

## Petty Cash Policy



**Education is for improving lives and for leaving your community and world better than you found it.**

**Approved by the Audit & Risk Committee of Trustees on: March 2024**

**Review date: March 2025**

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## 1.1 Introduction

This document gives guidance on when it would be appropriate to pay for goods and services via petty cash and the procedures to be followed when processing petty cash payments.

Petty Cash is not a trust requirement, but is an option for schools that regularly require cash purchases. If ad hoc cash float balances are required for specific events, a one-off cheque can be provided, which would then be re-banked.

## 1.2 Use of Petty Cash

Petty Cash should be used for purchases only. Any income should be dealt with separately through local banking or cash collection. The use of petty cash should be kept to a minimum.

In general, the use of petty cash is the most practical payment method in situations where the amount involved is small (maximum £50) and either:

- use of a charge card is not practicable
- the supplier requires payment by cash.

## 1.3 Responsibility for Petty Cash Management

The petty cash box is to be located within the main school office/finance office. The following are responsible for the petty cash boxes:

- Office Manager (Primary Schools)
- Finance Officer/Assistant (Secondary Schools)

These members of staff (hereafter referred to as Petty Cash Officers) have responsibility for the day to day management of the petty cash balance. All requests for petty cash reimbursements should be directed to the relevant Petty Cash Officer.

Petty cash floats are to be set up by the approval of the Trust Accountant at Community Academies Trust (CAT) Central.

At times when the Petty Cash Officer is absent for a period of a week or more, another staff member within the office will take over the role.

## 1.4 Petty Cash Security

The petty cash box should be a lockable container and must be securely locked away in the departmental safe at all times when not in use and overnight. The key must be securely stored by the relevant Petty Cash Officer.

The Petty Cash spreadsheet, which records all transactions in the period, must also be maintained and kept up to date (refer to section 1.8).

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## 1.5 Issuing Petty Cash

Each petty cash account will have a stock of petty cash vouchers. A template can be obtained from the CAT central team. For each item of expenditure funded from petty cash, a petty cash voucher should be completed by the Petty Cash Officer. This will show the amount of petty cash issued, the nature of the expenditure and the department(s) that is funding the spend.

The petty cash vouchers must be named, signed and dated by the person receiving the cash (the recipient).

The petty cash voucher is always held by the Petty Cash Officer.

The recipient must be able to provide sufficient information to allow appropriate coding of the expenditure.

Valid ID should be provided to the Petty Cash Officer where required to confirm identity.

Where possible, reimbursements from petty cash should be made rather than advances. The staff member makes a purchase and receives payment from petty cash after the transaction has taken place and where a receipt can be provided in advance.

## 1.6 Advances from Petty Cash

On occasion, a member of staff may require petty cash in advance of making a purchase. The staff member must visit the Petty Cash Officer to obtain the advance. They must sign a petty cash voucher which details the amount advanced and the nature of the expenditure.

Any change together with the original receipt for the purchase, which in total is the amount advanced, must be returned to the Petty Cash Officer as soon as is practical but no later than 3 working days after the advance was given.

The original petty cash voucher completed when the advance was given should then be updated to reflect the actual amount spent. If after 3 days no receipt and change have been received, the Petty Cash Officer will follow up with the recipient and, if necessary, the Headteacher.

## 1.7 Receipts

An original receipt, providing details of the goods or services purchased must be obtained for all items of expenditure requiring reimbursement from the petty cash box. For advances, this can be provided within 3 days of receipt.

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## 1.8 Recording of Petty Cash Expenditure

The Petty Cash Officer should record all petty cash expenditure on the Petty Cash Spreadsheet immediately after the reimbursement or advance has occurred. (See Appendix 1)

The sheet records the voucher number, transaction date, name of the supplier, description of the transaction, the amount paid, expenditure coding information and VAT paid. If there is no VAT number shown on the receipt, then it is unable to be re-claimed.

## 1.9 Finance Petty Cash Reconciliation

On a monthly basis the Petty Cash Officer should complete the Petty Cash Reconciliation Sheet (see Appendix 1) and count and record funds in the petty cash box. If the funds do not reconcile back to the sheet, the variance needs to be investigated before any further action is taken.

Once the fund has been reconciled, the Petty Cash Reconciliation Sheet should be approved as required by the school's internal processes.

A copy of the sheet should be sent to the Central Finance Team, for entry on to the finance system.

At year end, a copy of the reconciliation sheet for the whole year should be sent to the Trust Accountant ready for the external audit.

## 1.10 Float Reimbursement

If there is a request for additional funds to reimburse the petty cash float, this should be made via email to the Trust Accountant at CAT Central. A cheque to cash at a local branch will be issued alongside either an open credit facility or a letter of authorisation.

The cash book transfer will be posted to the finance system by a member of the central team.

## 1.11 Prohibited Expenditure

Petty Cash must not be issued for personal purposes, for the cashing of personal cheques or for the payment of salaries or wages. It also cannot be used to make payments on which income tax must be considered such as travel expenses, working lunches and subsistence.

Petty Cash must not be issued for purchases over £50. If the recipient is aware that the purchase will exceed this amount the charge card should be used. If this is not practicable, the staff expenses policy should be followed.

Alcohol should not be purchased using petty cash.

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## **1.12 Audit**

Routine spot checks of the petty cash boxes and a count and reconciliation of the monies will be led by the Trust Accountant at CAT Central to ensure these procedures have been followed. The processes followed and spreadsheets maintained will also be reviewed by internal and external auditors.

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## Appendix 1 – Summary Sheet & Reconciliation Sheet

Date	Folio No.	Supplier	Description	GL Code	Department	Fund (RES/UNR)	Net	VAT	Gross
01-Sep	Sample	Post Office	Stamps	3680	351		£ 2.25		£ 2.25
02-Sep	Sample	Post Office	Stamps	3680	351		£ 5.53		£ 5.53
06-Sep	Sample	WH Smith	Envelopes	3690	351		£ 5.00	£ 1.00	£ 6.00
									£ -
									£ -
									£ -
									£ -
									£ -
<b>Total Sep</b>							<b>£ 12.78</b>	<b>£ 1.00</b>	<b>£ 13.78</b>

<b>Petty Cash Reconciliation Sheet</b>									
Date:		31/01/2017							
Denominations	Cash in Tin								
£ 20.00	£ 200.00								
£ 10.00	£ 20.00								
£ 5.00									
£ 2.00									
£ 1.00	£ 1.00								
£ 0.50									
£ 0.20									
£ 0.10	£ 0.20								
£ 0.05									
£ 0.02	£ 0.02								
£ 0.01									
Cash at Month End	£ 221.22								
Balance Brought Forward	£ 85.00								(Balance brought forward from previous reconciliation sheet)
Total of Cheques drawn for petty cash	£ 150.00								(Money put in to tin from CAT account)
Total of Items purchased	£ 13.78								(Total of items purchased from petty cash page)
Total of Cash in Hand	£ 221.22								(Total money minus purchases made)
Difference	£ -								(Variance from tin - this should be £0)

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