

Petty cash

Toolkit guidance

This toolkit explains:

- what petty cash is
- what it can be used for
- security of cash
- who to contact to set up a float
- claiming petty cash back
- reconciliations

What is petty cash?

Petty cash is intended for small value transactions only **where it's not possible to use a purchasing card**. Claimants can reclaim monies spent from petty cash float or imprest. The term float simply means the approved amount of cash held in the establishment. For example, an establishment may have an approved cash imprest of £100, this means that if you spend £50.20 through petty cash claims you would reclaim that amount to make the total cash available back up to £100. At no time can the total amount of cash exceed the approved imprest.

Receipts

Receipts are to be provided by the claimant after the expenditure was incurred and reimbursed from the petty cash float accordingly. In some instances cash can be issued before the purchase is made – an example would be bus fares when taking a resident out. The claimant must then submit receipts (for example bus tickets). See below for more details of what can and can't be claimed.

Claims operation

Periodically (usually monthly but will depend on frequency of use and value) a petty cash claim should be submitted via FMS which will reclaim the value of monies expended to make the cash held back up to the approved cash level (the cash "float"). Reimbursement is normally by cheque or BACs, the person responsible for the float would then withdraw the funds from the bank and replace the monies spent. Details of how to submit a claim can be found on the FMS toolkits. (For details of what can be claimed please see claim eligibility below)

Reconciliations

Reconciliations must be carried out on a regular basis. How often this is done will vary according to the size of the float and the number of transactions, but as a minimum there should be a monthly reconciliation. An independent member of staff must reconcile the amount of cash held in the cash box and the vouchers with the value of the petty cash float. This must be checked and evidenced by a person not involved in administering petty cash.

The cash reconciliation should be checked against the petty cash reconciliation screen in FMS which will confirm the values of each transaction.

Responsibility

The responsibility for the custody of petty cash, disbursements, reimbursements and reconciliations rests with the designated officer.

To set up a petty cash float please contact your financial manager

Security

Cash should be held in a secure receptacle such as a cash box and locked in a drawer, secure cabinet or safe (will depend on value of float and the establishment). Officers are also referred to the requirements of financial regulation 13 concerning the security of physical assets and financial regulation 15 which deals with insurance requirements concerning cash and other valuables

Claim eligibility

Travel and subsistence

Claims by officers of the department for the reimbursement of car mileage, travel and subsistence expenditure **must** be made via the payroll system.

In certain circumstances, such as taking a resident shopping, it may be possible to get a petty cash advance for the monies to be expended with the agreement of the manager and petty cash holder. This must be evidenced showing the amount disbursed. Receipts must be submitted and any unspent cash repaid.

Petty cash may be used to reimburse reasonable travel and subsistence costs where the claimant is not an officer of the council. This transaction is subject to the usual petty cash rules and requires submission of a completed petty cash voucher, a valid VAT receipt

Payments for goods and services

Payments for good and services should be paid by invoice or requisition or purchasing card and only in exceptional circumstances paid via petty cash, and then only for small amounts. If an officer is making regular claims for purchases they should be encouraged to use a purchasing card. Where a claim is to be made this should be evidenced by a receipt which should show details of the purchase, VAT element and VAT registration number.

Any items to be purchased of larger values should be purchased by purchasing card or invoiced.

Petty cash for personal use

Under NO circumstances should:

- personal or any other cheques be cashed from any cash float
- monies be 'borrowed' from the petty cash float for personal use

Any abuse of these rules WILL result in disciplinary action against the individual(s) involved

Petty cash operation

The officer responsible for petty cash is to ensure that a permanent record is maintained using the FMS system, in which the level of the petty cash transactions are to be entered. Whenever cash is withdrawn from the cash-box, a voucher must be made out by the officer responsible for the petty cash, detailing the amount of cash withdrawn. This voucher is to be signed by the member of staff, receiving the cash (to make a purchase) and placed in the cash-box pending a receipt and the appropriate change being produced.

Where it's not possible to obtain a receipt or ticket, then the officer responsible for petty cash must prepare and sign a petty cash voucher, providing details of the transaction.

Where the receipt obtained indicates the VAT registration number of the supplier and shows the VAT as a separate amount, then the amount of VAT is to be recorded separately on the voucher. The council can claim VAT back from HMRC therefore VAT receipts should be obtained at all times.

If in doubt please contact your finance officer

Related documents

BSC payroll – car mileage claim BSC creditor payments module petty cash voucher
Financial regulation: 13 securities of physical assets and 15 insurance
guidance manual – Petty cash claims on FMS