

FINANCIAL REGULATIONS SUPPORT DOCUMENT 32

Operation of Petty Cash Accounts & Floats

1. Introduction

This document is a guidance note which supplements [Financial Regulation 17- Petty Cash Accounts and Floats](#).

A petty cash account (sometimes known as an Imprest account) is an advance of cash from which small items of expenditure may be paid. A float is an amount of cash maintained on site for the purpose of giving change to customers.

Petty cash should be used as a method of procurement as a last resort and only then for low value expenditure.

This document outlines the roles and responsibilities of petty cash/float holders and explains how to complete a reconciliation of the float.

2. Petty Cash/Float Holders- Roles and Responsibilities

The petty cash/float holder is responsible for the management of the petty cash account/float and is expected to complete the following duties:

- Safe keeping of the cash
- Carrying out checks to ensure that expenditure being paid through petty cash is appropriate and does not avoid another method of payment.
- Checking that petty cash vouchers and VAT receipts are available for all purchases.
- Completing reconciliations at least quarterly for petty cash accounts
- Physically verifying a float each time a till is cashed up.
- Reporting any discrepancies which are over £25 to the Statutory Chief Finance Officer including reporting unders on till cash ups over £25 to the Line Manager and Head of Audit and Assurance
- Completing an annual certificate to verify the amount held in cash and vouchers.
- Ensuring that the Senior Management Accountant is informed of any change in petty cash/float holders so that a certificate for the transfer of the petty cash/float can be completed.

3. Imprest [Petty Cash/Float] Certificates

Officers responsible for a petty cash account/ float are required to sign an Imprest Certificate at year end on 31st March each year confirming the value of the sum held whether in cash or vouchers.

The officer will be sent an electronic copy of the certificate by the Senior Management Accountant and will need to print and sign this. The Senior Management Accountant retains all certificates for audit purposes.

On leaving the employment of the Council, or otherwise ceasing to be entitled to hold a petty cash account or float, officers also need to complete an Imprest certificate. This will confirm that either the petty cash balance/ float is returned or the balance/float is passed to a new holder. When a petty cash/float holder leaves the organisation it is particularly important to ensure that the petty cash balance/ float is accounted for.

4. Petty Cash Process

- A receipt and a petty cash voucher must be available for all items of expenditure. In order for VAT to be reclaimed a VAT receipt must also be obtained. If a VAT receipt has not been obtained a reason for this must be given and approved by an authorising officer.
- A claim to top up the account must be made at least monthly, irrespective of the amount to be claimed. This must be authorised by an Officer whose delegated authority is above the claim.
- The account should be reconciled at least monthly . The total of the cash in hand and the vouchers paid out should always balance the value of the petty cash account.

5. Petty Cash Reconciliations

The Council's Financial Regulations require that clear petty cash records are maintained. This includes the completion of a regular documented reconciliation of the petty cash account against the amount held.

The purpose of the monthly petty cash reconciliation is to ensure that the total of the petty cash in hand and the vouchers paid out balances to the value of the petty cash account.

An example of how a petty cash account could be reconciled is shown in Appendix 1:

6. VAT and Petty Cash Vouchers

In order to reclaim VAT on a purchase the Council must receive either a VAT invoice or a less detailed retailer's VAT invoice. If a retailer's VAT invoice is received then the receipt must contain the following:

- The name, address and VAT registration number of the retailer

- The time of the supply
- A description sufficient to identify the goods and service supplied
- The total amount paid and the total VAT paid.
- For each different rate of VAT chargeable, the gross amount payable including VAT and the VAT rate applicable.

The only time you can reclaim VAT without the above supporting documentation is where expenditure is less than £25 in the following circumstances:

- Purchase from coin operated machines
- Car parking and road tolls
- Telephone calls from a private or public telephone

The appropriate VAT indicator must be shown against each financial analysis code on the Petty Cash Vouchers used to obtain reimbursement. Care should be taken to ensure only the correct Indicator is used.

For information about the correct VAT code to use on a petty cash voucher please refer to [Financial Regulations Support Document 10- A Guide to VAT](#) or contact the Senior Management Accountant.

7. Change Floats

Tills in daily use containing cash should be cashed up daily in the presence of 2 or more officers. All income should be banked after the fixed float has been counted and retained. The Official level of float must remain as the float and not be transferred as income.

Floats not in daily use should be checked on a annual basis by an Officer different to the Float Holder. Records should be kept of all reconciliations carried out which should be signed and dated

Any discrepancy should be investigated and the Line Manager should be notified. Any discrepancies over £25 should be reported to the Statutory Finance Officer.

8. Things Not To Do!

- Under no circumstances should income to the Council be credited to the account. Instead cash/cheques should be paid into the Council's cash office. Only float top ups should be paid into the petty cash account.
- There should be no borrowings or lendings on petty cash accounts.
- The following should not be processed through petty cash accounts:
 - High value individual transactions (anything over £200 required authorisation by a director)

- Payments in respect of travel and subsistence claims. These claims should be submitted to payroll.
- Works carried out under the Construction Industry Scheme (CIS)
- Purchases which could have been made using a GPC card.
- Goods for which the Council has an approved contracted supplier such as Lyreco for stationery and Safe Aid/Arco for protective clothing and uniforms, etc.

9. Further Guidance

If you have any questions which are not covered by this support document please contact the Senior Management Accountant who will endeavour to assist you.

Example Petty Cash Account Reconciliation

Account Account Holder	Example Joe Bloggs	
	£	
Balance Brought Forward	30.00	This is the cash & stamps in hand from the last reconciliation
Add: Amounts Reimbursed	70.00	The amount of any top ups to the account
Add: Outstanding Claims	0.00	Any top ups to the account which are outstanding
Petty Cash Account Total	100.00	
Total Expenditure	85.00	This is the value paid out of the account during the month
Add: Cash & Stamps in Hand	15.00	The value of the cash and stamps currently in hand
Petty Cash Account Total	100.00	