

OREGON ACCOUNTING MANUAL		Number 10.40.00.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date July 1, 2001
Chapter	Internal Control	.1 OF .3
Part	Expenditures	
Section		Approval Signature on file at SCD

Authority [ORS 291.015](#)
[ORS 291.990](#)
[ORS 293.275](#)
[ORS 293.295](#)
[ORS 293.306](#)
[ORS 293.330](#)
[ORS 293.485](#)
[ORS 293.590](#)

Employee Responsibility

- .101 This policy sets **accountability** standards for **agency heads** and employees with delegated commitment and expenditure authority and defines accountability for all employees within a given risk environment. Oregon statutes give agency heads the responsibility for approving the use of State resources for commitments, **expenditures**, and disbursements of their agency.
- .102 An agency head is authorized to make expenditure decisions by statute and legislative appropriation. He/she may delegate **expenditure decision authority** to subordinates in writing. Any person who exercises expenditure decision authority shall be legally responsible and accountable for the expenditure. If the agency head or the approving officer lawfully delegates expenditure decision authority to another, those delegating this authority could still be held responsible or accountable for another's expenditure, especially when they have reason to know the expenditure is unlawful or contrary to agency policy. If the person exercising expenditure decision authority directs another person to make a purchase or incur an expenditure, the person following this direction shall not be held responsible or accountable for the expenditure, unless that person has knowledge clearly indicating that the expenditure is unlawful.
- .103 Each agency head must develop written documentation evidencing delegation of expenditure decision authority to specific individuals. These documents can be kept centrally, such as the agency Controller's Office or the Business Office, or in branch or field offices. For agencies using electronic approvals, the delegation listing must be kept current to document the authorizations made. (Forms for establishing signature authority are available from the Oregon State Treasury at <http://www.ost.state.or.us/wrapfin.htm>.)
- 104 Each employee authorized to make an expenditure decision involving **State funds** is responsible for the "good judgment" and "lawfulness" of the expenditure. He/she must ensure that the transaction is for authorized purposes and is a responsible and appropriate use of these funds. A negligent or fraudulent expenditure can result in personal financial responsibility and/or disciplinary action up to and including dismissal.

- .105 The following four criteria must be met for payment of a **claim** against money held in the State Treasury:
- a. The claim must be supported by the approval of the agency that incurred the **obligation** or made the expenditure on which the claim is based. That is, the approval is evidenced by the signature of the **approving officer**.
 - b. Provision for payment of the claim must be made by law and appropriation.
 - c. The obligation or expenditure on which the claim is based must be authorized as provided by law.
 - d. The claim otherwise satisfies requirements as provided by law.

Fiscal Office Responsibility

- .106 Accounting office personnel who have not been delegated expenditure decision authority or any preaudit responsibility, but merely process the claim for payment, shall be held responsible only for the accuracy of their actions in processing the claim, based upon the information then available to them. Claim processors should exercise reasonable due care in performing the duties assigned to them in their position. Likewise, **employees who execute payment documents** do not have expenditure decision authority unless specifically designated.
- .107 **Payment documents** used to authorize expenditures include invoices, entitlements, awards and grants, grant disbursement requests, vouchers, check requests, insurance claims, **purchase orders**, contract release orders, travel claims, personnel actions for payroll transactions, and other similar forms. When the approving officer approves these or similar documents, the claim processors make the payment timely consistent with good cash management practices based on that approval and within delegated authority. That is, they can rely on the approval as the only necessary authorization to make payment if so directed by agency policy.
- .108 Claim payments should be reviewed internally for accuracy and appropriateness. Payments should also be reviewed by employees independent of the claims and payables process.

Penalties for Inappropriate Action

- .109 Consideration of risk, materiality, and required effort are key elements in management's evaluation of necessary controls. While waste and abuse must be controlled and eliminated, the controls must serve a good business purpose and be cost beneficial.
- .110 Although unusual, there are occasional cases of employee dishonesty. Any suspected dishonesty case will be handled in accordance with ORS Chapter 278 (See <http://landru.leg.state.or.us/ors/278.html>) and Department of Administrative Services (DAS) Risk Management Division (RMD) policy. Additional information is available on the RMD web site at <http://risk.das.state.or.us>.
- .111 Inappropriate actions by responsible persons authorizing the expenditure of State funds may result in different penalties, depending on the circumstances. In some cases, the State's insurance protection may be denied employees when purchases were not for appropriate purposes. The following are typical consequences relating to different levels of inappropriate expenditures:
- a. A simple error is defined as an unintentional action that was thought at the time to be proper but discovered later to be inappropriate. Under this rule, there is no penalty for a simple error as long as it is not part of a pattern of simple errors. Such a pattern may move the action to the negligence category.

- b. Negligence is defined as failure to act reasonably under the circumstances then and there existing. Under this rule, an employee may incur disciplinary action for expenditures that are negligent or contrary to State or agency policy.
 - c. Gross negligence is defined as wanton or reckless disregard of one's duty of due care. Under this rule, the penalty for gross negligence may include personal financial responsibility and/or disciplinary action up to and including dismissal.
 - d. Fraud is defined as an intentional material misrepresentation, omission when there is a duty to disclose, a loss, or unlawful diversion of public funds. Theft is defined as an intentional diversion of state property to personal use. Under this rule, the penalties for fraud and theft may include personal liability; disciplinary action, up to and including dismissal; and criminal sanctions.
- .112 In addition to the sanctions described in the preceding paragraph, the State reserves the right to refer instances of abuse that violate other statutes to the appropriate law enforcement authority. These referrals may include, but are not limited to, criminal prosecutions for theft (ORS 164.015 - 164.125) or abuse of public office (ORS 162.415) and proceedings for violations of the Oregon Ethics in Government Act (ORS chapter 244). Oregon Revised Statutes can be found at <http://landru.leg.state.or.us/ors/>.
- .113 The Code of Ethics for State employees (ORS 244.040) provides that no employee can gain personally from his/her employment. Courts have declared that public office is a trust for the benefit of the public that the government serves. It is the duty of all public officers and employees, as fiduciaries of that public trust, to exercise good judgment and common sense in obligating and expending the resources of the State. Each employee must take responsibility for the use of State resources and use the State's resources wisely.