

OREGON ACCOUNTING MANUAL		Number 10.20.00.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2001
Chapter	Internal Control	.1 OF .2
Part	Cash	
Section		Approval Signature on file at SCD

Authority **ORS 291.001**
ORS 291.015
ORS 293.180
ORS 293.265

- .101 The principle of accountability, insofar as it relates to cash on hand and bank accounts, can best be described as follows: the custodian of every cash fund is responsible for the integrity of the cash fund and his/her discharge of that responsibility is to be reviewed periodically. For **petty cash, change funds**, and cash receipts, this review consists of surprise counts by independent employees. For bank accounts, it consists of an independent reconciliation of the agency cash balances. The designation of specific responsibility for custody of cash funds is vitally important, and should be done through organization charts, operating manuals, position descriptions, or similar written documents.
- .102 All officers and employees who have access to cash and/or are accountable for property of the State or held by the State in trust for others should have adequate surety coverage. It may be appropriate to conduct a background check on prospective employees. In the State, all officers and employees, whether classified, elected or appointed, have blanket faithful performance coverage through a bond obtained by the Risk Management Division, Department of Administrative Services. Risk Management keeps a master policy on file and available for inspection and invoices each agency for its proportionate share of the premium. However, certain inappropriate action by a State employee may negate this insurance protection for him/her.
- .103 Controls and safeguards must be adequate to provide management with a reasonable degree of assurance that cash and cash related transactions will be properly accounted for and controlled.

Treasury and Bank Accounts

- .104 The Treasury, in consultation with the Department of Administrative Services, may establish or designate accounts and funds as legally authorized. Most cash accounts and funds are established by specific statutes or in the Oregon Constitution. Accounts and funds shall be administered in accordance with written directive or policy issued or approved by the State Treasurer. These accounts and funds may be established whenever necessary or convenient to the carrying out of accounting, budget preparation, cash management, financial management, financial reporting or similar laws. The cash accounts and funds must also be set up in the Statewide Financial Management System.
- .105 When money is received by an agency, it is deposited at the bank. With some exceptions, the State Treasurer does not allow a State agency to have an account at a bank. Instead, the agency's account is at Treasury. When agencies deposit money at the bank, they are actually depositing to the Treasurer's account at the bank. In effect, Treasury is the agency's bank and

has contracted with various commercial banks to accept deposits from agencies as a mechanism for agencies to efficiently deposit money to their accounts at Treasury.

Petty Cash

- .106 An agency may establish a petty cash fund with legislative approval. The fund can only be established from legally authorized appropriations or limitations. (See ORS 293.180.)

Change Funds

- .107 An agency may establish change funds without legislative or Department of Administrative Services (DAS) approval. A change fund so established is subject to periodic audit by the Secretary of State Audits Division.