

# Petty Cash Policy and Procedure

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<b>Lead Manager:</b>	Wendy Kerr, Chief Finance Officer		
<b>Clinical Leads:</b>	Not Applicable		

## Revision History

Author	Version	Revision Date	Previous Revision Date	Summary of Changes	Changes Marked
S. Sheppard	1	15.04.2014	n/a	No Changes – initial draft text	n/a
W Kerr	2	22.07.2016	15.04.2014	Changes reflecting DCFO	Tracked changes on draft

## Approvals

This document requires the following approvals:

Lead	Name	Signature	Title	Date of Issue	Version
QF&P Committee	D Harding		Chair	14.04.2014	1
Governing Body	C Pidsley		Chair	June 2014	1
QF&P Committee	D Harding		Chair	27.07.2016	2
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## Distribution

This document has been distributed to:

Name	Title	Date of Issue	Version
QIPP Finance & Performance Committee	David Harding (chair)	14.4.2014	1
CCG Governing Body	Dr Charles Pidsley (chair)	June 2014	1
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Note: This document is only valid on the day it was printed

**Date Approved:** 27<sup>th</sup> July 2016

*[QIPP, Finance & Performance Committee]*

**Date Ratified:** To be confirmed

*[CCG Governing Body]*

**Review Date:** 2 Years post-ratification (i.e. by April 2018)

**Lead Officer:** Chief Finance Officer (CFO)

## CONTENTS

1. Purpose .....	3
2. Scope of the Policy.....	3
3. Statement of Audit Requirement and Financial Control.....	3
4. Detailed User Procedure Notes.....	4
4.1. General Instructions.....	4
4.2. Petty Cash Reimbursements .....	5
4.3. New or Amended Petty Cash Imprest.....	5
4.4. Return of Petty Cash Imprest.....	6
4.5. Handover of Petty Cash Holding.....	6
4.6. Year End Procedures .....	6
4.7. Retention of Records .....	6
5. Cross References.....	6
6. Training .....	7
7. Review of the Policy .....	7
8. Monitoring and Compliance.....	7
Appendix 1 - Petty Cash Float Reconciliation and Reimbursement Form.....	8
Appendix 2 – Equality Analysis (EA) Template .....	9
Appendix 2 – Checklist for Ratifying Policies, Standards, Procedures & Guidelines .....	10

## **1. Purpose**

- 1.1. This policy document is a key element of the CCG's internal control environment and describes, in detail, how to ensure that the Cash management responsibilities placed upon the Accountable Officer and CFO are discharged and implemented.
- 1.2. The CCG's Governing Body has approved Standing Orders and Prime Financial Policies, which include instructions on Cash Management. The principles contained in this policy document are based on the Standing Orders and Prime Financial Policies. Complimentary advice can be found in Section 17 of the Prime Financial Policies, which are contained in Appendix E of the CCG's Constitution.
- 1.3. These procedure notes supplement the Standing Financial Instructions (SFIs) and any officers who deal with petty cash must ensure that they are familiar with them.
- 1.4. Petty cash is used to reimburse the day to day spending of small amounts throughout the Trust. The maximum amounts that can be dispensed are nominated in paragraph 6.1.3 of this policy.
- 1.5. A cash box is used to keep monies and disbursement dockets secure. The cash box is held within a locked safe or other secure location, when not in use.
- 1.6. All petty cash activity is recorded in a petty cash journal and the petty cash journal and remaining cash balance is struck to allow replenishment, as required
- 1.7. Petty cash floats are for use in exceptional or urgent circumstances or for reimbursement of very minor day to day expenditure where it is more efficient and cost effect to purchase directly using cash: e.g. hospitality for guests whilst undertaking working lunch, provision of sandwiches, and should not be used to circumvent ordering procedures in place through supplies, which exist to protect the interests of all CCG employees, as well as to obtain value for money.

## **2. Scope of the Policy**

- 2.1. The policy applies to all staff, including temporary staff and contractors to the CCG, officers of the Midlands and Lancashire Commissioning Support Unit (CSU).

## **3. Statement of Audit Requirement and Financial Control**

- 3.1. The CCG and the CSU management recognise that the key control objectives within a system can only be achieved through adherence to internal controls and accounting procedures. The system control objectives for the disbursement and imprest of the petty cash function for the CCG are as follows:
  - Segregation of duties is adequate;
  - Adequate physical security exists;
  - A formal record must be kept of the activity through the petty cash.
  - Documentation relating to the system must be maintained to an appropriate standard and periodically subjected to independent management review.
- 3.2. Management recognises that the key controls listed above can only be achieved through adherence to a system of internal controls and petty cash procedures. The CCG's Financial Management have devised a detailed procedure which takes into account the following:

- That the CFO has defined the officers responsible for maintaining petty cash;
- That the CFO has made available cashbox(s) and a safe or other secure place for security of petty cash;
- That reimbursements are supported by a numbered and authorised petty cash docket
- That advances of petty cash are only made upon the authorisation of a senior officer of the CCG;
- That replenishment of the petty cash float must be supported by a full reconciliation of disbursements and cash held, and
- That an independent (management) check of petty cash balances is carried out at periodic intervals and reconciled with the ledger.

## 4. Detailed User Procedure Notes

### 4.1. General Instructions

- 4.1.1. The petty cash float should be the responsibility of an individual nominated by the CFO.
- 4.1.2. The petty cash float should never be subsidised from personal funds, and personal cheques or IOUs are not to be cashed. It is also not appropriate for debit or credit cards to be used.
- 4.1.3. Items purchased from petty cash must not exceed £50 for any one purchase, other than:
  - When local village halls are booked for meetings of the Governing Body and no alternative method of payment but cash is accepted in exceptional circumstances when prior approval must be obtained from the CFO before any transaction is made.
- 4.1.4. The value of single or individual items purchased from petty cash must not be split into smaller values to circumvent the £50 limit or official ordering procedures.
- 4.1.5. Whilst it is recognised that any value would be small, staff should be aware that petty cash purchases should not be used to attract personal rewards.
- 4.1.6. Petty cash claims must be prospectively backed by signed vouchers and retrospectively backed by receipts.
- 4.1.7. The petty cash holder will check that the expenditure is incurred on relevant CCG business and that there is adequate original documentation to explain the transaction. If in doubt, the petty cash holder should consult the person who normally authorises their petty cash claim form, the Deputy CFO, or the CFO.
- 4.1.8. At any time, the cash in hand plus total of receipts must always equal the petty cash total imprest. Any discrepancies should be notified to the Manager and a written report made subsequently. In cases apparently involving theft, fraud, arson, neglect of duty or gross misconduct the CFO, the CSU and the Local Counter Fraud Specialist (LCFS) and/or the Local Security Management Specialist (LSMS) must be notified at once.

- 4.1.9. The petty cash should always be kept in a lockable cash box which should be held in a safe or secure place.
- 4.1.10. An arrangement should be made with the local branch of the CCG's bankers to enable encashment of reimbursements of the petty cash float made by cheque.

#### **4.2. Petty Cash Reimbursements**

- 4.2.1. The petty cash holder will write up the manual petty cash sheet as expenditure is incurred noting the date, voucher number, payee and the cost incurred. The relevant ledger code is also entered along with a short description of the item purchased.
- 4.2.2. The petty cash float holder shall count the cash weekly and reconcile the cash balance and paid vouchers to the float.
- 4.2.3. Claims for reimbursement should be made at reasonable intervals, having regard to the level of expenditure, amount of imprest, any known future expenditure, etc.
- 4.2.4. At that time, the payments should be totalled and the value entered on the relevant line. The statement of account box is to be completed by entering the total payments, cash in hand and the total reimbursements to arrive at a net available float. Any difference between actual and expected cash should be noted at this time and an investigation implemented.
- 4.2.5. The claim is to be certified by the petty cash holder as a true record and agreed by the CFO.
- 4.2.6. At this time, the petty cash holder will enter the detail of all petty cash expenditure to the Finance system.
- 4.2.7. Petty Cash Vouchers should be attached securely to a copy of the petty cash record and forwarded to the CSU for reimbursement.
- 4.2.8. Officers of the CSU will check the claim for arithmetical accuracy, proper authorisation, completeness of supporting documentation and correct entry to the Finance system. Incorrectly completed claims will be returned to the CFO for review and remedy.
- 4.2.9. Once a fully and correctly completed petty cash record is received, the officers of the CSU will issue a cheque in return. This should be taken to the bank and cashed as soon as possible,
- 4.2.10. Arrangements will be made for the prompt encashment of the cheque received, the cash being placed immediately in the petty cash float and the value of reimbursement being noted on the manual petty cash sheet.

#### **4.3. New or Amended Petty Cash Imprest**

- 4.3.1. Requests to set up a new petty cash holding or increase the imprest must be made in writing to the CFO. The request should explain the reason why the new or increased imprest is required.
- 4.3.2. Requests to set up any sub floats of the main petty cash holding must be made in writing to the CFO. The request should explain the reason why the sub float is required.

- 4.3.3. The relevant manager must notify the Deputy CFO in writing, of any changes to the petty cash holder.
- 4.3.4. An amount of additional float will be issued by cheque which should be cashed as soon as possible, the cash being placed immediately in the petty cash float.
- 4.3.5. Each Petty Cash Holder will be required to maintain records of expenditure from and reimbursements to the petty cash float held, using the documentation provided, as if they were the main petty cash float holder.

#### **4.4. Return of Petty Cash Imprest**

- 4.4.1. If a Petty cash holding is no longer required or needs to be reduced, petty cash holders will ensure that cash is returned to the Financial Accountant, who will arrange for the cash to be banked promptly.
- 4.4.2. An appropriate entry will be made on the petty cash record so that the float reconciliation is maintained.

#### **4.5. Handover of Petty Cash Holding**

- 4.5.1. A deputy petty cash float holder will be nominated by the CFO.
- 4.5.2. When the petty cash holder is to be absent, the petty cash float should be reconciled, and a handover certificate should be completed and signed by both the imprest holder and the receiving officer.
- 4.5.3. The petty cash float record form should be retained on file at the site as a permanent record of the acknowledgement of receipt of the cash float.

#### **4.6. Year End Procedures**

- 4.6.1. Each petty cash holder must submit a certificate of petty cash held as at 31<sup>st</sup> March each year.
- 4.6.2. Prior to the year-end, officers of the CSU will issue a timetable that includes this procedure and the relevant form.
- 4.6.3. It would be prudent for a reconciliation and reimbursement of the petty cash float to be timed to coincide with the financial year end.
- 4.6.4. The CFO will review all petty cash holdings annually in order to assess the level of the imprest and the need for their continued operation.

#### **4.7. Retention of Records**

- 4.7.1. The minimum retention period for petty cash records is 2 years from completion of audit.

### **5. Cross-References**

- 5.1. Cross-reference should be made to the following policies and procedures
  - System user notes issued by the CSU

## **6. Training**

- 6.1. There is no specific training requirement identified to underpin the policy.

## **7. Review of the Policy**

- 7.1. All policies will be reviewed no less than every 2 years from the date of approval. The lead person for the policy will be responsible for ensuring that the review is undertaken and where changes are required that the process of consultation on the revised arrangements is completed. The lead person will also be responsible for securing adoption of policy revisions by the CCG Executive Team. .
- 7.2. All policies will be marked with the date for review on the front cover before being distributed.
- 7.3. Legal or statutory directives may require that policies are reviewed more regularly than every 2 years. It is the lead person's responsibility to ensure that they keep up-to-date with relevant directives to ensure the CCG meets its responsibilities.

## **8. Monitoring and Compliance**

- 8.1. The effective implementation of individual policy documents shall be monitored as appropriate to that individual policy.
- 8.2. The effective implementation of this policy will be monitored by the QIPP, Finance and Performance Committee on review and approval of the policy documents developed in line with this policy.

# Appendix 1 - Petty Cash Float Reconciliation and Reimbursement Form

Petty Cash Record

East Staffordshire Clinical Commissioning Group

Date		Actual Cash balance brought forward		A
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**Add Receipts**

Date	From	Reimbursement	£.p
<b>Total Receipts</b>			B

<b>Total Cash Available</b>		C = A + B
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**Less Payments**

Ref no	Date	Voucher number	Payee	For	GL Code	£.p
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
<b>Total Expenditure Claimed for reimbursement</b>						D

<b>Net cash available</b>		E = C - D
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Actual Cash in Petty Cash Float	£20		
	£10		
	£5		
	£2		
	£1		
	50p		
	20p		
	Silver		
	Bronze		
<b>Total Cash</b>			F
<b>Difference</b>			G = E - F

<b>Preparer / Float holder</b>	<small>date</small>	<small>print name</small>	<small>signature</small>
<b>Checked by</b>	<small>date</small>	<small>print name</small>	<small>signature</small>
<small>On Handover of responsibility for the float</small>			
<b>Person Receiving Float</b>	<small>date</small>	<small>print name</small>	<small>signature</small>

**Appendix 2 – Equality Analysis (EA) Template**

Piece of work being assessed:

Aims of this piece of work:

Name of lead person:  Other partners / stakeholders involved:

Date of assessment:

Who is intended to benefit from this piece of work?

Single Equality Scheme Strands	Baseline data and research on the population that this piece of work will affect: what is available; what does it show; are there any gaps? Use both quantitative & qualitative research, user data & consultation with users if available	Is there likely to be a differential impact? Yes or No
Gender Reassignment Race, Religion or Belief Disability Sex and Sexual Orientation Age Marriage & Civil Partnership Pregnancy & Maternity	<p>The principles of CCG Petty Cash Policy and Procedure will meet the CCG's Public Sector Equality Duty, as guided by the core requirements of the Equality Act 2010 and the NHS Constitution. All organisational, governance, legal or policy requirements are necessarily broad and aim to wholly cover all Protected Characteristic groups employed by the CCG. They are therefore not expected to have any negative impact on the promotion of equality as a consequence of designing and implementing these.</p> <p>This includes the subsequent implementation of any practices, operational activities of the CCG or any clinical / managerial interventional approaches (on defined issues), as set out by the main body text of the document.</p>	NO
Human Rights	Will this piece of work impact on anyone's human rights?	NO

**Equality Analysis Action Plan**

Strand	Issue	Action required	How will you measure the impact / outcome?	Timescale	Lead
n/a	n/a	n/a	n/a	n/a	n/a

## Appendix 2 – Checklist for Ratifying Policies, Standards, Procedures & Guidelines

To be completed by the Lead Officer with responsibility for development of the Policy / Standard / Procedure / Guideline

<b>Title of Policy / Standard / Procedure / Clinical Guideline</b>	<b>Petty Cash Policy and Procedure</b>
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<b>Have the relevant staff groups been consulted on the content and implementation of the policy?</b>		<b>NO</b>
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*Please give the title and the date of the Group(s) the Policy / Standard / Procedure / Guideline has been through for agreement*

<b>Group / Panel / Committee</b>	<b>Date (MUST BE INCLUDED)</b>
QF&P/GB	April /June 2014
QF&P	July 2016

<b>Has the evidence base for the Policy / Standard / Guideline / Procedure been referenced, including any requirements of the Mental Capacity Act?</b>		<b>No</b>
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<b>Has the Policy / Standard / Guideline / Procedure been through the Staffordshire &amp; Stoke-on-Trent Trade Union Forum?</b>		<b>No</b>
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<b>If “No”, what is the rationale for not submitting it to the Staffordshire &amp; Stoke on Trent CCG Trade Union Forum?</b>
Advise from HR not necessary. HR asked to review to see if require any amendments for inclusion in update to policy response received – no amendments.

<b>Have staff training or development needs been considered and clearly identified where these are necessary?</b>	<b>Yes</b>	<b>No</b>
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<b>If “Yes”, how will these be delivered?</b>
Yes that staffs that undertake petty cash duties will be offered training once policy is released to sure policy is embedded within the CCG.