



# **Petty Cash Policy 2024**

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Reviewed by: Trust Finance Director

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## **1. Introduction**

- 1.1 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.
- 1.2 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 cash delivery from the Trust's cash carrier can be provided.
- 1.3 Each academy maintains a maximum cash balance of up to £1,000

## **2. Use of Petty Cash**

- 2.1 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.
- 2.2 In general, the use of petty cash is the most practical payment method in situations where the amount involved is small and either:
  - use of a charge card is not practicable
  - the supplier requires payment by cash.

## **3. Responsibility for Petty Cash Management**

- 3.1 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)
- 3.2 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.
- 3.3 Petty cash floats are to be set up by the approval of the Trust Finance Director.
- 3.4 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.

## **4. Petty Cash Security**

- 4.1 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.

4.2 The Petty Cash spreadsheet, which records all transactions in the period, must also be maintained and kept up to date (refer to section 8).

## **5. Issuing Petty Cash**

5.1 Each petty cash account will have a stock of petty cash vouchers. A template can be obtained from the finance 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.

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

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

5.4 The recipient must be able to provide sufficient information to allow appropriate identification of the budget for the expenditure to be charged to.

5.5 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.

## **6. Advances from Petty Cash**

6.1 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.

6.2 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.

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

## **7. Receipts**

7.1 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.

## **8. Recording of Petty Cash Expenditure**

- 8.1 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)
- 8.2 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.

## **9. Finance Petty Cash Reconciliation**

- 9.1 On a termly 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.
- 9.2 Once the fund has been reconciled, the Petty Cash Reconciliation Sheet should be approved as required by the school's internal processes.
- 9.3 A copy of the sheet should be sent to your usual finance team, for entry on to the finance system.
- 9.4 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.

## **10. Float Reimbursement**

- 10.1 If there is a request for additional funds to reimburse the petty cash float, this should be made via email to the finance team. A cash delivery will be organised directly to the school from the Trust's cash carrier.
- 10.2 The cash book transfer will be posted to the finance system by a member of the central team.

## **11. Prohibited Expenditure**

- 11.1 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.
- 11.2 Alcohol should not be purchased using petty cash.

## **12. Audit**

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

## Appendix 1 – Summary Sheet & Reconciliation Sheet

<u>Cash</u>			<u>Petty Cash</u>	<u>Reconciliation 30/08/2023</u>	
<i>adv</i>	-		01/09/2021	Opening balance	305.00
<i>20</i>	-		25/05/2022	Cash tin top up	695.00
<i>10</i>	260.00		31/08/2022	Cash tin top up	-
<i>5</i>	180.00		31/08/2022	Cash tin top up	-
<i>2</i>	56.00		31/08/2022	Less expenditure	- 418.60
<i>1</i>	40.00				
<i>0.5</i>	17.50				<b>581.40</b>
<i>0.2</i>	10.00				
<i>0.1</i>	10.40				
<i>0.05</i>	7.40			<b>Agrees to cash tin</b>	<b>581.40</b>
<i>0.02</i>	0.08				
<i>0.01</i>	0.02				
Total in Tin	<b>581.40</b>				

<b>Date</b>	<b>Description</b>	<b>Amount (£)</b>
07/06/2022	S. GOLDING-MINIBUS VALET	60.00
21/06/2022	S. GOLDING-MINIBUS VALET	20.00
	Total expenditure	80.00