

Process steps

Title:	Establishment or changes to petty cash fund
Related to:	DHS OHA-040-017-01
Effective date:	2/03/2020

Purpose

This document provides a step-by-step explanation for the establishment of a petty cash fund within the programs of Department of Human Services and Oregon Health Authority.

Process Steps

1. The requesting program manager or designee submits a request for establishing a new petty cash fund to the Office of Financial Services (OFS) Controller using form MSC 0187.
 - a. The amount requested should be between \$50 and \$350.
 - b. A justification including monthly use estimates is completed to justify the amount requested. Information about why use of the State P-Card of Oregon Transaction System (SPOTS)card or invoice payment methods are inadequate for business purposes is included in the request.
2. The manager designates and appoints a primary and alternate custodian. Neither custodian should have expenditure decision authority unless specifically authorized by the Controller for written justifiable business reasons submitted by the program manager.
 - a. The alternate custodian functions in the absence of the primary custodian.
 - b. The primary and alternate custodians adhere to all agency policies and processes.
3. The custodian and manager sign the MSC 0187 form and e-mail it to OFS.PettyCash@dhsoha.state.or.us.
4. The controller approves or denies the request within 30 business days, after reviewing the justification and reasonableness of the request.
5. The controller notifies the OFS Accounts Payable Manager of the decision.
6. The accounts payable manager or designee notifies the requester of the decision to approve or deny the request.
7. If approved, the OFS accounts payable unit processes a warrant payable to the primary custodian listed on the request.
 - a. The warrant is mailed to the address shown on the form.
 - b. If the primary custodian will be absent for 14 calendar days, the manager may request the warrant be made payable to the alternate custodian.
8. The primary custodian endorses and cashes the warrant within five business days of receipt of the warrant at a bank where the office routinely conduct business.
9. The primary custodian transports the cash in a tamper-resistant locking money bag to the program location where the petty cash will be held on the same day the warrant is cashed.

10. Within 10 business days of receiving the warrant, the primary custodian or alternate custodian and manager complete MSC 0187b and submit the form to OFS.PettyCash@dhsoha.state.or.us. The manager, custodian and alternate have read and understand:
 - a. The petty cash policy DHS|OHA040-017 and related processes DHS|OHA040-017-01 through DHS|OHA 040-017-04.
 - b. The form is not valid if incomplete or unsigned by custodians and manager.
 - c. The manager's failure to ensure the form is completed and e-mailed within the 10 business days of receipt of the warrant is considered an inappropriate action. (Refer to DHS|OHA-040-010-02)
 - d. The manager and designee, if assigned, must have a current MSC 0286 delegated signature authority on file with OFS.
11. If the primary or alternate custodian change, the new custodian completes MSC 0186 and sends it to OFS.PettyCash@dhsoha.state.or.us within two business days.
12. The requesting manager and OFS review petty cash fund levels periodically to determine if there should be an increase, decrease or closure of the fund.
13. If an increase in petty cash balance is desired, the manager submits a written justification letter that supports the change in petty cash to OFS.PettyCash@dhsoha.state.or.us. The documentation includes:
 - a. The average monthly disbursements for the prior 12 months.
 - b. The frequency of submitting fund replenishment requests.
 - c. Explanations justifying why the purchases cannot be submitted to OFS for normal payment processing.
14. The OFS accounts payable manager reviews the documentation and submits a recommendation to the Controller.
15. OFS notifies the manager, in writing, of the Controller's decision within 30 business days from the receipt of the request.
16. If the increase is approved, OFS issues a warrant payable to the primary custodian for the amount of the authorized increase.
17. The primary or alternate petty cash custodian completes a new MSC 0187b form within 10 business days of the receipt of the warrant.
18. If a decrease in petty cash balance is needed because the balance exceeds the operating needs or for other substantiated reasons, the initiator of the change sends an e-mail to OFS.PettyCash@dhsoha.state.or.us with the justification and reduction amount.
19. The primary or alternate petty cash custodian records the adjustment on the current petty cash ledger MSC 0188.
20. OFS Accounts Payable coordinates and completes the necessary financial transactions to reduce the funds and notify the manager, primary custodian, and alternate custodian.
21. The petty cash fund can be closed when the program manager determines that a petty cash fund within his or her area of authority is not needed, or the Controller determines that a petty cash fund is no longer needed or is being repeatedly used inappropriately.
22. The initiator of the decision e-mails the request to close the petty cash fund to OFS.PettyCash@dhsoha.state.or.us.
23. The primary custodian converts all unexpended cash into a money order made payable to the agency and mails it to:

OFS Receipting
PO Box 14006
Salem, OR 97309

Under no circumstances shall cash be returned through the mail.

24. The primary custodian records the money order fee on the Petty Cash Reimbursement Request form MSC 0185 and attaches it to the final petty cash ledger.
25. Upon notification to close the fund, the primary custodian prepares a final reconciliation of the fund within 10 business days and e-mails it to OFS.PettyCash@dhs.ohio.gov.
26. OFS completes the appropriate accounting transactions to record the disbursements and deposit of funds.
27. OFS files all forms, documentation and memos. Original receipts should be maintained in the program office according to retention.

References

- [ORS 293.180](#) Agency Petty Cash Fund
- [ORS 297.120](#) Division of Audits investigation of state agency loss of public funds or property
- [OAM 10.20.00.PO](#) Internal Control – Cash
- [DAS 107-001-020](#) Public Records Management - Records Retention Schedule

Forms referenced

- MSC 0186 Change of Petty Cash Custodian
- MSC 0187 Request to Establish Petty Cash Fund
- MSC 0187b Receipt of Petty Cash Funds
- MSC 0286 Delegated Signature Authorization

Related policies

- [DHS|OHA-040-010](#) Delegation of Expenditure Decision Authority
- [DHS|OHA-040-010-01](#) Exercising Expenditure Decision Authority
- [DHS|OHA-040-010-02](#) Inappropriate Actions
- [DHS|OHA 040-013](#) Receipting of Checks and Other Negotiable Instruments
- [DHS|OHA 040-017](#) Petty Cash Funds Policy
- [DHS|OHA-040-017-02](#) Documentation of Petty Cash Fund
- [DHS|OHA-040-017-03](#) Reconciliation and Replenishment of Petty Cash Fund
- [DHS|OHA-040-017-04](#) Internal Controls for Petty Cash Fund

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Keywords

Accounting, authorization, authority, cash, checks, custodian, delegation, disbursement, fund, negotiable, petty, receipting, reconciliation, spending

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