

Policy Title:	Petty Cash Funds				
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Signature on File at ASD Central

Approved By: *Jim Scherzinger, Deputy Director of Finance*

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Overview

Purpose/Rationale: This policy establishes accountability, responsibility and uniform business practices governing DHS petty cash funds.

Applicability: This policy applies to all DHS employees.

Failure to Comply: The inappropriate use of petty cash may result in suspension of petty cash funds, a reduction in authorized balances, revocation of the fund or other appropriate action, up to and including disciplinary action in accordance with DHS policies and applicable state laws, rules and regulations.

Policy

The use of petty cash funds is discouraged. Whenever possible, divisions are encouraged to use the SPOTS procurement card or normal procurement processes for incidental or emergency purchases.

DHS managers shall ensure that they and their employees conform to this policy.

1. **Authority**

All petty cash disbursements are subject to ORS 293.180. Upon receipt of the program business manager's proper justification, the DHS Controller or designee will determine whether to authorize the petty cash fund and establish the maximum amount of the fund. Petty cash funds shall not exceed \$350.

Petty cash funds may be used only for incidental, non-recurring or emergency purchases. The DHS Controller or designee may approve an exception for documented justifiable reasons submitted by the manager having delegated expenditure decision authority.

All purchases must be for authorized purposes and reflect prudent stewardship of public funds. Petty cash disbursements may not result in direct or indirect personal gain and must be able to withstand audit review and public scrutiny.

The manager or authorized designee must review and signature-approve:

- All petty cash disbursements; and
- The documentation to replenish the fund.

To ensure proper segregation of duties, the manager shall not appoint a petty cash custodian who also is the designee to approve petty cash purchases.

2. Designating a petty cash custodian

The manager shall designate a minimum of two permanent full-time employees as primary and alternate petty cash custodians. The custodians should be available during working hours to issue disbursements for manager-approved petty cash purchases. The designation of specific responsibility for custody of petty cash funds is vitally important, and should be done through delegations of authority and position descriptions.

Managers shall ensure that:

- The employee's position description describes the duties and responsibilities of a primary or alternate petty cash custodian;
- The designated employees are knowledgeable of, understand and receive training in internal controls, DHS policies, and applicable state laws, rules and regulations governing the custody and control of petty cash funds.

3. New petty cash custodian

The manager must provide written notice to the Financial Services Agency-wide Disbursements manager of any changes in the designated custodian(s) due to personnel changes, job duty changes or other reasons. The written notification shall include at a minimum:

- The effective date removing the employee as a current petty cash custodian;
- The effective date of the new custodian of the fund;
- The new primary or alternate custodian's name and employee identification number (EIN) assigned by Human Resources;
- The new primary or alternate custodian's signature.

The Financial Services Agency-wide Disbursements unit is not authorized to replenish a petty cash fund unless the current custodians' names are on file.

4. Proper custody and control

The custodian is responsible for the custody and control of the petty cash fund; however, accountability and responsibility for the proper use and care of the fund remain with the manager.

Petty cash shall be placed in a locking cash box and secured in a safe, vault, locking file cabinet or comparable secured storage area with access restricted to authorized employees.

5. Restrictions

Under no circumstances shall petty cash funds be used to circumvent purchasing regulations or bypass the Financial Services Agency-wide Disbursements unit. Petty cash funds shall not be used for any unauthorized disbursement or transaction,

including but not limited to:

- Payroll advances;
- Contract labor payments;
- Professional services, tutors, mentors or provider payments;
- Travel advances or travel reimbursements;
- Personal loans, IOUs or advancing cash to an employee, volunteer, personal services contractor, agent of the agency, another petty cash fund, or for any other reason;
- Cashing checks for anyone;
- Purchasing animals or paying for their care and upkeep;
- Clothing purchases for an employee, volunteer, client, agent of the agency or other person;
- Donations, honoraria, awards;
- Flowers, clocks, picture frames, drapes or curtains, desk sets, briefcases or similar items;
- Automotive and equipment repairs or maintenance;
- Personal services or personal items for an employee, volunteer, agent of the agency or other person;
- Seminars, memberships or dues;
- Meals or entertainment for an employee, volunteer, agent of the agency or other person unless specifically required in a client's Individual Support Plan, Behavioral Support Plan, or specifically authorized by law or applicable collective bargaining agreement;
- Hospitality expenses;
- Decorations for spiritual and non-spiritual commemorative days; e.g., Saint Patrick's Day, Halloween, Christmas, Yom Kippur, New Year's Day, or other holiday or non-holiday observed day;
- Purchasing any item strictly prohibited by rule or law:
 - Alcoholic beverages,
 - Tobacco products,
 - Controlled substances,
 - Fines, penalties or other similar item.

Financial Services Agency-wide Disbursements unit is not authorized to replenish the petty cash fund if:

- The amount requested exceeds the maximum amount authorized.
- A purchase or transaction violates policies.

6. Disbursements

A petty cash voucher must be completed to support all disbursements of cash from the petty cash fund. The petty cash voucher must be completed in its entirety, signature-approved and dated by an authorized manager or designee with delegated expenditure decision authority, and signed and dated by the custodian processing the transaction.

Approved disbursements must be for authorized expenditures and be supported by appropriate original documentation, including but not limited to:

- Completed petty cash voucher;
- Purpose of the expenditure;
- Amount of the expenditure;

- Accounting code(s) to be charged;
- Original itemized cash register receipt or sales ticket (date must be not older than seven business days). Receipts should show the name of the business where the purchase occurred;
- Signed and dated by the petty cash custodian;
- Signed and dated by the individual receiving payment;
- Signed and dated by the authorized manager or designee with delegated expenditure decision authority.

Petty cash disbursements will not be made without proof of purchase (sales receipt slip). The receipt must be an original. Copies are not acceptable. Receipts that show evidence of alteration are not acceptable.

Individual expenditures from the fund shall not exceed \$50. Expenditures exceeding \$50 shall be handled through normal accounts payable or purchasing procedures. Multiple purchases from the same vendor will be considered one purchase. Multiple purchases are defined as purchases of like items occurring within five days of one another.

7. Petty cash advance before a purchase

The manager or designee with delegated expenditure decision authority may approve petty cash advances for authorized expenditures. The custodian may not authorize petty cash advances nor be authorized as a designee with delegated expenditure decision authority.

A Petty Cash Advance form must be completed and given to the custodian to place in the petty cash box. The petty cash advance request must include, but is not limited to:

- The amount of the cash advance;
- The item(s) authorized for purchase;
- Dated signatures of the individual requesting the funds and the manager or designee approving the advance;
- Dated signature of the petty cash custodian to indicate that the funds were advanced.

Petty cash advances may not be held for more than two business days. Within one business day after the purchase is made, the original receipt and any unused funds must be returned to the petty cash custodian. The original advance form must be completed and include:

- The actual amount of the authorized purchase;
- The cash amount returned, or zero if all funds were used;
- Signature of the employee who received the advance and date;
- Signature of the petty cash custodian receiving the unused cash and/or original sales receipts and date;
- Original itemized receipt attached to the petty cash advance form.

The custodian immediately shall enter the transaction on the petty cash ledger.

8. Reconciliation

Petty cash funds are operated on an imprest basis. This means receipts are obtained for

all disbursements and kept with the petty cash monies. At all times, the total currency and receipts must equal the total authorized amount of the petty cash fund. A reconciliation of the petty cash fund shall be conducted on a monthly basis at a minimum.

The manager shall review the petty cash ledger, examine the receipts itemizing the purchase activity, and confirm that the amount of petty cash on hand plus the receipts equals the total authorized amount of the petty cash fund. The program manager, business manager or other authorized manager and custodian must sign and date the petty cash ledger.

9. Replenishing petty cash

The petty cash fund should be replenished on a timely basis to ensure that a sufficient amount of cash is kept on hand at all times. When the fund is reduced to a balance that can support 15-20 business days of activity, the custodian will perform a reconciliation and complete the petty cash ledger. All required supporting documentation must be attached to the ledger and sent to the Financial Services Agency-wide Disbursements unit to replenish the fund. The custodian should allow a minimum of 15 business days to allow processing and receipt of the amount replenishing the fund.

Petty cash funds should be reimbursed at least once every 30 days regardless of the dollar amount to be reimbursed. All funds shall be replenished at fiscal year end so that there are no outstanding receipts as of June 30 or the last working day of the fiscal year.

10. Annual review

The Financial Services Agency-wide Disbursements manager or designee will conduct an annual review of all petty cash funds to assess the reasonableness of the cash balances maintained in relation to operating needs. The assessment will include a recommendation to the DHS Controller to increase, decrease, close or retain the original amount of the petty cash fund.

The DHS Controller or designee will provide the program business manager with written notification of any changes that will be made to the petty cash fund and the effective date of the changes.

11. Cash overage and shortage

Managers shall ensure that cash overage and shortage are handled in accordance with DHS policy DHS-040-013, *Receipting of Checks and Other Negotiable Instruments*.

12. Audit

The manager and petty cash fund custodians are responsible for the integrity of the fund. Their discharge of that responsibility is subject to periodic unannounced surprise counts by an independent manager or designee conducted on a quarterly basis, at a minimum. The program business manager shall designate the independent manager.

Petty cash funds are subject to periodic audits by internal and external auditors to ensure that proper controls are maintained. The manager and petty cash custodian shall ensure that the fund is balanced and available for audit at all times. Recurring

audit findings may result in the petty cash fund being revoked.

Policy(ies) that apply:

[DHS-040-010: Delegation of Expenditure Decision Authority](#)

[DHS-040-013: Receipting of Checks and Other Negotiable Instruments](#)

Procedure(s) that apply:

[DHS-040-010-01: Exercising Expenditure Decision Authority](#)

[DHS-040-010-02: Inappropriate Actions](#)

[DHS-040-017-01: Petty Cash](#)

Form(s) that apply:

DHS 0188, Petty Cash Ledger

http://DHSresources.hr.state.or.us/WORD_DOCS/DE0188.xls

DHS 0185, Petty Cash Reimbursement Voucher

http://DHSresources.hr.state.or.us/WORD_DOCS/DE0185.doc

DHS 0184, Petty Cash Advance

http://DHSresources.hr.state.or.us/WORD_DOCS/DE0184.doc

DHS 0186, Receipt of Petty Cash Fund

http://DHSresources.hr.state.or.us/WORD_DOCS/DE0186.doc

DHS 0187, Request to Establish Petty Cash Fund

http://DHSresources.hr.state.or.us/WORD_DOCS/DE0187.doc

Definition(s):

See [Common Terms](#) for all Finance policies

See [Common Terms](#) for all Administrative Services Division policies

Reference(s):

Oregon Revised Statutes 293.180, 297.110 and 297.120

Oregon Accounting Manual (OAM) 10.20.00

Contact(s):

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