

Requirements for Scheduling Payments Disbursed by the Financial Management Service (FMS)

Section 30170—Authority To Disburse Imprest Funds

As a preliminary matter, before an agency contemplates establishing an imprest fund, the agency should first discuss that option with Fiscal Service to determine if an alternative approach might be more suitable, given the numerous different payment options Fiscal Service makes available to agencies at no charge.

An agency may proceed with plans to establish an imprest fund only if the agency can demonstrate that it has the legal authority to:

- Hold funds outside of Treasury; and
- Make the anticipated payments using cash.

An agency must have legal authority to hold funds outside of Treasury because an imprest fund is a fixed cash or petty cash fund in the form of currency or coin that has been advanced to a cashier as “Funds Held Outside of Treasury.” Imprest funds are an exception to the general rule that Federal agencies receiving public money from any source are statutorily required to deposit these funds into the U.S. Treasury. See 31 U.S.C. § 3302. This exception arises in only three circumstances.

- **First**, “[i]n rare cases, a Federal agency may have statutory authority to hold money without depositing it to the U.S. Treasury.” (See TFM Volume I, Part 5, Chapter 4100, Section 4120.)
- **Second**, an agency may have implied authority to hold funds outside of Treasury if it has explicit statutory disbursing authority (that is, if the agency would be permitted to make electronic payments through the FRB and issue Treasury checks itself).
- **Third**, an agency may obtain a delegation of disbursing authority from Treasury’s CDO, if, for reasons of economy and efficiency, the CDO determines such a delegation would be appropriate. In the case of delegated disbursing authority, the extent of any authority to hold funds outside of Treasury is set forth in the delegation document. In addition to the authority to hold funds outside of Treasury, an agency must have legal authority to make the anticipated payments using cash. In general, all Federal payments are required to be made by EFT [31 U.S.C. § 3332(f)]. There are only certain circumstances in which payment by another means is legally authorized. The categories of payments encompassed by those circumstances are set forth in 31 CFR § 208.4. Only if the anticipated payments fall into one of the listed categories is the agency legally authorized to make them using cash. Also, if an agency deposits funds into a financial institution, that financial institution must be designated by Treasury to be a financial agent of the

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U.S. Treasury. Collateral is required if balances are greater than Federal Deposit Insurance Corporation insurance.

Note: Agencies that have been granted the authority to disburse imprest funds must classify imprest fund transactions using established and appropriate TAS/BETCs. The SAM website at <https://www.sam.fms.treas.gov/sampublic> provides Fiscal Service reference data for TAS/BETCs. If a default TAS/BETC is used to fund the impress account, the agency must reclassify each payment at the time of obligation using the TAS/BETC in the CARS CTA module. The default account must be cleared by the third workday after monthend or it negatively impacts the quarterly scorecard that is sent to agencies' CFOs.