

Petty Cash Policy



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

Approved by the Board of Directors on: 1 July 2020

Review date: July 2022

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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 on planned leave 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 Head of School.

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 then the variance needs to be investigated before any further action is taken.

Once the fund has been reconciled, the transactions will need to be entered onto SAGE (See Appendix 2 for directions).

Once this process is complete, the Petty Cash Reconciliation Sheet should be approved as required by the schools internal processes. It should then be made available to the Trust Accountant at CAT Central.

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 should then be posted in Sage (See Appendix 3 for directions).

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

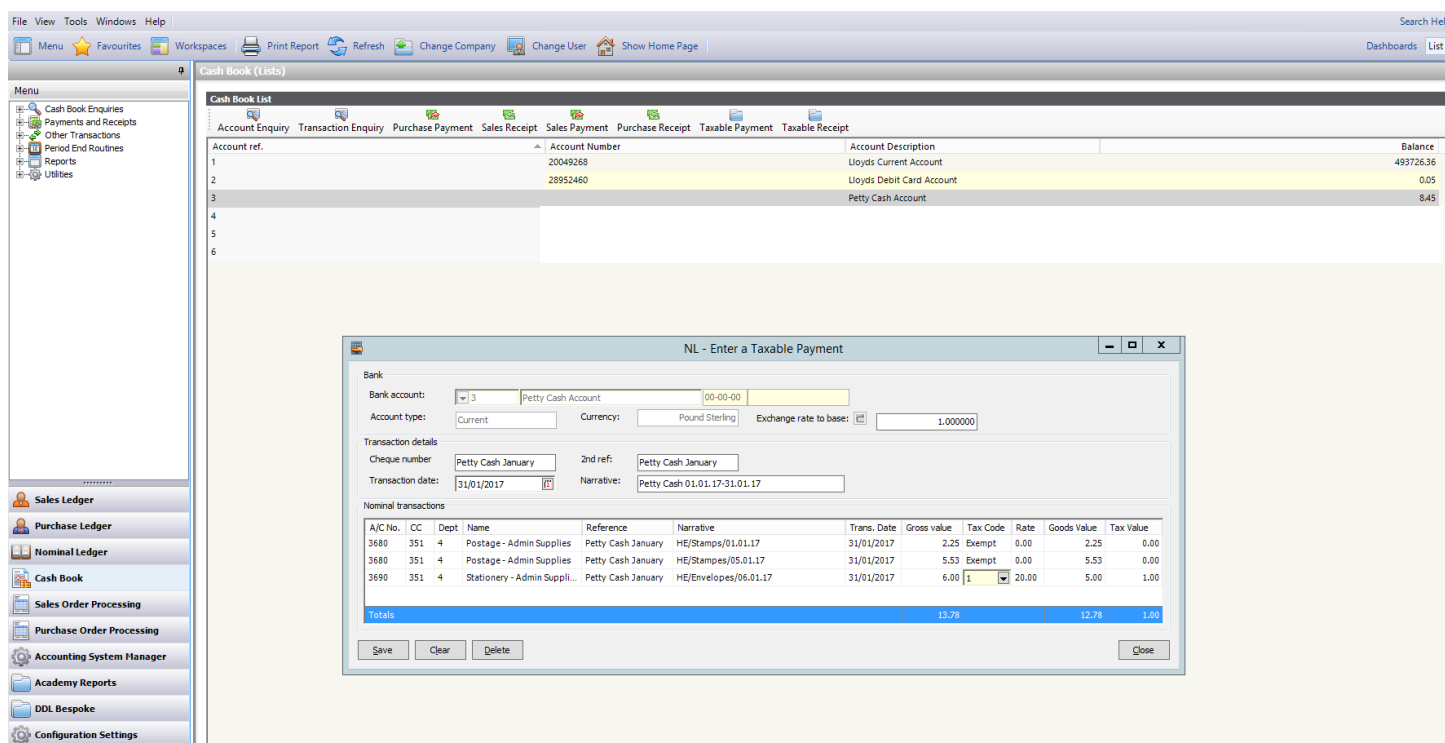
Routine spot checks of the petty cash boxes and a count and reconciliation of the monies will be led by the Trust Accountant at CAT Central to ensure these procedures have been followed. The processes followed and spreadsheets maintained will also be reviewed by internal and external auditors.

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Appendix 2 – Petty Cash Input Procedure

1. On SAGE 200 select 'Cash Book'.
2. Select 'Bank Account List'.
3. Select 'Petty Cash' from the Cash Book List by highlighting it.
4. Select 'Vatable Payment' at the top of the screen by clicking it.
5. Enter the petty Cash voucher number and the month that transactions relate to in 'cheque number box'.
6. Put the 'transaction date' to date the transactions relates to.
7. The '2nd Reference' should be the same as the 'cheque number box'.
8. Enter 'Petty Cash' and the period to be covered in the 'narrative'.
9. Enter the cost centre, nominal codes and department from your petty cash summary sheet.
10. The narrative for each line should be updated to read staff initials of Petty Cash Officer/item purchased/date of transaction.
11. Ensure all the dates in the date column match to the last day of the month the transactions relate to.
12. Enter the gross amount.



The screenshot shows the SAGE 200 interface. The main window displays the 'Cash Book List' with a table of accounts. A dialog box titled 'NL - Enter a Taxable Payment' is open, showing the following details:

Nominal transactions											
A/C No.	CC	Dept	Name	Reference	Narrative	Trans. Date	Gross value	Tax Code	Rate	Goods Value	Tax Value
3680	351	4	Postage - Admin Supplies	Petty Cash January	HE/Stamps/01.01.17	31/01/2017	2.25	Exempt	0.00	2.25	0.00
3680	351	4	Postage - Admin Supplies	Petty Cash January	HE/Stamps/05.01.17	31/01/2017	5.53	Exempt	0.00	5.53	0.00
3690	351	4	Stationery - Admin Suppl...	Petty Cash January	HE/Envelopes/06.01.17	31/01/2017	6.00	1	20.00	5.00	1.00
Totals							13.78			12.78	1.00

13. Ensure the VAT amount matches the amount shown on the receipt.
14. Ensure that the appropriate VAT code is used i.e. 10 for non business, 0 for exempt and 1 for standard VAT.
15. Before saving, check that the 'Tax Value' and 'Goods Value' totals match the total of your summary sheet - if all ok then save.

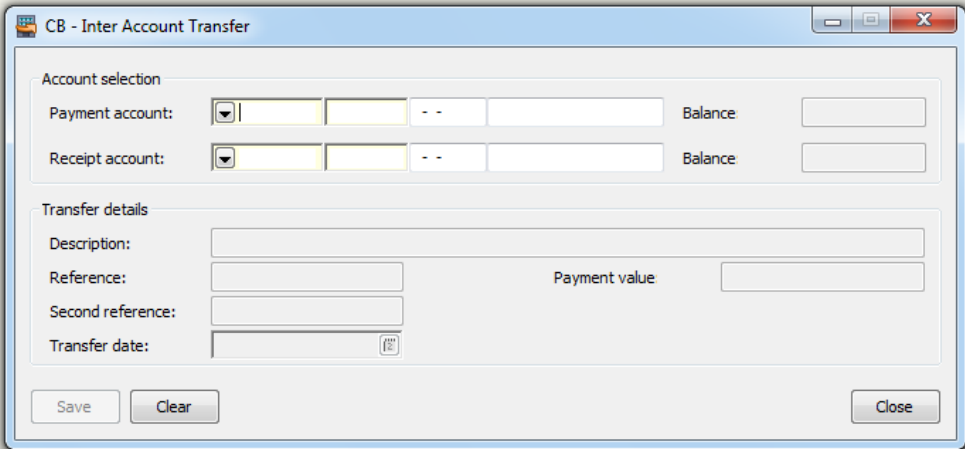
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16. After saving, refresh the Cash Book page and check that the balance showing in your petty cash account matches the total of cash in hand on your reconciliation sheet.

Appendix 3 - How to Reimburse the Petty Cash Account

1. To enter a cheque onto the Petty cash for funds added to the petty cash tin. Go to Cash Book/Other Transactions (in the drop down menu)/Inter Account Transfer.
2. The following screen will appear.



3. Select Payment Account- Lloyds Current Account
4. Select Receipt Account - Petty Cash Account
5. Enter the Description - Type reason for the transfer ie. Petty Cash Fund increase - to reinstate float
6. Reference - if a cheque is being used type in the cheque no. here for reference
7. Payment Value - enter the amount of the reimbursement
8. Enter transaction date
9. Select Save
10. These transactions will now show as a payment on Lloyds Bank account (reducing your balance) and as a receipt on the Petty Cash Account (increasing your balance).

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