



# Petty Cash Procedure

## 1. Purpose

- 1.1 This procedure establishes the steps to be followed to support the proper use and administration of petty cash funds, and thereby mitigate the risks associated with the management of petty cash.

## 2. Overview

- 2.1 Petty Cash should be used for small payments for goods or services, where it would be uneconomic to process these through the Accounts Payable system and all other methods of payment provided by the University.
- 2.2 The petty cash system used at the University is an imprest system: each petty cash float is for an approved fixed amount.
- 2.3 Expenditure from the float is reconciled periodically, and the float is reimbursed by an amount equivalent to the expenditure.
- 2.4 All purchasing transactions must be in accordance with the University Financial Regulations and related procedures.

## 3. Scope

- 3.1 This procedure applies to staff who are responsible for the administration of and accounting for petty cash.
- 3.2 Any expenditure must be in compliance with the university's procurement policies and procedures and also in compliance with other applicable university policies, procedures or regulations for including but not exhaustive:
  - (a) University Expenses Policy;
  - (b) Purchase Ordering Policy;
  - (c) Cash Handling Policy;
  - (d) Code of Practice for Staff on the Receipt of Gifts, Hospitality and Other Benefits.
- 3.3 When other disbursement methods cannot be used, petty cash funds can provide cash to local schools and departments to cover minor expenses, such as reimbursement of staff members and visitors for small expenses including bus fares, stamps and small incidental expenditure.
- 3.4 Petty cash should not be used to fund private parties, to pay regular suppliers or for casual wages.
- 3.5 This expenditure should be small and one-off in nature and should typically not exceed £20.



## 4. Definitions

### 4.1 **Petty Cash Custodian**

A member of staff who has been authorised by the relevant manager to manage the petty cash float for a particular School/College/Department

## 5. Procedure and responsibility

### **Establish the petty cash account**

- 5.1 Each department can be provided with a Petty Cash Imprest. The amount of the Imprest will vary according to the size of the department. Applications to open or vary the amount of the Imprest should be made in writing to the Finance Department (FIRST) and should be authorised by the Head of Department or authorised signatory. Departments should evaluate their business needs and limit the petty cash account to the lowest amount that will meet those needs.
- 5.2 The University requires each petty cash fund to have an approved Custodian, who documents expenditures, keeps receipts, and safeguards the funds.

### **Safeguard the fund**

- 5.3 Keep petty cash funds in a secure area such as a locked drawer or appropriate safe in accordance with the Cash Handling Policy.
- 5.4 Ensure segregation of duties. Custodians should not self-approve replenishments or other changes to the petty cash account.
- 5.5 Reconcile the log of petty cash expenses to the amount in the cash box at least quarterly.
- 5.6 In the event of theft, the Custodian should notify his/her Head of Department as well as the University Security.

### **Document expenditure and replenish funds**

- 5.7 The Petty Cash Custodian is responsible for maintaining:
- 5.7.1 A record of expenses on a Petty Cash Imprest Account Form.
- 5.7.2 Records should clearly show:
- the name of the person receiving the cash
  - the reason for payment
  - the amount paid
  - the date paid
  - the financial codes to be charged
  - the signature of the person receiving the cash.
- 5.7.2 Receipts for each transaction, which may be subject to periodic review.



- 5.7.3 The Custodian is responsible for replenishing the account when a petty cash fund runs low. Replenishment with submission of receipts must be done at least quarterly.
- 5.7.4 When petty cash funds are replenished, the total of the replenishment form cannot exceed the full authorised balance of the fund.
- 5.8 It is essential that anyone receiving cash should sign to say that they have received the money.
- 5.9 All Petty Cash payments must be made from money in the Imprest account and on no account should cash received from departmental sales or other cash receipts be used to make petty cash payments. All non-petty cash receipts should be forwarded to the Cash Office separately. Any cash to be returned to the Cash Office should be returned through University Security Staff.
- 5.10 Monies received by departments to cover personal photocopying charges, personal phone calls, miscellaneous sales of stamps etc. should be sent directly to the Cash Office via University Security (as considered appropriate) and not added to Petty Cash.
- 5.11 The Petty Cash Custodian for each Department is responsible for ensuring the safe custody of the petty cash imprest and ensuring that monies are properly accounted for. A record of all payments from Petty Cash must be maintained.

#### **Evaluate the need for petty cash account annually**

- 5.12 At the end of each financial year, each department holding a petty cash fund must re-examine whether the petty cash account is still required to meet the department's business needs, or if alternative methods of payment will suffice. Petty cash funds should be active. Funds are considered to be inactive if they have no activity during a financial year.

#### **Annual Petty Cash Balance Verification**

- 5.13 Petty cash Custodian's will be contacted by the Finance Team (FIRST) each year to verify the balance held in the petty cash fund on the last day of the financial year - 31<sup>st</sup> July.

#### **Review of Petty Cash Expenditure**

- 5.14 Petty Cash expenditure will be reviewed for reasonableness and appropriate use by the Finance Department (FIRST), on an Annual basis, or at more frequent intervals. Where inappropriate use of Petty Cash is identified this will be addressed with the Petty Cash Custodian and escalated where required.

## **6. Equality and diversity**

An equalities impact assessment has been completed for this procedure.

## **7. Further information**

If you require any further information, or you require this document in an alternative format, please contact [finance.help@ed.ac.uk](mailto:finance.help@ed.ac.uk)



## 8. Approval and review

Date policy approved	31 January 2019
Final approval by	Lee Hamill, Director of Finance
Consultations held	Yes - Director of Specialist Services & Cash Office Manager
Date of commencement of policy	19 February 2019
Dates for review of policy	February 2020
How policy will be reviewed	Yearly by FIRST department
Policies superseded by this policy	First version of such a policy.

## 9. Appendices

- Petty Cash Form
- Practical steps for reimbursing Petty Cash
  - <https://www.wiki.ed.ac.uk/display/Finance/AP+Guidelines>





## Change control record

Approval date	Amendment made	Approved by: