



County of Riverside
OFFICE OF THE AUDITOR-CONTROLLER
STANDARD PRACTICE MANUAL

		SUBJECT: REVOLVING FUNDS
SECTION:	6	CATEGORY: CASH MANAGEMENT POLICIES
POLICY NUMBER:	603	
REVISED DATE:	5/23/2022	APPROVED BY: <i>Paul Angelo</i>

PURPOSE: To establish standard guidelines for County departments, agencies, and special districts for the establishment, recording, reimbursement and discontinuance of Revolving Funds.

SCOPE: Applies to all County departments, agencies, special districts, and authorities that are governed by the County of Riverside Board of Supervisors, and/or that maintain funds in the County Treasury.

POLICY: This policy details the overall responsibilities and processes to be followed by all County departments when utilizing a County issued Revolving Fund. This is to include the establishment, use, changes and discontinuance of the Revolving Fund.

PROCEDURE:

This policy will include information on how to complete the forms necessary to establish a Revolving Fund and ensuring they are reimbursed and reconciled in a timely basis. There will also be guidelines on how to complete the forms necessary to accomplish the tasks just listed. This policy will also lay out the timing and best practices for utilizing a County issued Revolving Fund.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

PURPOSE AND USE

A revolving fund can be utilized if departments, agencies, or special districts need to purchase certain low-cost items without requisition documents in emergency situations. This may include items which need to be purchased outside normal office hours; when personal pickup is required or when delivery delays could cause a hardship to the department. Departments can use Revolving Funds to reimburse or advance individuals for such purposes. Revolving Funds may also include petty cash funds, change funds, stamp funds, travel advances or any sum of money or other resources set aside for the specific purpose of minor disbursements while conducting County business. Revolving Funds may not be established to circumvent the County’s purchasing guidelines.

ESTABLISHING A REVOLVING FUND

1) ESTABLISHMENT

- a. In order to establish a Revolving Fund, the Department Head or the Designee must submit a formal written request using the AR-1 Form (Revolving Fund Request Order & Change Form) to the Auditor-Controller's Office (ACO) stating the reasons for the request, the amount requested, and the name of the Custodian. Custodians cannot operate multiple Revolving Funds and a Revolving Fund can only have one Custodian.
- b. Once the form has been reviewed and approved by the ACO, the form will be forwarded to the Treasurer Tax Collector's Office for processing and issuance of a Treasurer's check. Revolving fund names must mirror the department or section it represents such as, Auditor Controller. The Custodian will then be notified when the warrant is available for pick-up. If the AR-1 Form is disapproved for any reason, a brief statement explaining the disapproval will be communicated to the Department, Agency, or Special District.
- c. A change in the Department Head requires a new ADM-3 Form (Authorized Signature List) to be completed and submitted to the ACO. It is the Department Head’s responsibility to identify how many Revolving Funds accounts are within their department, the amount of the department’s Revolving Fund and the department’s designated Custodian.

2) REVOLVING FUND LIMITS

- d. Government Code Section 29321 provides the Board of Supervisors the authority to establish a Revolving Fund up to two hundred fifty thousand dollars (\$250,000). The Board has passed the authority to the County Auditor -Controller via Board of Supervisors Resolution No. 82-75. One exception to Revolving Fund limit is the Government Code Section 53961 which states that a mosquito abatement district or a vector control may establish a Revolving Fund in an amount not to exceed 110 percent of one-twelfth of the districts adopted budget for that fiscal year, additionally their Revolving Fund may be used to pay authorized expenditures of the district.

3) REVOLVING FUND CHECKING ACCOUNTS

- a. The department, agency or special district may elect to establish their Revolving Fund as a checking account. Should they choose to do this, AP-5 Form (Request to Establish an Account) must be completed by the requesting department and signed by the ACO Accounting Division Chief and the Treasurer Chief Deputy. The individual requesting the establishment of the account must be listed on the ADM-3 as an authorized individual to open the bank account. The fund Custodian must also sign the bank signature card. If there is a need, additional signers can be authorized to sign checks on the bank account, however the signers will be required to sign the account signature card and be listed on the AP-5 Form.
- b. Please adhere to the following guidelines if establishing a Revolving Funds checking account:

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

- Checking accounts must be opened with the County's federal tax ID, and not with the fund Custodian's social security number.
- The County Department, Agency or Special District will pay the monthly maintenance fee associated with the bank account.
- The County will not pay for overdraft fees that are the result of the fund Custodian's mishandling of the account. The fund Custodian is responsible to pay these fees or in some cases, the department may pay them.
- Checks are to be safeguarded along with the account number to reduce the risk of fraud.
- Checks should be completed, signed and issued at the time of disbursement.
- Never sign blank checks and leave them to be completed and disbursed at a later date and time.
- Drawing checks to "cash" is prohibited. Checks should be made out to the vendor or to the employee, whichever is applicable.
- Never email a full checking account number.
- The checking account should be reconciled monthly.
- At the end of each fiscal year, a Schedule P must be completed and submitted to the ACO along with a reconciled June 30th bank statement.

REVOLVING FUND ROLES AND RESPONSIBILITIES

1) MAJOR REVOLVING FUND ROLES AND RESPONSIBILITIES

- a. The requestor is the individual requesting reimbursement for expenses incurred in connection with County approved activities. This individual plays a key role in obtaining the documentation required to distribute the Revolving Fund.
- b. ACO General Accounting Division Chief / Designee is responsible for review and providing preliminary approval on all Revolving Fund establishments, modifications (including increases and decreases), and closure of accounts. Also responsible for the annual reporting to County Board of Supervisors and updating Revolving Fund Policy as needed.
- c. ACO General Accounting Division Operations (Accounts Payable / Vendor Code) Section is responsible for setting up the Revolving Fund Vendor name and processing appropriate requests for replenishment for all Departments, Agencies and Special Districts Revolving Fund funds and for approving the final receipts when the account is ready for closure. Accounts Payable will review disbursements from such funds to ensure compliance with County policy.
- d. ACO Internal Audit Division is responsible for periodic planned and unplanned review and inspection of Revolving Funds to ensure compliance with County Policy. Office of the Treasurer Tax Collector (TIC) is responsible for final review and approval of Revolving Fund establishments and modifications. The Treasurer is also responsible for the assignment of Revolving Fund numbers, processing the establishment warrants for Revolving Funds, receiving all overages and maintaining a list of Revolving Fund numbers, amounts and Custodians.
- e. The Custodian is responsible for controlling and safeguarding the Revolving Fund and bears the primary responsibility for managing the daily operations of the Revolving Fund, in addition to ensuring all expenditures from Revolving Fund are in compliance with County policy and guidelines. The Custodian is personally responsible at all times for the appropriate and adequate safekeeping of these funds. The Custodian must maintain adequate records for funds withdraws and disbursements using appropriate forms, as the Revolving Funds are subject to audits. Custodians and/or departments will be responsible for maintaining an up-to-date listing of amounts allocated to each employee handling Change Fund monies. Custodians are required to reconcile daily, weekly, or monthly, depending upon the volume of the activities involved and its materiality. The Custodian should maintain a log of monthly reviews. Also, the Custodian maybe responsible for completing Year-End Schedules W and P

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

(if applicable), and responsible for notifying their Department Head, Administrator and the ACO of any change in the account (e.g., theft, overage, deficit, etc.) Please Reference SPM 605 (Reporting Cash Overages and Shortages) on the procedures for reporting and submitting a cash overage or shortage.

- f. Accounting Supervisor authorizes Revolving Fund replenishment requests and performs periodic reviews of disbursements from the fund to ensure adherence to County policy and other applicable regulations. They are also responsible for reporting any unusual activity, change in Custodian, or change in fund status to the ACO and Treasurer.

2) SEGREGATION OF DUTIES

- a. Revolving Fund cash handling operations must be subject to daily supervisory review and management. To minimize the potential for mistakes or misappropriation of cash, the segregation of cash handling duties is recommended. The duties of collecting cash, maintaining documentation, preparing deposits, and reconciling records must be separated among different individuals. In departments where the separation of duties is not feasible, strict individual accountability and thorough management supervision and review is required. Below is a sample matrix that is recommended to ensure there are strict segregation of duties.

Revolving Funds Segregation of Duties Matrix	Dept Head (DH)	Assist. DH or Designee	Fiscal/Admin Manager	AP Processor	Accounting Supervisor	Custodian
Determines Revolving Fund (RF) amount - Form AR-1	X					
Custodian of RF						X
Authorized RF Transactions						X
Signs RF Checks						X
Reconciles RF to Authorized Amount						X
Reconciles RF to Bank Statement						X
Reviews Reconciliation			X		X	
Prepares & signs RF Replenishments Form AP-9			X		X	X
Creates RF Replenishments Voucher				X		
Approves RF Replenishment Voucher			X		X	
Prepares Year End Revolving Fund Schedules W and P (if applicable)						
Signs and Approves Year End Revolving Fund Forms	X	X	X		X	

* when multiple boxes checks this function may be performed by any of those individuals

- b. Each Revolving Fund established is specifically assigned to one individual who is designated as the fund Custodian. This individual should have exclusive access and control of the fund. Please refer to Custodian's roles and responsibility in the previous section.
- c. Revolving Funds must be properly safeguarded, and it should be kept in a secured, locked location away from high traffic areas, and it **must not** be commingled with any personal funds or any other County funds. Only the Custodian and the Department Head should have access to the keys or safe combination.
- d. Based on departmental needs, Change Fund monies can be maintained by individuals other than the Custodian. This could be for situations when it is more convenient to have one individual as Custodian for a pool of Change Fund monies that is allocated among different employees. **Please note, that in these situations, the Custodian is still ultimately responsible for his/her combined Revolving Fund.** If funds are advanced for small purchases, once the purchase is complete, the paid sales receipt and any cash change must return to the Custodian. The AR-2 Form (Revolving Fund Advance Request Form) should be attached to the sales receipt and maintained for the fund's recordkeeping. **Please note, the**

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

sales receipt must include the vendor's name. Adding machine tapes and scrap pieces of paper will NOT be accepted as proper documentation.

- e. The fund Custodian must prepare an AP-9 Form (Request for Replenishment) and attach all original receipts when the cash balance of the fund is depleted. The request for reimbursement must be submitted to the ACO Accounts Payable Section, for issuance of a reimbursement authorization, and submitted to the County cashier for the balance replenishment.

3) CHANGE IN CUSTODIANS

- a. In the absence of the fund Custodian, a temporary Custodian can be assigned by the Department Head. The funds must be counted in the presence of the authorized Custodian before and after the change.
- b. A Custodian departing the County or needs to transfer permanent responsibility for a Revolving Fund to another Custodian for any reason must complete AR-1 Form along with an ADM-3 Form (Authorized Signature List) and AP-6 Form, (Bank Account Information Change Request) reflecting the change of Custodian. The form should be signed by the departing Custodian, his/her supervisor, and the new Custodian. Before the fund is officially transferred to the new Custodian, a reconciliation of the cash, paid invoices, receipts, cash register tapes, reimbursement and withdrawal requests, and outstanding reimbursement payment vouchers must be performed. If the change in Custodian is due to them leaving the employment. By completing the reconciliation and signing the AR-1 Form this signifies verification of the amount and documents the change in Custodianship in the County's records. Responsibility for Revolving Funds may not be transferred to another employee without notification to the Auditor-Controller's Office and proper completion of the required documentation. If the Custodian is to be absent for an extended period (as determined by the department), an alternate Custodian maybe be appointed. The procedure is the same as for a permanent change, with the length of temporary time stated on the AR-1 Form.

4) REVOLVING FUND SECURITY AND SAFEGUARDS

- a. Revolving Funds **must be kept in a secure location** and in a secure device such as a safe or locked cashbox during the day. The Revolving Fund must remain on the premises of the assigned department and funds should never be left unattended and unsecured. The Custodian and Department Head or Designee should be the only person with access to the fund. Revolving Fund cash should be stored in a safe or vault at the close of business, if available. Keys and lock combinations should be restricted to the Custodian as well as an alternate person(s) as deemed appropriate by the Department Head.
- b. Large sums of cash must be counted and handled out of sight of the general public.
- c. Cash must **never** be left unattended. This applies to cash registers, desktops, and cash drawers. If an employee leaves his or her workstation for any reason, regardless of how briefly, cash must be appropriately secured in a locked place.
- d. For the protection of the department, and safeguarding of the Revolving Fund, the cash balance should be balanced quarterly in the presence of the Custodian but by someone other than the fund Custodian.
- e. Under no circumstance is an individual to keep County cash with their own personal funds, deposit County funds in a personal bank account or take County funds to one's home for safekeeping.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

REVOLVING FUND OPERATIONS

1) ALLOWABLE REVOLVING FUND EXPENDITURES

a. Revolving Fund funds are to be carefully managed and may not be used to circumvent the County's procurement systems, travel policies, or other Board policies. The Revolving Fund **may be used** for the following purposes:

- Necessary and reasonable small purchases for the purpose of conducting county business.
- Emergency purchases of office supplies.
- Administration of relief to meet the immediate or emergency needs of persons entitled per government code.
- Special program expenses where funds are maintained in a Revolving Fund for immediate program issuance (example: Inmate Revolving Fund).
- Expedited purchases that fall outside of normal Accounts Payable procedures and guidelines (example: Purchases related to a disaster event).
- Employee Travel Advances (requires department head approval - See SPM Policy 205 (Travel Advances) for complete policy and procedures).
- Parking reimbursement (incurred off-site during official county business).
- Individual postage or mailing expenses (non-bulk).
- Document copies (including certified) provided by outside sources or parties.
- Change Drawers (example: parking garages).

2) UNALLOWABLE REVOLVING FUND EXPENDITURES

a. No expenses that are reportable to the IRS or subject to income tax withholding may be reimbursed through the Revolving Fund (For example, consulting or translating services may not be reimbursed through the Revolving Fund). These services must be captured in PeopleSoft Financials to ensure proper tax reporting annually by the County. The Revolving Funds **may not** be used for any of the following expenditures or activities:

- Purchases which have been split to stay under the \$300 limit.
- Payment of fines incurred by employees.
- Purchases between county departments and/or agencies and special districts.
- Expenditures for employee-related activities (example: flowers, gifts, door prizes, refreshments, food, and awards).
- To cash any type of check or for IOU's or to give personal loans.
- Purchases of food, except for purchases in compliance with SPM 207 (County Sponsored Conferences and Trainings) or emergency purchases for clients, patients, or inmates.
- Office supplies that can be purchased through the county office supply contract, unless considered critical by the department for immediate needs.
- Business expenses not authorized by county policies.
- Payments to vendors for invoices submitted directly to the department.
- Payments to compensate for services rendered by independent contractors or consultants.
- If the payment for service is an emergency, such transactions for a particular vendor should not exceed \$600 per calendar year.
- Payment for advertisement.
- Donations.

b. Revolving Funds are not to be used to reimburse an employee that has traveled on county business after the fact. Expenses that have been incurred without the benefit of a Travel Advance are to be processed for reimbursement to the employee through the PeopleSoft Financial System for proper payment recording and issuance.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

3) DISBURSEMENT REQUIREMENTS

- a. The Custodian should disburse cash from the revolving cash fund only when the following conditions are met:
 - Original documentation is submitted. Duplicate and/or reproduction documents are prohibited unless the original documents could not be located. The Custodian must have adequate assurance that the original document was not previously reimbursed.
 - Receipts and invoices should preferably not include a combination of County and personal purchases. If there are personal related purchases included the county related items are to be circled and personal items crossed out.
 - A complete AP-9 Form (Revolving Fund Request for Replenishment) is submitted, and evidence of expenditure is presented in the form of a paid invoice, receipt, or cash register tape showing the date, amounts paid, recipient or vendor(s), items purchased and purpose for purchase. Documentation must include the county purpose served if not readily apparent due to the nature of the item.
 - A properly completed AR-2 Form (Revolving Fund Advance Request Form) is submitted. The next section will have detailed Revolving Fund advance request procedures.
 - County purpose "incidental items" for amounts equal or smaller than a \$1.00 for individual items such as, payphone calls and parking meters with no specific support can be advanced or reimbursed with approval from department management. Per CA Govt. Code section 29327, "Any expenditure in excess of \$1 shall not be made unless a receipt is obtained setting forth the date, purpose of the expenditure, and the amount expended."
- b. Every disbursement which reduces the balance in the Revolving Fund cashbox must be substantiated by a pre-numbered, paid out disbursement receipt. Every receipt must be signed by both the Custodian and the employee receiving the disbursement. The original cashbox disbursement receipt must be attached to the voucher being processed for replenishment of the Revolving Fund and the duplicate copy must be kept with the Revolving Fund cash in numerical order sequence until the expense has been replenished.
- c. The Custodian must maintain all of the above documents in the Revolving Fund secured lockbox until the fund is reimbursed for these expenditures.

4) REVOLVING FUND ADVANCES

- a. Custodians may provide a cash advance to an employee who is going to make a purchase up to two days in advance of the anticipated purchase. A Custodian may also issue a travel advance for meals and incidentals for specific situations that might cause undue financial hardship for those traveling on behalf of the County. Please refer to the D1-Policy (Reimbursement for General Travel and Other Actual and Necessary Expenses) and SPM 205 (Travel Advance) for more information. The fund Custodian is responsible for the return of the funds and ensuring appropriate receipts/ documentation.
- b. Revolving Funds can be disbursed (advanced) to an employee that completes and submits an AR-2 Form (Revolving Fund Advance Request Form). A complete request must include the reason for the advance with the signature of the Department Head or their Designee.
- c. Upon disbursement of funds, the employee must sign the request to confirm that the amount was received. **Please note that, it is the Custodian's responsibility to notify the employee that receipt(s) plus any change must be returned to the Custodian within a reasonable time (2 - 3 business days) after the transaction occurs.** Therefore, monies should not be disbursed for transactions that will not occur shortly after (1-2 business days) the disbursement date. Department management may determine whether consistent failure of an employee to return the necessary documentation and monies to the fund Custodian,

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

within a reasonable time, will result in the employee losing his/her privileges for any future Revolving Fund disbursements.

- d. Upon receipt of paid invoices, receipts, cash register tapes, and/or change from the employee, the Custodian should verify that these equal the total requested amount. Both the Custodian and the requesting employee must sign-off on the request as indication that total receipts and change were received and returned, respectively.

5) REIMBURSEMENT REQUIREMENTS

- a. Reimbursement for Revolving Fund expenditures must be in the exact amount of the expense(s) and must be documented by original detailed receipts. Revolving Fund reimbursement is limited to purchases totaling \$300 per day, per person, regardless of fund source. Various receipts with the same purchase date may not exceed the \$300 limit. Splitting a transaction which exceeds Revolving Fund limits into two or more smaller transactions is specifically not allowed. **Under no** circumstance may an individual, including the Custodian, approve his or her own Revolving Fund expense.
- b. Revolving Fund purchases must be submitted for reimbursement within sixty (60) days from the date on the receipt and must be summarized on the AP-9 Form (Revolving Fund Request for Replenishment). The Form and all original receipts and supporting documentation should be submitted to the Auditor -Controller 's Office Accounts Payable Section. Please Note: Revolving Fund Replenishment Vouchers **do not qualify for overnight voucher processing**, so it is highly recommended the reimbursement is requested prior to the fund balance becoming low to avoid any disruption in the account.
- c. Reimbursement requests **must be submitted for all Revolving Funds at fiscal year-end** to ensure expenditures are recorded in the proper accounting period.

In order to speed up the processing time of your replenishment voucher, please ensure the following supporting documentation is attached:

- The Revolving Fund Request for Replenishment Form should include all items that are included in the voucher being submitted.
- Cleared Check List - if the Revolving Fund is connected to a checking account, include a reference document showing the check number being replenished has cleared the bank
- examples: monthly bank statement, cleared check listing from bank, cleared Check Image, etc.)
- Signed Check Copy- each check number that is being replenished must have a copy of the signed check attached for reference showing payee, dollar amount, date, etc.
- Approvals - each Revolving Fund expense should show appropriate department approvals were received prior to check issuance.
- Cashbox Disbursement Receipt - include the sequentially numbered cashbox disbursement slip (or similar) recording the person receiving cash, person releasing cash, total amount of cash transaction, and business purpose.
- Itemized Receipts - all cashbox expenses must include an itemized receipt for purchases made.
- Acceptable Receipts - include those that are original receipts, original cancelled checks, original credit card statements and original invoices - paid by cash - stamped PAID by the vendor.
- Unacceptable Receipts - include those that are photocopies of any receipts or any document that does not show an amount or method of payment (i.e. invoices, order confirmations).
- If a replenishment voucher is missing any of these items, supporting documentation or department approvals then the voucher will be disallowed until all appropriate items have been supplied.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

- d. Once the voucher is thoroughly reviewed and approved by the Accounts Payable Section a county warrant will be issued allowing the return of funds back to their Revolving Fund source (checking account or cashbox).

REVOLVING FUND REPORTING REQUIREMENTS

1) OVERAGES / SHORTAGES

- a. The total amount of the Revolving Fund should always equal the cash on hand plus any unreimbursed amounts. The Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller's Office using the AR-3 Form (Cash Coverage / Shortage Daily Report). The Form serves a written memo detailing the reason for the overage/ shortage, and at month-end the reports are summarized on the AR-4 Form (Cash Coverage/Shortage Monthly Report). The Form is used to file quarterly reports to the Board of Supervisors.
- b. Any overage must be deposited as miscellaneous revenue account code using a Treasury Cash Receipt. Personal funds cannot be used to eliminate shortages and excess funds cannot be removed to eliminate overages. Any Shortages/Overages of \$20 or more in a single incident or in aggregate during a one-month period by the Custodian must be investigated by their supervisor or Department Head. If the Department Head or Designee feel it is warranted based on circumstances surrounding a shortage or overage, Internal Audit may be contacted to conduct an investigation. Should Internal Audit determine the Custodian was negligent in their duty to safeguard the Revolving Fund, the Custodian may be held liable for replacement of the funds.

2) DAILY REQUIREMENTS

- a. Departments Revolving Fund that is acting as a Change Fund may be used for the purpose of advancing cash to begin and sustain a cashing, revenue-producing activity. It must be counted daily, and it must maintain its original cash level at all times. At the end of each day, the amount of the advance is removed from the till and kept separate. The remaining cash in the till is turned in as the current day's receipts. Any discrepancy between receipt records and the remaining cash affects the day's receipts but not the original amount of the change fund.

3) WEEKLY /MONTHLY MAINTENANCE REQUIREMENTS

- a. The Custodian shall balance Revolving Funds after each payment. A Revolving Fund should be balanced at least once a week or more often depending on the frequency of replenishment. Balancing the fund requires the Custodian to perform the following steps:
- Count the cash on hand **in dual custody**.
 - Calculate total of receipts to be reimbursed.
 - Identify any reimbursements in transit.
 - The total of the cash, receipts on hand, and replenishments in transit should equal the total fund.
- b. The Custodian must reconcile the Revolving Fund on a monthly basis. Reconciliation ensures that the sum of the outstanding reimbursements, cash, and compiled receipts is equal to the original amount of the Fund. For those departments with multiple Revolving Funds, an overall department reconciliation should also be performed. Reconciliations must be properly reviewed and approved by a supervisor, with sufficient segregation of duties expected. For auditing purposes, retain complete reconciliation, reimbursement, and replenishment records for your departmental files.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

4) ANNUAL REPORTING REQUIREMENTS

- a. Departments should regularly review, at least annually, the need, size, and use of their Revolving Funds and change fund(s). It is recommended that departments close or reduce the amount of Revolving Fund or change funds that have had little or no activity within a reasonable period of time. Recommended changes should be directed to the Treasurer and ACO General Accounting Division by completing AR-1 Form.
- b. At the end of each fiscal year, The Auditor-Controller's Office prepares a Form 11 to the Board of Supervisors detailing a list of each Revolving Fund. This list contains the Revolving Fund number, the amount of the fund and the Custodian as of June 30th. This Form 11 is for informational purposes and is submitted as a Receive and File document for the Board.

5) AUDIT REQUIREMENTS

- a. Custodians in charge of Revolving Funds are to expect and cooperate with on-site or desk audits of the revolving cash fund on a surprise basis. The Custodian must ensure that the Revolving Fund is available at all times. **These unannounced cash counts should be performed quarterly by someone other than the Custodian.** The individual should be selected by the Department Head, preferably not the same person each quarter.
- b. The cash count should be recorded on the AR-5 Form (Cash Count Reconciliation Form). The completed forms should be retained in a departmental file. Unannounced cash counts may also be performed by ACO 's Internal Audit staff. The audit will test to ensure that cash and currency on hand along with original invoices or receipts will total to the amount established for the Revolving Fund. Variances are subject to detailed explanations and should involve the Department Head and the department's primary Fiscal Officer.

6) REPORTING THE THEFT OF REVOLVING FUNDS

- a. The Custodian has the sole responsibility for the Revolving Fund. Lost, missing, or stolen funds must be reported to the Riverside County Sheriff, the Treasurer and the General Accounting Division Chief immediately. The Custodian and/ or department management must also submit a written statement to the Department Head, detailing the occurrence. The department shall then conduct an internal investigation and take any necessary corrective actions.
- b. If monies have been stolen from a Revolving Fund, the Custodian must file a report with the Sheriff. Copies of the incident report, written statement, and a summary report with findings and suggested corrective actions must be attached to AR-3 and AR-4 Form, the Cash Overage / Shortage Forms. The Form is then forwarded to the Auditor-Controller's office to initiate and investigated by the Internal Audit Department, and if deemed that the department did their due diligence in safeguard County funds, the shortage is compiled and reported to the Board of Supervisors detailing departmental overages and shortages. Once approved by the Board, if it is a General Fund shortage, it will be reimbursed through the County's Contingency Fund, and all other funds will be reimbursed through their department's operating budget.

INCREASE/ DECREASING/ CLOSING A REVOLVING FUND

1) INCREASING A REVOLVING FUNDS

- a. Revolving Fund may need to be increased if frequency of replenishment warrants a larger cash balance. To increase a Revolving Fund, AR-1 Form must be submitted to the ACO. The form must be filled out completely with the reason for modification.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022

2) DECREASING A REVOLVING FUNDS

a. A Revolving Fund may also need to be decreased due to inactivity. The following steps must be taken to decrease the Revolving Fund:

- Before decreasing the Revolving Fund, the Custodian must replenish the account to the authorized fund balance.
- The Department, Agency, or Special District must bring to the ACO the amount of that they want to decrease in the form of cash or a check.
- A properly authorized and completed Form AR-1 must be completed.
- The ACO will take the funds along with the completed AR-1 Form to the Treasurer's Office. They will then sign page 2 of the form as proof of receipt of the funds received.
- The ACO will book the journal entry reducing the department's Imprest Fund by the amount of the decrease.

Note: The Custodian is responsible for the full balance of the Revolving Fund until he/she receives acknowledgement from the ACO and/or Treasurer's Office that the fund has been reduced.

3) INCREASING A REVOLVING FUNDS

a. To close a Revolving Fund, a reconciliation of all cash, paid invoices, receipts, cash register tapes, reimbursement and withdrawal requests, and outstanding reimbursement payment vouchers must be performed. The fund must be completely replenished or made whole as the full amount of the Revolving Fund must be hand delivered to the Auditor -Controller 's Office in the form of cash or a check.

b. The Custodian must complete AR-1 Form This form along with the proof of receipt for any cash or check received totaling the amount of the Revolving Fund must be submitted to the ACO for approval. Once the General Accounting Division Chief approves the closing of the fund, the documents are then forwarded to the Treasurer for final processing. When that has been completed, the department will be notified and the ACO will prepare the journal entry to officially close out the account. The ACO will also inactivate the Revolving Fund's Vendor Code Identification number.

Note: The Custodian is responsible for the Revolving Fund until he/she receives acknowledgement from the Treasurer's Office or ACO that the fund is closed. Once the Custodian receives acknowledgement that the funds are closed, the department and the Custodian must retain the following records in their Revolving Fund File:

- A copy of the acknowledgement from the Treasurer's Office.
 - A copy of the completely signed and approved Form AR-1 closing the fund.
 - A copy of the TCR deposit form.
- c. Revolving Funds must be closed immediately if the purpose for which the fund was established ends or changes significantly or upon termination of the Custodian's employment by the County (unless a new Custodian is appointed). There will be periodic reviews of account activity and all inactive accounts will be investigated and closed.

RECORD RETENTION

a. Copies of the AR-1 Form and supporting documents received from the Treasurer must be maintained in accordance with the county's general records retention along with any journal entries that would have been made. This call for the safekeeping of these records for the current fiscal year plus seven additional fiscal year. Accounts Payable must retain Revolving Fund replenishment requests, along with original vouchers and receipts attached for current plus seven years.

SECTION	6
POLICY NUMBER	603
REVISED DATE	05/23/2022