

Petty Cash Procedure

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Name of originator / author:	Kelvin Muccheke, Treasury Manager
Name of responsible committee / Individual	Finance, Performance & Investment Committee
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**Petty Cash Procedure
Version Control Sheet**

Version	Section / Para / Appendix	Version / Description of Amendments	Date	Author / Amended by
1	All	New Document	Dec 2015	Kelvin Mucheke
2	All	Minor changes	April 2018	P J Duckworth
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Petty Cash Procedure

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Petty Cash Procedure

Procedural Document Statement

Background

- 1.1 The purpose of this Procedure Note is to clarify the arrangements for the holding, payment from, topping up and accounting for petty cash by Lincolnshire Community Services NHS Trust, hereafter referred to as the 'Trust'. This procedure applies to all Trust petty cash floats.
- 1.2 This Procedure Note should be read in conjunction with the Trust Standing Financial Instructions currently in force.

Statement

- 2.2 This policy offers 'best practice' advice and guidance to ensure that processes minimise risks to individuals and the organisation. This procedure note may be used in conjunction with local service specific procedures.

Responsibilities

- 3.1 Petty Cash floats are held at various locations throughout the Trust.
- 3.2 The Director of Finance is responsible for the proper adherence to this Procedure Note.
- 3.3 The Head of Financial Accounts is responsible for the secure and efficient operation of petty cash procedures, ensuring there are appropriate arrangements for staff cover in the absence of the persons normally responsible for the day-to-day handling of petty cash and the preparation and operation of accounting procedures and records.

Training & Dissemination

- 4.1 It is the responsibility of service managers and clinical leads to ensure that appropriate mechanisms are in place to support the implementation of this policy, including appropriate training and maintenance of competency.
- 4.2 Specific ad-hoc support and training can be accessed through liaison with the Trust Finance Department.
- 4.3 Dissemination of this policy is via the Trust website, the Trust Intranet, Service Managers, Clinical Leads and email.

Resource implication

- 5.1 No specific resource implication is envisaged as a result of this procedure note.

Consultation

- 6.1 Internal and informal consultation with Trust staff

1.0 Petty Cash General Principles

- 1.1 All petty cash to be kept in a locked box, preferably in a secure, fireproof safe

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- overnight. The safe is to be kept locked, apart from when it is in use.
- 1.2 The petty cash box is kept locked, the keys are not left unattended and that during the working day, the box is kept out of sight when not in use, if it is not practical to keep it in the locked safe.
 - 1.3 In the case of planned absence by the person normally responsible for holding petty cash floats, a formal handover will be undertaken and recorded in writing, to verify the value of petty cash and vouchers in hand. In the case of unexpected absence of the person, his or her line manager will validate the petty cash box contents in the presence of another member of staff.
 - 1.4 Petty cash should be kept separate from other cash held, e.g. income from other sources awaiting banking should not be pooled with petty cash but kept so that it can be separately identified at all times.
 - 1.5 'Borrowing' from petty cash, and the resultant holding of 'IOUs' is not permitted.
All cash disbursed must be used solely for the purposes of the Trust.
 - 1.6 Petty cash purchases are restricted in value and type by the Director of Finance. The maximum value of any one reimbursement is £25 and the types of items which are normally reimbursed include sundry small consumables, postage, periodicals/publications, refreshments, catering supplies and similar items where the items are not usually available through the normal requisitioning procedures or are required urgently etc. Reimbursement above £25, if required, should be approved by the Petty Cashier's line manager. Please see attached Appendix A for the types of allowable/non allowable items that can/cannot be used for petty cash.
 - 1.7 Patients' monies and patients' travel expenses can be reimbursed, subject to the £25 limit. Reimbursement of travel is based on the Department of Health's "Healthcare Travel Cost Scheme". More information:
<https://www.gov.uk/government/publications/healthcare-travel-costs-scheme-instructions-and-guidance-for-the-nhs>
 - 1.8 Petty cash should never be utilised for payment to staff in relation to salaries or normal expense type payments such as training, telephone, travel etc. These should be re-claimed using a staff expenses or travel and subsistence claim.
 - 1.9 Only authorised petty cash vouchers should be used to reimburse expenditure. Vouchers are available from Trust cashier or Finance Department.
 - 1.10 Receipts or other forms of proof of purchase must always be provided when cash is being requested and should be kept securely with the Petty cash balance.
 - 1.11 The adequacy of each petty cash float should be regularly reviewed by the Treasury Manager or Financial Accountant.

2.0 Petty Cash Holders

- 2.1. A list of Petty Cash holders with the values of their float is held by:
 - (1) Shared Services Senior Cashier, United Lincolnshire Hospitals Trust
 - (2) Finance Department, Lincolnshire Community Health Services NHS Trust
- 2.2 New petty cash floats must initially be authorised by the Treasury Manager, as must any requests for increases or reductions in the level of an existing petty cash floats; requests initially to come from the budget manager.

- 2.3. Approvals / authorisations are sent by Treasury Manager to the Cashier responsible for paying out the new or additional amount. Authorisation should be by e-mail.
- 2.4. Petty Cash returns are emailed by Senior Cashier, United Lincolnshire Hospitals Trust on excel and vouchers are posted from the same source. (See example return Appendix C)

3.0 Procedure for Making Petty Cash Payments

- 3.1 Reimbursement of petty cash is requested by a member of staff when they have purchased goods for the sole benefit and purpose of Trust business from their own personal resources, see Appendix B for a flowchart of this process. **Under no circumstances should it be used for cash advances in respect of staff expenses.**
- 3.2 A receipt must be obtained as proof of purchase, and given to the Petty Cashier when requesting reimbursement. The Petty Cashier then completes a petty cash voucher, recording the following information:
 - 3.2.1 Voucher Number (next in sequence from the Petty Cash Book);
 - 3.2.2 Date;
 - 3.2.3 Description of goods purchased;
 - 3.2.4 Amount.
- 3.3 This voucher is then attached to the front of the goods receipt, given to the person requesting reimbursement, for their signature and also authorisation by the budget holder or nominee.
- 3.4 The authorised receipts are then brought back to the Petty Cashier, who will enter the following information in the Petty Cash Book:
 - 4.4.1 Date;
 - 4.4.2 Payee;
 - 4.4.3 Description of goods purchased/purpose of payment;
 - 4.4.4 Voucher Number;
 - 4.4.5 Ledger code;
 - 4.4.6 Amount
- 3.5 A list of up to date expense codes can be requested from your relevant Management Accountant or Finance Department. Inappropriate use of petty cash funds may result in the petty cash float limit being reviewed or withdrawn.
- 3.6 The money is then passed to the person requesting reimbursement, who must sign the voucher, to acknowledge that the money has been handed over.
- 3.7 All receipts must be kept securely together until the time when the Petty Cash float needs reimbursement.
- 3.8 Every effort should be made to reimburse the member of staff promptly.

4.0 Procedure for Reimbursement of Petty Cash Float

- 4.1 When a petty cash float is down to a level where a 'top up' is required, a request for reimbursement should be made by the Petty Cashier. The level at which a 'top up' should be made will be the 'trigger point' set by the Petty Cashier and/or Budget Holder. The Petty Cashier is responsible for making a reimbursement request when the 'trigger point' has been reached.

- 4.2 The first stage is for the Petty Cashier to ensure that the total paid out from petty cash, i.e. the total of the Petty Cash Book, equals the total of the receipts held.
- 4.3 The balance of cash remaining in the Petty Cash Box must equal the difference between the total float held at the beginning of the period, less the total amount paid out (as in 4.2 above).
- 4.4 The petty cash sheet (Appendix C) is then completed in full, with the following information:
- | | |
|-----------------------------|---|
| 4.4.1 Location | e.g. Lincoln Community Team |
| 4.4.2 Claim for period | Dates covered by claim |
| 4.4.3 Signature & Job Title | Petty Cashier |
| 4.4.4 Opening balance | Remaining float from end of previous period |
| 4.4.5 Add Received | Total re-imburement from previous period |
| 4.4.6 Total float balance | (i.e. 4.4.4 + 4.4.5) |
| 4.4.7 Deduct Closing Bal. | Amount currently left in cash box |
| 4.4.8 Expended | Total paid out this period (as in 5.2 above). |
- 4.5 The entries in the Petty Cash Sheet should then be verified by the Budget Holder or Nominee, who should sign to authorise.
- 4.6 The petty cash sheet must be signed by the Petty Cash holder and authorised by the Budget Manager and submitted to:
The Senior Cashier,
United Lincolnshire Hospitals Trust,
Lincoln County Hospital,
Greetwell Road,
Lincoln
LN2 5QY.
- A copy of the summary sheet must be taken for your records and audit purposes.
- 4.7 Cheques are made payable to the cashier nominated for the particular float, and are forwarded by mail to the Petty Cashier. Summary sheets and receipts will be checked before the Cashiers issues a cheque in the name of an individual – provided by the Budget Manager - who handles petty cash. That individual must provide proof of identity when cashing the cheque at the bank using their NHS ID photo card and a second form of photo ID like a driving licence. Banks will refuse to cash the cheque without proper photo ID.

5.0 Financial Year-End Procedures

- 5.1 At the end of each financial year the Cashier will request that all floats are reimbursed (regardless of the amount of cash in hand) and issue a certificate to each petty cash holder for their certification that the float is still held and the amount of the fund at 31st March.

6.0 Summary Responsibilities (Finance and Financial Shared Services)

- 6.1 Clients must:
Ensure all float-holders have been trained in cash-handling, understand the SFO's and

understand the procedures for petty cash.

Ensure all float-holders have available a cash box and facilities to ensure safe custody of the cash.

6.2 Financial and Procurement Shared Services must:

- Issue new floats following approval by Trust Treasury Manager.
- Monitor float usage and inform clients if balances should be adjusted.
- Ensure all year-end certificates are issued and returned duly authorised.
- Ensure all reimbursements are checked.
- Inform clients where correct Financial Petty Cash Procedures are not being adhered to.

INDICATIVE LIST OF ALLOWABLE PETTY CASH EXPENDITURE

Allowable Petty Cash Expenditure

- Postage
- Patient Travel
- Teas and Refreshment (Patients Only)

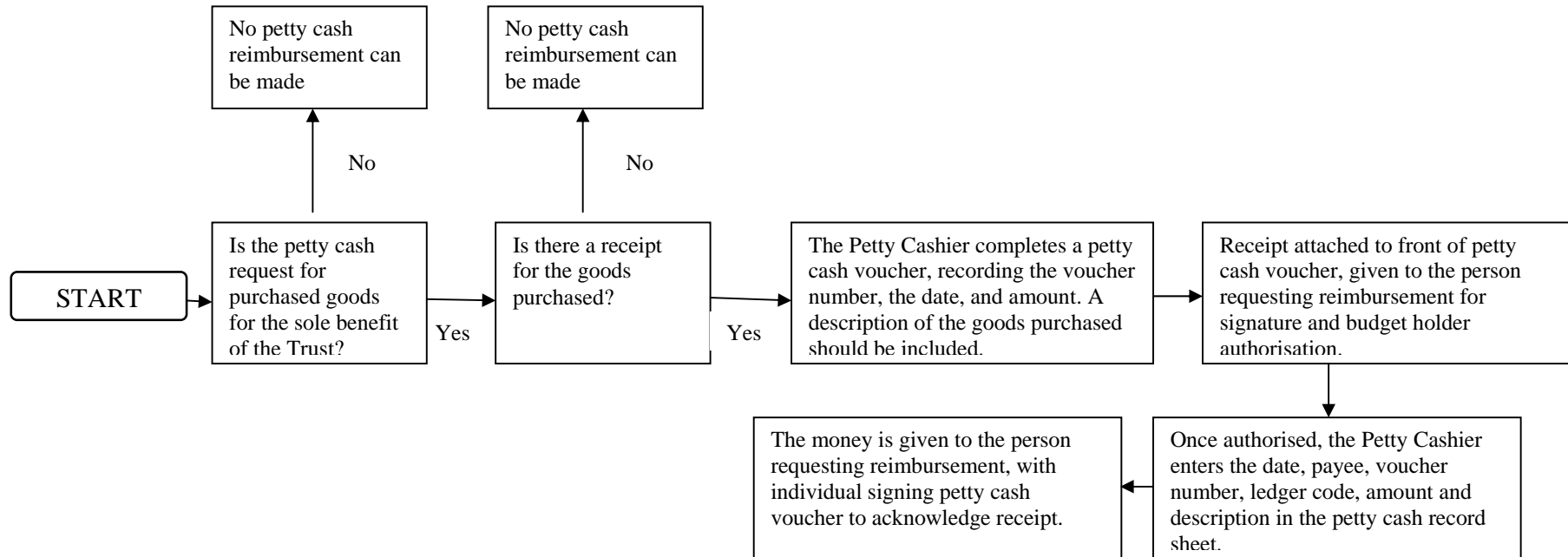
Non-Allowable Petty Cash Expenditure

- Extension leads (stock/non stock items)
- Hardware and Crockery (stock/non stock items)
- Ink Cartridges (stock/non stock items)
- Kettles (stock/non stock items)
- Microwaves (stock/non stock items)
- Petrol
- Staff Flowers
- Staff Petrol
- Staff parking charges and fines
- Staff Travel – Train tickets
- Staff uniforms (stock/non stock items)
- Stationery (stock/non stock items)
- Gifts and Presents
- Working Lunches/Biscuits for meetings

Additional categories of spend may be approved by the Treasury Manager in case of emergency.

Note: list is intended as a guide and general principles (section 1.0) should be considered in conjunction.

REIMBURSEMENT PROCESS FOR INDIVIDUALS - PETTY CASH



Monitoring Template

Minimum requirement to be monitored	Process for monitoring e.g. audit	Responsible individuals/ group/ committee	Frequency of monitoring /audit	Responsible individuals/ group/ committee (multidisciplinary) for review of results	Responsible individuals/ group/ committee for development of action plan	Responsible individuals/ group/ committee for monitoring of action plan
Review of Petty cash returns submitted monthly. Reconciliation to financial ledger.	Internal Financial Reporting	Finance Department Audit Committee	Monthly	<ul style="list-style-type: none"> • Treasury Manager • Head of Financial Accounts • Audit Committee 	<ul style="list-style-type: none"> • Treasury Manager • Head of Financial Accounts • Audit Committee 	<ul style="list-style-type: none"> • Treasury Manager • Head of Financial Accounts • Audit Committee

Equality Analysis

Petty Cash Procedure Note

Equality Analysis Carried out by: Simon Burrows, Head of Financial Accounts

Date: December 2015

Director\General Manager: Director of Finance

Date: December 2015

Section 1 – to be completed for all policies

A.	Briefly give an outline of the key objectives of the policy; what it's intended outcome is and who the intended beneficiaries are expected to be	Key objectives of this policy are to ensure appropriate management and usage of Trust petty cash balances and ensure controls are applied to minimise financial loss.		
B.	Does the policy have an impact on patients, carers or staff, or the wider community that we have links with? Please give details	No direct patient or carer impact. Staff impact in ensuring adherence to procedures.		
C.	Is there any evidence that the policy\service relates to an area with known inequalities? Please give details	The policy applies equally to all areas of Trust operations both clinical and corporate.		
D.	Will/Does the implementation of the policy\service result in different impacts for protected characteristics?	No, the policy applies equally to all employees and services regardless of any protected characteristics.		
		Yes	No	
	Disability		x	
	Sexual Orientation		x	
	Sex		x	
	Gender Reassignment		x	
	Race		x	
	Marriage/Civil Partnership		x	
	Maternity/Pregnancy		x	
	Age		x	
	Religion or Belief		x	
	Carers		x	
The above named policy has been considered and does not require a full equality analysis				
Equality Analysis Carried out by:		Simon Burrows		
Date:		17 th December 2015		