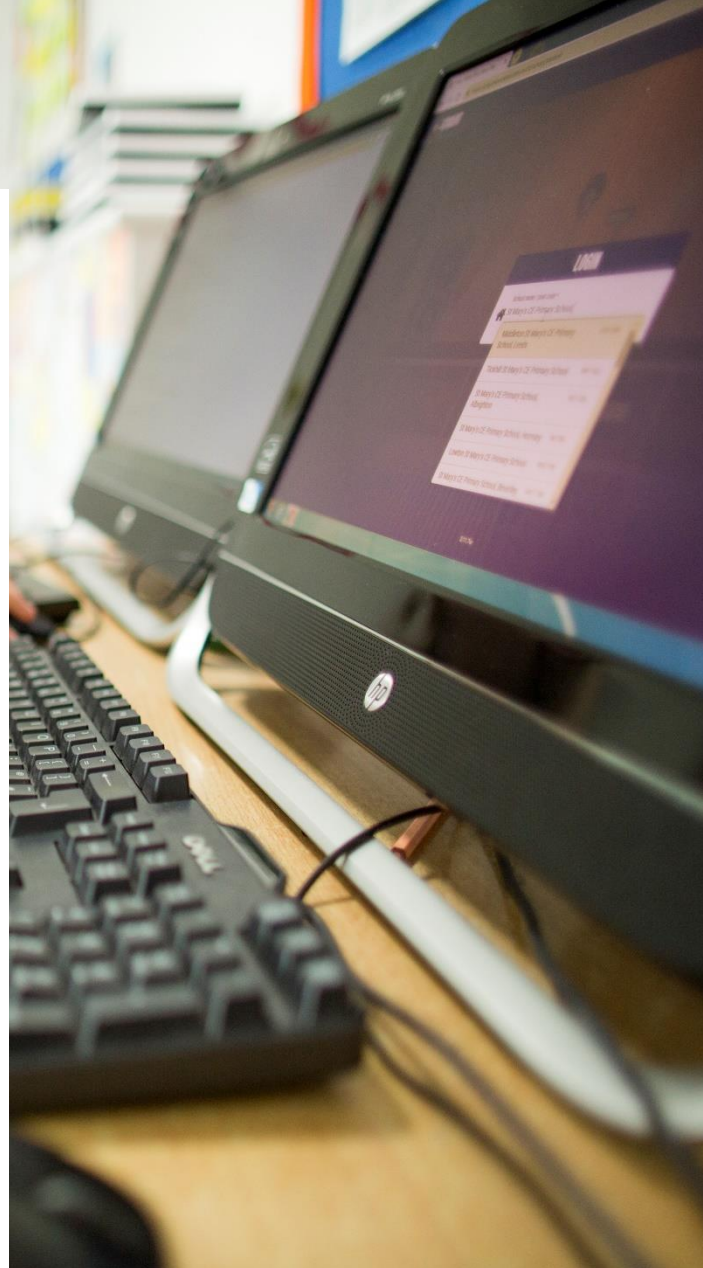




FINANCIAL MANAGEMENT

Petty Cash in Schools



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London Borough of Haringey
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LONDON

Petty Cash Management in Schools

Petty cash management is an on-going process by which the schools ensures that, the petty cash reconciliation is carried out on a regular basis and there are no unauthorised access to petty cash funds.

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Notes:

ESFA – Education & Skills funding Agency

DfE – Department for Education

LA – Local Authority

VFM – Value for money

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INTRODUCTION

Schools Financial Regulations set out the internal controls and procedures to be followed by schools when dealing with the petty cash.

The manual follows the same structure and order as the financial regulations but is designed to give detailed assistance to schools in designing processes to record and demonstrate compliance with regulations.

In any case where conflict is perceived between this manual and the schools' financial regulations then the regulations will apply.

If a school has difficulty in interpreting the regulations or this corresponding financial manual, they should contact Haringey Schools Finance Team.

Sections 45-53 of the School Standards and Framework Act 1998, the annual School Finance (England) Regulations and elements of the Haringey Scheme for Financing Schools also contain regulations supporting this section of the Schools Finance manual

AIMS AND OBJECTIVES

The purposes of the petty cash policy are to ensure that all staff are aware of when and how petty cash can be used in the day to day activities in schools and full compliance is adhered.

Schools who regularly use petty cash may be authorised by the Schools Business Manager/Head teacher, to hold a petty cash float equal to 2/3 of month petty cash expens or maxium of £250.00 , provided no other means of payment are possible. The security and administration of petty cash float is the responsibility of the Head teacher who must nominate a petty cash custodian, normally Schools Business Manager, to maintain the float and be accountable for the cash.

To maintain the integrity of the float, only one person should have access to the funds at any one time. School must also meet the security requirements described in this section and comply with insurance policy of the school. This will include ensuring custodians attend appropriate safety and security training.

PETTY CASH POLICY

1. Petty cash should only be used for small monetary items under £25.00 per claim.
2. Any transaction greater than £25 must go through requisitions and purchase order system. Please refer to Purchase and Payment Section of the Financial Procedure Manual.
3. Petty cash cannot be used for:
 - a. Salaries
 - b. Advertisements
 - c. Loan to staff
 - d. Trips related hospitality expenditures
 - e. Uniforms
 - f. Subscriptions
 - g. Stationary
 - h. Recurrent expenditures
 - i. Staff travel reimbursement of more than £25.00
 - j. Catering
4. The authorised budget holders must sign petty cash voucher.
5. Authorised budget holder must be on the signatory database for the respective budget code.
6. Petty cash expenditure vouchers must be fully completed. Both the person giving the cash and receiving it should sign it.
7. If the authorised budget holders claiming the petty cash should, he/she will need his/her line manager to sign the claim.
8. Payment should not be made without a valid receipt. Where a receipt is not provided and /or vouchers are not signed reimbursement should not be made.
9. Segregation of duties must be maintained at all the times. Please visit Segregation of duties section of the manual.
10. It is important Petty cash account is not overdrawn.
11. Petty cash accounts must be reconciled at the end of every month.

PETTY CASH METHODS

Method 1:

Step 1: Staff should obtain budget holder's approval in writing before purchases.

Step 2: Staff may purchase goods and present both the VAT invoice/receipt and a correctly completed Petty Cash Reimbursement form to the finance officer who is responsible for maintaining petty cash account.

Method 2:

If a staff member requires an advance for the purchase of an item for which the exact cost is not known, they should sign an appropriate record for the advance in the first instance. The record of the advance should be held in the cash tin and should detail:

- the name of the person for whom the advance is given;
- the purpose of the advance;
- the amount of the advance; and
- the signature of the person to whom the advance is given.
- Budget holder's approval

On completion of the purchase, the staff member is to return the change and a completed petty cash docket, as detailed above, for the exact amount of the purchase. The record of the advance is then signed by the staff member and the custodian as evidence of acquittal and retained by the custodian.

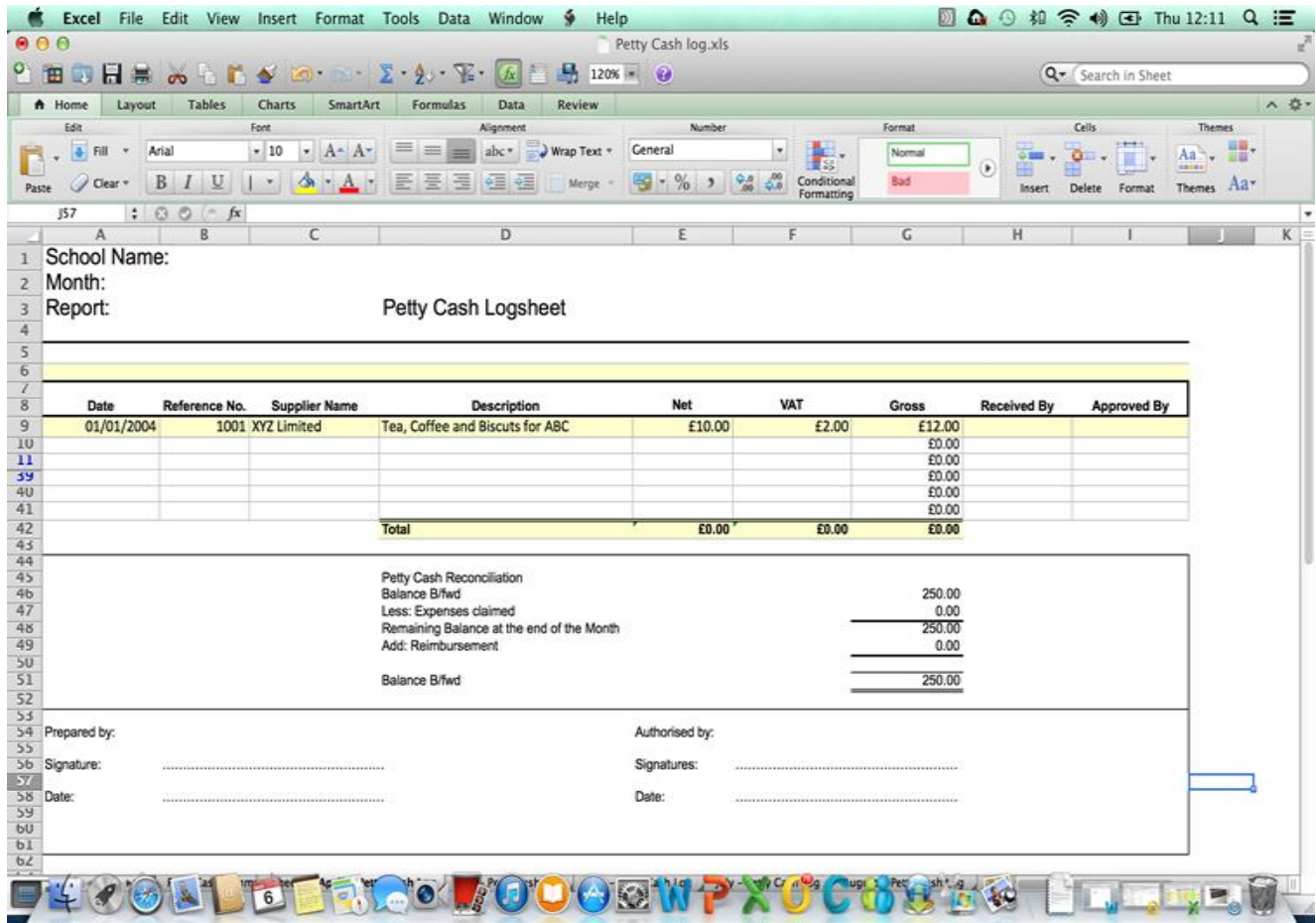
PROCEDURE FOR MAINTAINING THE FLOAT

1. Use the Petty Cash log sheet to keep a running total of cash issued. Record the details for each purchase as a separate line. Update the spreadsheet and balance the float regularly. Keep the tax invoices/receipts attached behind each associated petty cash approval form. The total of the approval forms must equal the total of tax invoices/receipts. (Please see petty cash log sheet)
2. The float is balanced when the total cash on hand (A), plus the total of the petty cash reimbursement forms on hand (which must be backed up by tax invoices/receipts) and any advances on hand (B) plus the total of any recoups in transit (C) minus the total of the accountable amount of the float (D) equals zero.

No	Description	Reference
1	Cash in Hand	(A)
2	Petty Cash reimbursements/ Advance	(B)
3	Petty Cash reimbursement	(C)
4	Accountable amount of float	(D)

3. When a reimbursement is required (when the float is half depleted is a good guide), print the spreadsheet and attach the petty cash approval forms, including the attached tax invoices/receipts. Ensure the total of tax invoices/receipts exactly matches the amount claimed in recoupment on the spreadsheet and that this amount is fully covered by the approval forms. Only the total amount of the tax invoices/receipts will be reimbursed.
4. Forward the spreadsheet, approval forms and tax invoices/receipts to your Finance Team.
5. If there is a tax invoice/receipt missing or there is a deficiency in the accountable amount, a memo briefly explaining the circumstances should be prepared, approved by the relevant budget holder and forwarded to finance team. The memo should include relevant details of the purchase and the budget account code. Upon approval, the deficient amounts will be reimbursed to the float. In approving these reimbursements, the finance team will consider the circumstances surrounding the loss and the history of management of the float. Floats may be withdrawn if they are not correctly managed.

Petty Cash Log sheet



ACCESS TO PETTY CASH FLOAT

The school is responsible for the safe custody of the cash held. The cash must be held in a lockable safe and further secured in accordance with the established procedures for cash handling.

The custodian must be the only person with access to the cash container and safe. The school must ensure no one else has access to petty cash tin. In cash of absence of the custodian headteacher should delegate this power to school administrator.

The custodian is responsible for issuing cash and reconciliation of the float for reimbursement. If the custodian is not available for any period, a second person should be familiar with petty cash procedures and be able to take responsibility for the float in the custodian's absence. The petty cash float should be counted

and balanced each time responsibility changes in the presence of another officer and supported by a custodian acknowledgement of petty cash float form.

AUDIT PROCESS

Both internal and external audits must be carried out in accordance with Audit Standards to ensure compliance with the relevant statutes and policies. A school issued with a petty cash float may be asked to present their petty cash records and cash holdings for inspection without notice. It is therefore the responsibility of custodians to ensure that floats are maintained up to date in accordance with the procedures at all times.

MONTH END/YEAR-END

As part of the annual audit of Financial Statements, all cash on hand must be accounted for and reported to central finance team at year end.

The reconciliation should be performed in the following way:

No	Description	Reference
1	Cash in Hand	(A)
2	Petty Cash reimbursements/ Advance	(B)
3	Petty Cash reimbursement	(C)
4	Accountable amount of float	(D)

When the account is balanced, $A + B + C - D$ equals zero. Discrepancies should be reported to the school Head teacher.