BHDD SOUTH CAROLINA DEPARTMENT of BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES
OFFICE of INTELLECTUAL AND DEVELOPMENTAL DISABILITIES

Henry Dargan McMaster, *Governor*

OFFICE of INTELLECTUAL AND DEVELOPMENTAL DISABILITIES
Constance Holloway, *Office Director*

MEMORANDUM

To: Executive Directors of DSN Boards; Executive Directors of Private Providers; Chief Financial Officers of DSN Boards; and Chief Financial Officers of Private Providers

From: Constance Holloway, Esq. CDH
Office Director

Date: August 5, 2026

Subject: Procedures for Accounting for Cash Variances Due to Penny Phase-Out

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As pennies fall out of circulation, businesses may round cash transactions resulting in variances of less than five cents in amounts returned to or received on behalf of individuals receiving services. This memorandum serves as guidance for documenting these rounding variances on an individual's Cash on Hand Ledger and will remain in effect until OIDD directive 200-01-DD, Cash on Hand Maintained at the Residential Level, is revised to reflect these changes.

All cash variances resulting from penny shortages must be documented in the Cash on Hand Ledger. In addition to the cash ledger requirements outlined in 200-01-DD, documentation should include:

- The amount of the variance; and
- The reason for the variance (e.g., penny shortage-rounded to the nearest $0.05).

As a reminder, Cash on Hand ledgers should always reflect actual amounts of cash deposited or withdrawn, and receipts are required for all withdrawals that are not for "personal cash" as documented in an individual's Financial Plan. Receipts must never be altered, modified, or adjusted to match the amount of cash exchanged.

During monthly balancing, penny-related variances should be totaled and reviewed. Minor variances attributable to penny shortages will not result in audit exceptions provided they are infrequent, properly recorded, and do not indicate a pattern of inaccurate cash handling.

The goal of these procedures is to maintain accurate accounting records while recognizing the practical effects of the penny phase-out on cash transactions. Proper documentation will ensure transparency, accountability, and consistency in the management of client funds.

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