

Operational Policy

Policy title:	Petty Cash Funds		
Policy number:	DHS OHA-040-017		
Original date:	07/01/2009	Last update:	02/02/2020
Approved:			

Purpose

The Office of Financial Services (OFS) is committed to fiscal responsibility when managing funds dispersed by the Department of Human Services (DHS) or the Oregon Health Authority (OHA). OFS is responsible for establishing internal controls when approving and issuing petty cash funds for all programs in DHS and OHA.

Description

This policy outlines the expectations for programs that request and manage a petty cash fund.

Applicability

This policy applies to all DHS and OHA staff including employees, volunteers, trainees and interns.

As keepers of the public trust, all agency employees have a responsibility to comply with state and agency policy, administrative rule, and state and federal law. The agency takes this responsibility seriously and failure to fulfill this responsibility is not treated lightly. Employees who fail to comply with state or agency policy, administrative rule, or state and federal law may face progressive discipline, up to and including dismissal from state service.

Policy

1. The use of petty cash funds shall be discouraged. When possible, staff shall use the SPOTS procurement card or normal procurement processes for incidental or emergency purchases.
2. Petty cash funds shall be subject to Oregon Revised Statute (ORS) 293.180 and shall not exceed \$350.
3. All petty cash transactions shall be legal, follow Department of Administrative Services (DAS) and agency policies, and be able to withstand audit review and public scrutiny.
4. DHS|OHA staff shall not use petty cash funds to circumvent state purchasing regulations, state pricing agreements, or to bypass OFS payment processes under any circumstances.
5. Petty cash funds shall not be used for any unauthorized disbursement or transaction, including but not limited to:
 - a. Payroll advances.
 - b. Contract labor payments.
 - c. Professional services, tutors, mentors or provider payments.

- d. Travel advances or travel reimbursements.
 - e. Personal loans, IOUs or advancing cash to an employee, volunteer, personal services contractor, agent of the state, or another petty cash fund.
 - f. Cashing checks for anyone.
 - g. Purchasing animals or paying for their care and upkeep.
 - h. Clothing purchases for an employee, volunteer, client, or agent of the state.
 - i. Donations, honoraria, awards.
 - j. Flowers, clocks, picture frames, drapes or curtains, desk sets, briefcases or similar items.
 - k. Automotive and equipment repairs or maintenance (coin operated car wash and vacuum are allowed).
 - l. Personal services or personal.
 - m. Seminars, memberships or dues.
 - n. Meals or entertainment for an employee, volunteer, agent of the agency or other person unless specifically required in a client's Individual Support Plan or Behavioral Support Plan.
 - o. Hospitality expenses.
 - p. Decorations for spiritual and non-spiritual commemorative days such as Saint Patrick's Day, Halloween, Christmas, Yom Kippur, New Year's Day, or other holiday or non-holiday observed day.
 - q. Purchasing any item strictly prohibited by rule or law such as alcoholic beverages, tobacco products, controlled substances, fines, penalties or other similar items.
6. DHS|OHA staff shall use petty cash funds only for incidental program-dedicated, non-recurring or emergency purchases that cannot be purchased using the State P-Card of Oregon Transaction System (SPOTS).
 7. Petty cash may be used for approved program-dedicated activities include those activities like taking a bus or dining designed for client rehabilitation training as specifically defined in:
 - a. Individual support plans (ISP).
 - b. Personal behavioral support plans (PBSP).
 - c. Other client support plans.
 8. Individual expenditures from the fund shall not exceed \$25. Expenditures exceeding this shall be handled through normal accounts payable or purchasing procedures.
 9. OFS may approve exceptions to use of petty cash use with proper documentation such as a petty cash log that documents the unavailability of a SPOTS card holder for a specific transaction.
 10. Any petty cash fund shall be overseen by a manager with established delegated signature authority as per DHS|OHA-040-010. The manager shall:
 - a. Designate two permanent employees as primary and alternate custodians to oversee the funds.
 - b. Establish appropriate internal controls and segregation of duties in accordance with the Oregon Accounting Manual (OAM)10.20.00.PO.
 - c. Ensure that the employees' position description describes the duties and responsibilities of a primary or alternate petty cash custodian.
 - d. Ensure designated employees are knowledgeable of, understand and receive training in internal controls, agency policies, and applicable state laws, rules and regulations governing the custody and control of petty cash funds.
 11. Within two business days of a change in manager, primary, or secondary custodian, a reconciliation of petty cash and updated MSC 0186 form shall be submitted to the OFS Accounts Payable unit.
 12. All staff using petty cash shall read and adhere to the petty cash policy and procedures.
 13. Staff shall request pre-approval from a manager with delegated authority for all petty cash purchases.
 14. Petty cash funds shall be used to provide expenditure advances or reimbursements.
 15. Petty cash advances shall be allowed by completing the MSC 0184 form in its entirety.

- a. Staff shall return original purchase receipts and unused funds within two business days.
 - b. Clients shall repay advances within 10 business days and shall not include receipts.
16. Staff shall request petty cash reimbursement by completing form MSC 0185 in its entirety and attaching original receipts.
17. All receipts shall be originals. Copies are not acceptable. Receipts that show evidence of alteration are not acceptable.
18. When a receipt is unavailable or lost, a written statement detailing the vendor, amount paid, and details about the purchase is required and shall be signed by the claimant and manager providing the reason(s). A consistent pattern of missing documentation is a serious concern and may lead to disciplinary action
19. The petty cash custodian or alternate custodian shall document advances and reimbursements on the petty cash ledger MSC 0188 immediately as they occur.
20. At all times, the total currency and receipts shall equal the total authorized amount of the petty cash fund as defined by the imprest basis.
21. The custodian shall reconcile the petty cash fund on a monthly basis.
22. The petty cash fund shall be replenished on a timely basis to ensure that a sufficient amount of cash is kept on hand at all times. Petty cash funds shall be reimbursed at least once every 30 days regardless of the reimbursement amount.
23. OFS Accounts Payable unit shall not be authorized to replenish the petty cash fund if:
- a. The amount requested exceeds the maximum amount authorized.
 - b. A purchase or transaction violates policy.
 - c. The current custodians' names are not on file with form MSC 0186.
24. 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 agency policies and applicable state laws, rules and regulations.
25. The petty cash manager shall ensure that cash overage and shortages of \$25 or more are handled in accordance with policy DHS|OHA-040-013.
26. The petty cash funds shall be subject to periodic audits by internal and external auditors to ensure that proper controls are maintained.
27. The manager and custodian shall ensure that the fund is always balanced and available for audit.

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](#) Internal Control - Cash

Forms referenced

MSC 0184 Petty Cash Advance Request

MSC 0185 Petty Cash Reimbursement Request

MSC 0186 Change of Petty Cash Custodian

MSC 0187 Request to Establish Petty Cash Fund

MSC 0187b Receipt of Petty Cash Funds

MSC 0188 Petty Cash Ledger

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-040-017-01 Establishment or Changes to Petty Cash Fund

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

[DAS 107-001-020](#) Public Records Management - Records Retention Schedule

Contact

Shawn Jacobsen

503-385-7154

Shawn.JACOBSEN@dhsaha.state.or.us

Policy history

07/01/2009 – Initial Release

03/28/2014 – Update to new language and format

02/03/2020 – Updated policy

Keywords

Box, cash, custodian, disbursements, drawer, expenditures, expenses, petty

This document can be provided upon request in an alternate format for individuals with disabilities or in a language other than English for people with limited English skills. To request this document in another format or language, contact the Publications and Design Section at 503-378-3486, 7-1-1 for TTY, or email dhs-oha.publicationrequest@state.or.us.