agency for the entire amount of the advance.

- f. **Sub-cashier** - A permanent officer or employee who has been designated in writing by the head of a federal department designee to receive an imprest fund from a Class B or D cashier, and who is under the supervision of the head of the same business unit as the cashier from whom the advance is received and is accountable to such cashier for the funds received. The provisions for payment limitations and safekeeping that apply to cashiers also apply to sub-cashiers.
- g. **Certifying officer** - An individual who is personally accountable and responsible for the accuracy and legality of payments made from federal government funds.
- h. **Checking account signature cards** - Cards signed by individuals for opening a checking account at a financial institution.
- i. **CI imprest fund computer program** - A computer software program used by cashiers to input and track investigative imprest fund transactions.
- j. **Churning** - The act of using income generated from an undercover operation to offset the necessary and reasonable expenses of undercover operations.
- k. **Disbursing officer** - An employee of the federal government, a Treasury disbursing officer, or non-Treasury disbursing officer, authorized to perform financial transactions (deposit collections, disburse checks, and transfer funds between agencies).
- l. **Imprest fund** - Funds advanced to a duly authorized cashier for a specific purpose which is charged against a government appropriation account.
- m. **Internal orders** - Data elements in the Integrated Financial System (IFS) identifying project costs at the lowest level of budget detail issued by corporate budget.
- n. **Investigative expenditures** - Confidential and non-confidential expenses incurred by special agents in connection with an undercover program.

1.35.18.1.7
(11-24-2020)

Acronyms

- (1) The following acronyms apply to this program:

Acronym	Description
PAL	Property Appraisal and Liquidation
IFS	Integrated Financial System

1.35.18.1.8
(11-24-2020)

Related Resources

- (1) Related resources for this IRM include:

- a. Treasury Financial Manual Vol. I, Part 2, Chapter 3100, Instructions for Disbursing Officers' Reports
- b. IRM 9.4.8, Undercover Operations
- c. IRM 9.11.1, Fiscal and Budgetary Matters
- d. IRM 1.4.6, Resource Guide for Managers, Managers Security Handbook
- e. IRM 1.15.4.9, Retiring Criminal Investigative (CI) Case Files Related to Grand Juries
- f. IRM 10.2.8, Incident Reporting

- g. IRM 5.10.9, Property Appraisal and Liquidation Specialists (PALS) Valuation Standards and Guidelines
- h. IRM 4.8.8.15, Imprest Fund Audits Treasury Financial Manual, Chapter 3000, Requirements for Scheduling Payments Disbursed by the Bureau of The Fiscal Service
- i. Department of the Treasury, Bureau of the Fiscal Service, Manual of Procedures and Instructions for Cashiers, April 2001
- j. Treasury Financial Manual, Vol. I, Part 5, Chapter 6000, Checking Accounts with the U.S. Treasury
- k. Treasury Financial Manual, Vol. I, Part 2, Chapter 3400, Accounting for and Reporting on Cash and Investments Held Outside of the U.S. Treasury
- l. Department of the Treasury Directive 32-04, Settlement of Accounts and Relief of Accountable Officers
- m. Government Accountability Office, Principles of Federal Appropriations Law, Volume II, Chapter 9, Liability and Relief of Accountable Officer
- n. IRM 1.2.2.10.10, Delegation Order 9-10, Authorization to Approve Confidential Expenditures
- o. IRM 1.2.2.2.16, Delegation Order 1-18 (Rev. 1), Settlement of Accounts and Relief of Accountable Officers
- p. IRM 5.10.5, Seizure and Sale, Sale Procedures
- q. IRM 1.36.4, Administrative Accounting and Financial Management Reports, Administrative (Non-Tax) Debt Management

1.35.18.2
(12-18-2015)
Types of Imprest Funds

- (1) The IRS uses imprest funds to support:
 - a. CI with IRS law enforcement and investigative activities, and
 - b. SB/SE property appraisal and liquidation (PAL) specialists conducting auctions of seized assets.

1.35.18.2.1
(11-24-2020)
**CI Imprest Fund
(Domestic Operations)**

- (1) CI establishes an investigative imprest fund when there is no other satisfactory means of providing funds essential for the enforcement of laws and regulations.
- (2) CI maintains investigative imprest funds in checking accounts at federally insured banks or credit unions under the account name "CI Imprest Fund".
- (3) CI is authorized to certify imprest fund disbursements for the enforcement of laws and regulations for investigating and enforcing the Internal Revenue Code. All investigative imprest fund disbursements are recorded and validated within the CI Imprest Fund computer program.
- (4) All CI investigative imprest fund cashiers balance their financial institution account statements and their disbursements, submitting copies to the Accounts Payable and Financial Operations office, via the Miscellaneous Programs Unit monthly.

1.35.18.2.2
(11-24-2020)
**CI Imprest Funds
(International
Operations)**

- (1) The international operations authorizations are maintained using the same investigative authorization procedures as CI domestic operations. Exceptions to these procedures are discussed in this subsection.
- (2) CI manages international investigative imprest operations through a centralized imprest fund office located in Washington, DC.

- (3) International operations imprest funds are investigative imprest funds located in overseas posts, preferably in U.S. embassies.
- (4) International Operations imprest funds are maintained in checking accounts at U.S. banks in overseas locations, or in a comparable foreign bank if a U.S. bank is not available. The account name is "CI imprest fund." Any deviation to using the approved account name must be pre-approved by the director, Accounts Payable and Financial Operations.
- (5) Each international operation sub-cashier who performs investigative imprest fund duties at an overseas location must be a:
 - a. U.S. citizen, and a
 - b. U.S. government employee.
- (6) If the International Operations sub-cashier is not an IRS employee, CI initiates a memorandum of understanding (MOU) on a case-by-case basis with the federal agency employing the cashier. The MOU should include all the same responsibilities and duties as other International Operations cashiers.
- (7) The International Operations personnel scans and emails the copies of the checks and receipts monthly to the Special Investigative Techniques Storefront Cover Agent. Bank statements are emailed monthly to the HQ International Operations cashier.
- (8) After month-end reconciliation, the CI International Operations personnel sends the original receipts and original bank statements to the Special Investigative Techniques Storefront Cover Agent.

1.35.18.2.3
(11-24-2020)
**Property Appraisal and
Liquidation (PAL)**

- (1) SB/SE establishes imprest funds to provide a change-making capability supporting liquidation auctions for the PAL program. A central PAL cashier is assigned cashier responsibilities and allocates sub-cashier change funds to the PAL specialist supporting the various liquidation auctions.
- (2) The PAL program is authorized an imprest fund for change-making purposes only. PAL cashiers and sub-cashiers are not authorized to disburse funds for purchases.
- (3) The PAL cashier balances their financial institution account statement and submits a copy to the Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit monthly.

1.35.18.3
(11-24-2020)
**Establishing an Imprest
Fund**

- (1) A request to establish an imprest fund is initiated by the appropriate business unit requesting official. The requesting official:
 - a. Establishes that an operational requirement exists that can only be satisfied through the use of an imprest fund.
 - b. Identifies the appropriate funding level required to meet operational requirements.
 - c. Identifies both a primary and alternate cashier.
 - d. Recommends a financial institution to support the imprest fund or forwards a request for fund operations outside of a financial institution. Funds that will not be held within a financial institution must be approved by the director, Accounts Payable and Financial Operations.

- (2) If requesting an imprest fund cash operation (to be held outside an approved financial institution), the imprest fund requesting official must also determine:
 - a. The cash requirement of the imprest fund (or the cash portion of the overall imprest fund, if a joint financial institution/cash operation is being recommended).
 - b. The security necessary to provide for the personal safety of the cashier.
 - c. The security requirements of the imprest fund storage location.
- (3) Each imprest fund must have one alternate cashier.
- (4) Each imprest fund is established and maintained using the OF 211 worksheet, Request for Change or Establishment of an Imprest Fund.

1.35.18.3.1
(11-24-2020)
**Imprest Funds
Requesting Officials**

- (1) The following individuals are authorized, as requesting officials, to create memorandums to establish or make changes. Reference IRM 1.35.18.3.2 OF 211 worksheet, Request for Change or Establishment of Imprest fund for a complete list of actions or situations that require a change memorandum:
 - a. CI director/assistant director, Finance
 - b. SB/SE PAL program
 - c. CI director, Special Investigative Techniques
- (2) The authorized requesting officials send a memorandum with an explanation of the impending action to the director, Accounts Payable and Financial Operations office, via the Miscellaneous Programs Unit address listed in IRM 1.35.18.1.3.3, Director, Accounts Payable and Financial Operations.
- (3) The Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit prepares an OF 211 worksheet for the signature of the director, Accounts Payable and Financial Operations. Once signed, the OF 211 worksheet is returned to the imprest fund requesting official.

1.35.18.3.2
(12-18-2015)
**OF 211 worksheet,
Request for Change or
Establishment of
Imprest Fund**

- (1) OF 211 worksheet, Request for Change or Establishment of Imprest Fund, is used whenever there is a need to:
 - a. Authorize a new investigative imprest fund.
 - b. Establish a new checking account.
 - c. Designate a principal or alternate cashier.
 - d. Revoke the designation of a principal or alternate cashier.
 - e. Change from principal cashier to alternate cashier or vice versa.
 - f. Change the Special Agent in Charge or Criminal Investigation Attaché (International Operations) responsible for an investigative imprest fund.
 - g. Change a cashier's responsibilities.
 - h. Change a cashier's name or location.
 - i. Increase or decrease the amount of the investigative imprest fund.
 - j. Close or transfer an existing checking account to a different financial institution.
 - k. Close an investigative imprest fund.

1.35.18.4
(11-24-2020)
Designation of Cashiers

- (1) The appropriate imprest fund requesting official notifies the director, Accounts Payable and Financial Operations by memorandum when designation of a principal or alternate cashier is needed.
- (2) The person designated as cashier must not be a certifying officer.

- (3) A principal cashier, alternate cashier, or sub-cashier must be an employee whose duties do not require making investigative expenditures or granting approval for investigative expenditures.
- (4) Designation and revocation must occur concurrently to avoid having two principal cashiers accountable simultaneously for the same imprest fund.
- (5) Cashiers (except for the CI cashier and the PAL cashier) may not have sub-cashiers.
- (6) Cashiers responsible for PAL imprest funds do not have authority to expense funds for purchases. The PAL imprest fund is authorized to support change-making only.

1.35.18.4.1
(11-24-2020)
**Designating a
Sub-Cashier**

- (1) The CI cashier and the PAL cashier are both authorized to appoint sub-cashiers to conduct authorized IRS imprest operations.
- (2) The CI cashier is designated with Treasury Category B authority and is authorized to make disbursements and may also advance funds to a sub-cashier.
- (3) The CI cashier must ensure that the safeguards established for investigative imprest funds are established for each international sub-cashier overseas location. That includes funds being maintained in an approved financial institution or obtaining pre-approval for cash operations.
- (4) The CI cashier will maintain funds accountability for each sub-cashier within their imprest fund limitations. All advances to sub-cashiers will use electronic funds transfers to an approved international financial institution.
- (5) The PAL Cashier is designated with Treasury Category D authority. In this capacity, the PAL Cashier can appoint sub-cashiers solely for change-making purposes. PAL sub-cashiers will submit an approved sub-voucher to the PAL Cashier to obtain a change-making fund.
- (6) The PAL Cashier will advance change-making funds to the authorized PAL sub-cashiers using a check draft from the authorized financial institution. The amount should not exceed the amount authorized by the PAL Program Manager to support a particular liquidation auction. Change-making funds will be returned to the PAL Cashier (by check or money order) within 10 calendar days after the conclusion of the liquidation auction.

1.35.18.5
(11-24-2020)
**Establishing an Imprest
Fund Checking Account**

- (1) All imprest funds should be maintained in checking accounts at authorized, federally insured financial institutions. Requests for the establishment of an imprest fund are approved by the director, Accounts Payable and Financial Operations.
- (2) Imprest funds are maintained in checking accounts under the account name "CI Imprest Fund" for CI imprest funds and "SB/SE Imprest Fund" for the PAL imprest fund. The account is not in the name of a cashier.
- (3) Checking accounts are identified by the IRS Employer Identification Number.
- (4) Any deviations, or exceptions to the requirements established above, must be approved by the director, Accounts Payable and Financial Operations.

- (5) At the end of the calendar year, the financial institution sends each cashier Form 1099-INT, Interest Income, for the interest earned during the year. The cashier forwards the Form 1099-INT with a transmittal memorandum to the address listed in IRM 1.35.18.1.3.3, Director, Accounts Payable and Financial Operations.
- (6) The cashier makes payments to the financial institution for:
 - a. Fees incurred
 - b. Checking account maintenance charges
- (7) Service charges assessed by the financial institution cannot be netted against or deducted from earned interest. The cashier requests reimbursement for these expenses from the Accounts Payable and Financial Operations via the Miscellaneous Programs Unit when the monthly accountability report is submitted.

1.35.18.5.1
(11-24-2020)

**Establishing or
Transferring Checking
Accounts**

- (1) The appropriate requesting official sends a memorandum requesting the establishment of a new checking account for an imprest fund, or the transfer of an established checking account to a different financial institution to the director, Accounts Payable and Financial Operations, via the Miscellaneous Programs Unit address listed in IRM 1.35.18.1.3.3, Director, Accounts Payable and Financial Operations:
- (2) The memorandum must be accompanied by:
 - a. Signature cards (cards must have original signatures)
 - b. A completed Certification to Resolutions Governing Bank Account for the particular imprest fund financial institution
 - c. Standard Form 3881, ACH Vendor/Miscellaneous Payment Enrollment Form

Note: The signature cards, Certification to Resolutions Governing Bank Account for Unincorporated Association, and Standard Form 3881 are obtained from the financial institution

- (3) The director, Accounts Payable and Financial Operations, signs the signature cards.
- (4) The Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit sends the original signed signature cards, the original Certification to Resolutions Governing Bank Account (from the financial institution), and the original Standard Form 3881 to the requesting official.
- (5) The cashier establishes the checking account at a federally insured bank or credit union under the appropriate account name identified in IRM 1.35.18.5, Establishing an Imprest Fund Checking Account.
- (6) The financial institution's records must always reflect current signatures that are valid for making withdrawals from the checking account. The financial institution is notified promptly whenever there is a change in cashiers, or a checking account is being closed.

1.35.18.5.2
(11-24-2020)
**Checking Account
Signature Cards**

- (1) Checking account signature cards are signed by the cashier who opens the checking account. Banks and credit unions keep signature cards on file and use them to identify the cashier when the cashier returns to the bank or credit union to perform checking account transactions.
- (2) The following individuals must sign the signature cards:
 - a. Principal cashier
 - b. Alternate cashier
 - c. PAL Cashier (for PAL imprest fund)
 - d. PAL Alternate Cashier (for PAL imprest fund)
 - e. Director, Accounts Payable and Financial Operations (for all imprest funds)
- (3) The signature cards must always be current, and new signature cards must be prepared when there is a change in personnel in the positions listed in this section.
- (4) When there is a change in the personnel, the CI director, Special Investigative Techniques or CI director/assistant director, Finance sends a memorandum with original signature cards, to address listed in IRM 1.35.18.1.3.3, Director, Accounts Payable and Financial Operations.
- (5) The director, Accounts Payable and Financial Operations, signs the signature cards.
- (6) The Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit sends the original signed signature cards to the cashiers.

1.35.18.5.3
(11-24-2020)
**Change in Financial
Institution or Financial
Institution Information**

- (1) Sometimes it is necessary to change the financial institution where the investigative imprest fund is located, or the information about the financial institution changes. For example, the financial institution name changes due to a merger. When this occurs, the CI director, Special Investigative Techniques or CI director/assistant director, Finance, notifies the Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit using the same procedures used in establishing the imprest fund checking account.

1.35.18.6
(11-24-2020)
**Funding an Imprest
Fund**

- (1) For new imprest funds, the business unit's financial staff enters a commitment for the value of the fund through the Procurement for Public Sector (PPS) module. Additionally, the imprest fund requesting official sends a memorandum requesting funds to the director, Accounts Payable and Financial Operations, via the Miscellaneous Programs Unit.
- (2) For established imprest funds, the business unit financial staff enters a commitment for the cumulative value of all funds through PPS at the beginning of each fiscal year and periodically adjusts the balances through the year.
- (3) The Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit transmits the funds via EFT to the authorized financial institution checking account after the director, Accounts Payable and Financial Operations approves the request(s).

1.35.18.6.1
(11-24-2020)
**Increases or Decreases
to an Investigative
Imprest Fund**

- (1) CI notifies the Accounts Payable and Financial Operations office via the Miscellaneous Payables Unit whenever they wish to increase the amount of an investigative imprest fund. The CI director, Special Investigative Techniques or CI director/assistant director, Finance prepares a memorandum for submission to the director, Accounts Payable and Financial Operations with a copy to the CI director, Finance, who completes a shopping cart in PPS for increases. CI will coordinate increases or decreases with CI, Finance.
- (2) The Accounts Payable and Financial Operations and Government Payables and Funds Management offices process requests for increases or decreases to an investigative imprest fund when the shopping cart reaches completed status in PPS.
- (3) Decreases require a transaction in IFS to decommit the funds.

1.35.18.7
(12-18-2015)
Changes in Cashiers

- (1) Cashier changes must be anticipated to allow for timely action so the continuity of the investigative imprest fund is maintained. These changes include:
 - a. Designation of a new cashier.
 - b. Revocation of a cashier's designation.
 - c. Transfer of accountability.
- (2) An audit of the investigative imprest fund must be performed before any of the activities listed above occur. See IRM 1.35.18.9.5.2, Unannounced Cash Audits, for the audit process.

1.35.18.7.1
(11-24-2020)
**Planned Cashier
Absences and Transfer
of Accountability**

- (1) A cashier's responsibility and accountability for an investigative imprest fund must be formally transferred in the following circumstances:
 - a. When the principal cashier anticipates being absent or assigned to other duties for more than 15 consecutive workdays. Responsibility and accountability are transferred from the principal cashier to the alternate cashier or another designated principal cashier.
 - b. When the principal cashier resumes investigative imprest fund duties, after a period during which the alternate cashier was accountable, responsibility and accountability are transferred from the alternate cashier to the principal cashier.
 - c. When a principal cashier's designation is being revoked, responsibility and accountability are transferred from the former principal cashier to the alternate cashier, or to a newly designated principal cashier.
- (2) The transfer must include the financial institution records, checks, and other financial data for the investigative imprest fund. This is necessary to permit uninterrupted disbursing services during the absence.
- (3) The CI director, Special Investigative Techniques or CI director/assistant director, Finance, must notify the director, Accounts Payable and Financial Operations, via the Miscellaneous Programs Unit, by memorandum, in advance of the transfer, to request the designation of the new cashier. The CI director/assistant director, Finance needs to be notified on any change to the Imprest Fund Cashier's bank account or bank institution.

- (4) The outgoing principal cashier must prepare all forms necessary for the transfer of accountability using the CI Imprest Fund Computer Program, and the incoming new principal or alternate cashier must acknowledge receipt of the fund, and the transfer.
- (5) The outgoing principal cashier must balance the fund in the presence of the incoming new principal or alternate cashier and two employees who are not associated with the operation of the investigative imprest fund.
- (6) An independent audit must be performed before the fund is transferred to the new principal or alternate cashier. This audit may not substitute for a quarterly unannounced audit. See IRM 1.35.18.9.5.5, Audit Process.

1.35.18.7.2
(11-24-2020)
**Unplanned Cashier
Absence**

- (1)) Formal transfer of accountability is not required if the principal cashier's unplanned absence is less than 15 consecutive workdays. The amount of transfer must still be verified but can be informally transferred. The informal transfer documentation must be prepared and signed (or acknowledged electronically) by either the principal or alternate cashiers with the approval of the CI director, Special Investigative Techniques or CI director/assistant director, Finance.
- (2) If the unplanned absence extends beyond 15 consecutive workdays or the cashier is not returning, the CI director, Special Investigative Techniques or CI director/assistant director, Finance must formally transfer the accountability. See IRM 1.35.18.7.1, Planned Cashier Absences and Transfer of Accountability, for the procedures.
- (3) An independent audit of the investigative imprest fund is required within 6 weeks of the cashier's departure. This audit does not substitute for a quarterly unannounced audit. See IRM 1.35.18.9.5.5, Audit Process, for additional information.
- (4) The alternate cashier retains the responsibility and accountability for the investigative imprest fund until it is formally transferred back to the principal cashier or until a new principal cashier is designated.

1.35.18.7.3
(11-24-2020)
**Termination of Cashier's
Designation**

- (1) The designation of a cashier remains in effect until the date specified on the OF 211 worksheet. When a cashier leaves the IRS or otherwise ceases to perform duties as a cashier the CI director, Special Investigative Techniques or CI director/assistant director, Finance promptly notifies the director, Accounts Payable and Financial Operations, via the Miscellaneous Programs Unit preferably in advance, by memorandum. CI, Finance needs to be notified of the termination of the cashier.
- (2) The effective date the investigative imprest fund is closed or formally transferred to a new cashier must correspond with the revocation date on the OF 211 worksheet for the outgoing cashier.

1.35.18.8
(11-24-2020)
Cashier Responsibilities

- (1) Cashiers are responsible for the accountability of the funds advanced to them at all times. This includes the accountability of the funds maintained in financial institutions or in approved fund storage locations. Appointment to any of these positions must be documented in writing and approval establishes the cashier as an accountable official for the IRS.

- (2) CI cashiers are also responsible for ensuring that all disbursements are properly certified only for authorized expenses.
- (3) Cashiers are responsible for providing monthly accountability of bank balances and authorized expenses through their organizational managers identified in IRM 1.35.18.3.1, Imprest Funds Requesting Officials, and to the Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit.
- (4) Only CI accountable officials can make disbursements from imprest funds. The following subsections of IRM 1.35.18.8, Cashier Responsibilities are provided to assist CI accountable officials in maintaining accurate accountability of their assigned imprest funds.

1.35.18.8.1
(12-18-2015)
**Advances to
Investigative Personnel**

- (1) Advances may be provided to special agents to cover their expenses on an approved authorization. The special agent requests an advance of funds following procedures prescribed by CI internal operating procedures. The cashier advances funds to the special agent in anticipation of an authorized expenditure. If the expenditure does not occur, the special agent returns the funds immediately to the cashier by check or money order made payable to "CI Imprest Fund".
- (2) Before advancing any funds, the cashier verifies:
 - a. A current authorization is on file.
 - b. The maximum amount for the approved authorization is not exceeded.
- (3) The cashier maintains a detailed record for all transactions in the CI Imprest Fund Computer Program.
- (4) As soon as the expenditures for which the funds were advanced are complete, the special agent follows CI internal operating procedures to report all transactions to the cashier, with the appropriate receipts. Unused funds are returned to the cashier by check or money order made payable to "CI Imprest Fund".

1.35.18.8.2
(11-24-2020)
Expenditures

- (1) Two types of expenditures can be made from the investigative imprest fund: confidential and non-confidential. Each disbursement must be properly authorized and documented according to CI internal operating procedures.
- (2) For additional information on confidential and non-confidential expenditures, see:
 - a. IRM 9.4.8, Undercover Operations
 - b. IRM 9.11.1, Fiscal and Budgetary Matters
 - c. Delegation Order 9-10, Authorization to Approve Confidential Expenditures in IRM 1.2.2.10, Delegations of Authority for CI Activities
- (3) The cashier maintains a detailed record for each expenditure in the CI Imprest Fund Computer Program.
- (4) Special agents must follow CI internal operating procedures when requesting reimbursement, or advances, from the investigative imprest fund. Reimbursement for improper payments, including gifts and loans, are not allowed from the investigative imprest fund.

- (5) Expenses initially identified as unrecoverable, but subsequently recovered, are handled in the same manner as security deposits. See IRM 1.35.18.8.4, Security Deposits, for additional information.

1.35.18.8.3
(12-18-2015)
Income from Operations

- (1) There are generally two sources for income earned on investigative imprest funds:
 - a. Authorized churning
 - b. Financial institution earned interest

1.35.18.8.3.1
(11-24-2020)
Authorized Churning

- (1) Only the proceeds from a churning undercover operation may be used to offset the expenses of the operation. Income earned from an approved churning operation may be used to fully fund the operation but is limited to the amount of the confidential funds and expenses authorized for the operation. Income earned in an approved churning operation must be sent to the Government Payables and Funds Management office via the Debt Collection Unit to be applied against that undercover operation's internal order.
- (2) Undercover operations that earn minimal amounts of income, on an infrequent basis, are not required to be approved for churning. If an undercover operation which is not approved for churning earns income, the income must be sent to the Government Payables and Funds Management office via the Debt Collection Unit for deposit to the Treasury General Fund as miscellaneous receipts.
- (3) The cashier sends all checks or money orders payable to the "IRS" with a transmittal memorandum to the address listed in IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management.
- (4) The authority for churning proceeds is in 26 USC, Section 7608(c), Rules Relating to Undercover Operations.
- (5) For additional information, see IRM 9.11.1, Fiscal and Budgetary Matters.

1.35.18.8.3.2
(11-24-2020)
Earned Interest

- (1) There are instances when interest can be earned from imprest funds maintained within an authorized financial institution. Monthly, the cashier will remit all earned interest to the Government Payables and Funds Management office via the Debt Collection Unit for deposit to the Treasury General Fund.
- (2) The cashier sends a check for the earned interest, payable to the "IRS," with a memorandum to the address listed in IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management.

1.35.18.8.4
(11-24-2020)
Security Deposits

- (1) Security deposits are treated as an advance of funds from an investigative imprest fund. However, if it is determined that the security deposits are non-recoverable, they are expensed on the monthly report by the special agent following CI internal approval procedures.
- (2) When a security deposit is expensed through the investigative imprest fund, but later refunded to the special agent from the vendor, the special agent must send the security deposit to the Government Payables and Funds Management office via the Debt Collection Unit for re-deposit to the CI appropriation. The security deposit is not returned to the cashier. If the security deposit is paid from an open (unexpired) appropriation, the special agent must send the security deposit to the Government Payables and Funds Management office

via the Debt Collection Unit with a transmittal memorandum including the following statements: "The amount transmitted herewith represents the refund of funds previously expensed through the investigative imprest fund. These funds should be re-deposited to CI's FY____ appropriation."

- (3) In cases where an appropriation has expired, the Government Payables and Funds Management office via the Debt Collection Unit deposits the security deposit as a miscellaneous receipt in the Treasury General Fund.
- (4) The special agent must send all checks or money orders payable to the "IRS" with a transmittal memorandum to the address listed in IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management.
- (5) See IRM 9.11.1, Fiscal and Budgetary Matters for more information.

1.35.18.8.5
(11-24-2020)
**Monthly Reconciliation
and Reporting**

- (1) At the end of each month, the cashier must reconcile the imprest fund and prepare reconciliation forms. These forms are generated from the CI Imprest Fund computer program. For additional information, see IRM 9.11.1, Fiscal and Budgetary Matters.
- (2) The cashier sends the forms with the supporting documents to the CFOBFC.InvoiceLink@irs.gov.
- (3) The cashier must retain a copy of the forms and the supporting documents.

1.35.18.8.6
(11-24-2020)
**Checking Account
Replenishment**

- (1) The cashier must prepare a reimbursement voucher to replenish the funds in the checking account to maintain the correct balance. The cashier submits the voucher with the monthly reconciliation forms to the CFOBFC.InvoiceLink@irs.gov.
- (2) The Accounts Payable and Financial Operations office via the Miscellaneous Payables Unit reviews the reimbursement voucher and processes the replenishment via EFT to the checking account at the financial institution.

1.35.18.9
(12-18-2015)
**Imprest Fund Internal
Controls**

- (1) There are many internal controls regarding the protection of cash held outside of the Treasury. IRS imprest funds fall into the following categories:
 - a. Physical security
 - b. Authorizations
 - c. Separation of duties
 - d. Validations
 - e. Audits and independent reviews

1.35.18.9.1
(11-24-2020)
Physical Security

- (1) The cashier retains exclusive control of all checks and record documentation in containers which meet the requirements of IRM 1.4.6, Managers Security Handbook.
- (2) Checks and record documentation must not be stored in:
 - a. File cabinets without key locks; for example, wooden cabinets or metal cabinets not designed and/or approved for secure storage.
 - b. The cashier's or any other employee's desk drawer.
 - c. Depositories and/or safe deposit boxes in the cashier's name only.

- (3) Keys and combinations must be issued and accounted for in accordance with IRM 1.4.6, Managers Security Handbook.
- (4) The security container must always be locked and out of public view except when the cashier is making a transaction. The container must be locked whenever the cashier is absent, even if the absence is only momentary.
- (5) Imprest funds must not be commingled at any time with private funds or unofficial funds. They must be kept separate in a locked security container.
- (6) Space assigned to the cashier is subject to periodic, unannounced inspections by IRS security officers. This is to ensure proper safeguards are maintained to prevent unauthorized individuals from having access to the cashier area and to emphasize protection of the imprest funds.

1.35.18.9.2
(11-24-2020)
Authorizations

- (1) The accountability for each imprest fund is vested with each designated cashier. Accountability can be formally transferred to an alternate cashier or to an incoming principal cashier, but accountability rests with only one individual at a time. Cashiers, and their alternates, are not allowed under any circumstances, during their official duty hours, to maintain any unofficial or additional funds other than the funds they are specifically designated to administer.
- (2) The employee requesting an advance of funds must have proper identification and authorization before the cashier disburses funds from the imprest fund.
- (3) Cashiers (principal, sub-cashiers or alternate) must not disburse any funds to an employee on behalf of another employee unless specifically authorized.

1.35.18.9.3
(12-18-2015)
Separation of Duties

- (1) The cashier must maintain a clear separation of duties to ensure the effectiveness of internal controls. For example, cashiers must not have control or responsibility over the approval of expenditures from the investigative imprest fund.

1.35.18.9.4
(11-24-2020)
Validations

- (1) The CI director, Special Investigative Techniques, or CI director/assistant director, Finance and the Special Investigative Techniques program analyst review the fund level of each investigative imprest fund once a year to ensure it does not exceed actual needs.

1.35.18.9.5
(11-24-2020)
Audits and Independent Reviews

- (1) Each imprest fund has several types of audits and reviews that can be accomplished to validate the fund balance, documentation, and the physical security of the fund.
 - a. Imprest funds that are entirely maintained within authorized financial institutions are validated monthly through the submission of bank statements and the CI Imprest Fund computer program reconciliation of expenses. These are validated by CI, Accounts Payable and Financial Operations and the Financial Reporting offices ensuring each imprest fund is in balance with fund authorizations. The SB/SE PAL program manager ensures that all funds are accounted for monthly for the PAL imprest fund.
 - b. Imprest funds that have been granted authorization to conduct cash operations must be physically inspected quarterly by an independent team conducting an unannounced cash audit.

- c. All imprest funds also go through a complete audit/validation any time there is a transfer of accountability.

- (2) Additionally, any imprest fund can be inspected at any time by an independent review team.

1.35.18.9.5.1
(11-24-2020)

Monthly Audits

- (1) All cashiers operating imprest funds in an authorized financial institution must validate both the bank statement and the expenses as identified in IRM 1.35.18.8.5, Monthly Reconciliation and Reporting. These audits include a review by the appropriate business unit official in addition to a review by the Accounts Payable and Financial Operations office via the Miscellaneous Programs Unit and the Financial Reporting office. This dual-layered audit review helps to ensure that imprest funds are being operated within authorized limitations and that expenses are authorized and approved.

1.35.18.9.5.2
(12-18-2015)

Unannounced Cash Audits

- (1) Unannounced audits of investigative imprest funds utilizing cash held outside of financial institutions must be performed at least once each quarter. The timing of the audit should not be predictable or the element of surprise will be lost.
- (2) The purpose of the unannounced audit is to validate the fund balance, the actual composition of the fund, all authorizing/expense documentation, and inspect the physical security of the funds.
- (3) Additional information on unannounced audits can be found in IRM 9.11.1, Fiscal and Budgetary Matters.

1.35.18.9.5.3
(11-24-2020)

Transfer of Accountability Audits

- (1) Any time a cashier must transfer imprest fund accountability to another cashier, a full audit must be conducted by the outgoing and incoming cashiers as identified in 1.35.18.7(1)-(2), Changes in Cashiers. This audit helps to validate and remove the accountability from the outgoing cashier while assigning that accountability to the new cashier.

1.35.18.9.5.4
(11-24-2020)

Independent Reviews

- (1) Investigative imprest funds are audited periodically by personnel from the TIGTA in accordance with its regulations and procedures. TIGTA furnishes a copy of each audit report to:
 - a. Chief, CI
 - b. CI director, Special Investigative Techniques
 - c. CI director/assistant director, Finance
 - d. Director, Accounts Payable and Financial Operations
- (2) The audit report is reviewed to evaluate the significance of any adverse findings and for initiation of appropriate procedural or systemic modifications.

1.35.18.9.5.5
(11-24-2020)

Audit Process

- (1) Auditing employees must be independent and have no interest in the operation of the investigative imprest fund. For example, the employee must not be authorized to approve expenditures or other transactions from the investigative imprest fund and must not be the supervisor of the cashier.
- (2) Employees appointed to perform the audit must not perform two successive audits. Employees should alternate with other eligible employees.

- (3) The cashier provides the following documents to the auditors:
 - a. Form 2844, Reconciliation of Imprest Fund
 - b. OF 211 worksheet, Request for Change or Establishment of Imprest Fund, for any changes that have occurred since the last audit
 - c. Form 1149, Statement of Designated Depository Account
 - d. Form 1129, Cashier Reimbursement Voucher and/or Accountability Report
 - e. Checking account documentation, such as the check register, uncashed checks, deposits in transit, and unreimbursed vouchers
 - f. Access to any cash held outside of designated financial institutions (in approved storage facility) including a copy of the fund's operations approval letter from director, Accounts Payable and Financial Operations
- (4) The auditing employees must provide the audit report with original signatures to the CI director, Special Investigative Techniques or CI director/ assistant director, Finance and forward a copy of the audit report to the CFOBFC.InvoiceLink@irs.gov.
- (5) The audit report may be destroyed six years and three months after the period covered by the report.

1.35.18.10
(11-24-2020)
Imprest Fund Losses

- (1) The CI director, Special Investigative Techniques is responsible for immediately reporting all losses to the investigative imprest fund to the director, Accounts Payable and Financial Operations, and CI director/assistant director, Finance.
- (2) The CI director, Special Investigative Techniques or CI director/assistant director, Finance must send a written report immediately when any loss or shortage occurs, including:
 - a. Robbery, burglary, and/or theft
 - b. Illegal disbursements resulting from fraud, forgery, alteration of vouchers, or other improper practices
 - c. Improper accounting
 - d. Any other irregularity
- (3) The report to the director, Accounts Payable and Financial Operations, must include all of the following information:
 - a. A detailed statement of facts, including the type of irregularity, date, amount, names of individuals involved, and a description of how the irregularity occurred.
 - b. A citation to any pertinent supporting documents such as pay records, contracts, and/or vouchers.
 - c. Information on procedural deficiencies and the proposed corrective action, if applicable, and known at the time the report is prepared.
 - d. Information on the funds recouped from the individual, or expected to be recouped, if applicable, and known at the time the report is prepared.
- (4) See IRM 10.2.8, Incident Reporting, for additional information.

1.35.18.10.1
(11-24-2020)

Required Action

- (1) If the loss of funds appears to be the result of unlawful or other improper action by the cashier, the CI director, Special Investigative Techniques or CI director/assistant director, Finance impounds, audits, and transfers the remaining balance of the investigative imprest fund to the alternate cashier or to a new principal cashier.
- (2) There may be cases where the cashier repays the lost funds and relief is not requested. The repayment must be made by check payable to the " IRS." The CI director, Special Investigative Techniques or CI director/assistant director, Finance provides the cashier with a receipt for the re-payment amount and sends the check with an appropriate transmittal memorandum to the address listed in IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management.
- (3) If the cashier repays the lost funds, and later a determination is made that the cashier was not at fault (for example, new evidence is discovered), director, Accounts Payable and Financial Operations and CI will take immediate action(s) necessary to ensure the cashier is granted relief and reimbursed for the full amount paid.

1.35.18.10.2
(11-24-2020)

Debt Collection

- (1) The Government Payables and Funds Management office via the Debt Collection Unit is responsible for managing the account receivables for administrative debts. After receipt of written report from the CI director, Special Investigative Techniques or CI director/assistant director, Finance, director, Government Payable and Funds Management, determines if a debt is owed to the IRS and maintains a record of the debt. The loss is recorded as an account receivable in IFS, in the cashier's name, until the matter is resolved.
- (2) After the account receivable is established, IRS mails a demand letter through the U.S. Postal Service, by first-class postage, to the cashier. The demand letter contains all due process rights and the following information:
 - a. Type or nature of the debt owed
 - b. The amount of the debt
 - c. The payment due date, usually 30 days from the date of the letter
 - d. The opportunity to repay the debt in full
 - e. The repayment options available to the debtor, if the debt cannot be paid in full
 - f. Instructions for submitting a financial hardship request
 - g. The address where to submit the payment
 - h. An IRS point of contact regarding the debt
 - i. The IRS policies regarding the assessment of interest, administrative charges, and penalties
 - j. The collection actions that IRS may enforce if the debt is not paid by the payment due date
 - k. The debtor's process rights
- (3) Information on administrative debt policy is located in IRM 1.36.4 Administrative (Non-Tax) Debt Management.

1.35.18.10.3

(11-24-2020)

Relief of Cashiers

- (1) The cashier is accountable for the entire amount of the investigative imprest fund for which the cashier is designated. If relief is granted for the loss of all or part of the fund, the amount relieved is restored to the fund by an obligation against the IRS appropriation(s). Granting relief does not imply that funds are forthcoming from another government agency or another source. Relief is made to the individual cashier not to the IRS or to the financial plan(s) involved.
- (2) Relief may be granted by:
 - a. Administrative action by the deputy associate CFO – IRM 1.2.2.2.16, Delegation Order 1-18 (Rev.1), Settlement of Accounts and Relief of Accountable Officers, if the loss is less than \$10,000
 - b. Administrative action by the CFO – IRM 1.2.2.2.16, Delegation Order 1-18 (Rev.1), Settlement of Accounts and Relief of Accountable Officers, if the loss is \$10,000 or more

1.35.18.10.4

(11-24-2020)

Grounds for Relief

- (1) Relief will be granted only in cases where the loss occurred through no fault of the cashier.
- (2) Relief will not be granted in cases where the loss has occurred because of negligence on the part of the cashier. The CI director, Special Investigative Techniques or CI director/assistant director, Finance determines whether the cashier has been negligent in the performance of imprest fund duties. As a guideline for this determination, negligence may be indicated by the presence of one or more of the following factors :
 - a. Frequent errors in transactions, record keeping, or reports
 - b. Embezzlement or misappropriation of imprest funds
 - c. Failure to maintain records and/or to submit reports
 - d. Unprotected imprest funds, particularly if theft is involved
 - e. Unauthorized or improperly documented transactions
 - f. Unexplained disappearance or shortage of imprest funds
- (3) Relief may not be granted for circumstances involving illegal, improper, or incorrect payments, both in nature and amount, including those resulting from fraud, forgery, alterations of vouchers, and other improper practices.

1.35.18.10.5

(11-24-2020)

Requesting Relief

- (1) A cashier may request relief from repaying a loss in the imprest fund. The cashier must prepare a statement explaining the circumstances of the loss and its discovery and give it to the CI director, Special Investigative Techniques or CI director/assistant director, Finance.
- (2) The CI director, Special Investigative Techniques or CI director/assistant director, Finance, must send a memorandum requesting relief, regardless of the amount, to the address listed in IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management.
- (3) The following documents must be attached to the memorandum:
 - a. A detailed statement from the cashier explaining the circumstances of the loss and its discovery
 - b. Statements from the cashier's supervisor supporting the recommendation for relief

- c. Statements obtained through the local Security Officer, the Federal Bureau of Investigation, the Secret Service, and/or the local police authority, as applicable, explaining their findings
 - d. Other pertinent documents or information
- (4) The director, Accounts Payable and Financial Operations sends the request for relief with the attached documents to the Associate CFO for Financial Management.
 - (5) If relief is granted to the cashier for all or part of the fund, the Government Payables and Funds Management office via the Debt Collection Unit restores the amount relieved to the investigative imprest fund by obligating it against IRS appropriation(s).

1.35.18.11
(11-24-2020)
**Fiscal Year-end
Accounting**

- (1) CI Finance and SB/SE Finance records the commitment/obligation (reservation of funds) equal to the funds balance in the CI imprest fund and SB/SE PALS fund, respectively. Obligations should be recorded by office, financial plan, activity, and sub-object class and should remain as an obligation until either liquidated via payment or de-obligated.

1.35.18.12
(11-24-2020)
**Closing an Investigative
Imprest Fund**

- (1)) When an investigative imprest fund needs to be closed, (for example, two field offices merge), the CI director, Special Investigative Techniques must notify, in advance by memorandum, the director, Accounts Payable and Financial Operations through the CI director/assistant director, Finance.
- (2) The investigative imprest fund may be completely liquidated by sending a check to the Government Payables and Funds Management office via the Debt Collection Unit. The cashier sends a check payable to the " IRS" with a transmittal memorandum to the address listed in IRM 1.35.18.1.3.4, Director, Government Payables and Funds Management.
- (3) Prior to closure, an audit or financial review of the investigative imprest fund must be conducted. See IRM 1.35.18.9.5.5, Audit Process, for additional information.
- (4) The CI director, Special Investigative Techniques or CI director/assistant director, Finance must resolve all investigative imprest fund losses before the investigative imprest fund is closed. See IRM 1.35.18.10, Imprest Fund Losses, for additional information.
- (5) The director, Accounts Payable and Financial Operations signs OF 211 worksheet, Request for Change or Establishment of Imprest Fund, to revoke a cashier's designation in conjunction with closing the fund.