

# Petty Cash

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## 1.0 Rationale

At times, payment via purchase order or direct deposit for small purchases is inconvenient or unrealistic. On such occasions, petty cash may be used.

## 2.0 Goals

- To implement a petty cash process that meets the school's needs and at the same time complies with Departmental requirements.

## 3.0 Implementation

- The purpose of petty cash is to meet minor payments for purposes other than salary and wages. The limit on any one payment is \$200.
- The principal, with the permission of the school council, may establish a petty cash advance under the following conditions:
  - The initial advance is to be established by drawing a cheque made payable to the advance holder, that is the member of staff responsible for the custody and control of the cash advance, and opened to 'pay cash'.
  - In normal circumstances, a petty cash advance should be sufficient to pay the expected expenditure for a month.
- Each petty cash advance is to be maintained on the imprest system. This means that only the aggregate of the actual (monthly) payments are claimed by way of reimbursement. Therefore, the amount of the advance is accounted for at any time by the production of cash/vouchers totalling the advance.
- Advances are to be adjusted at the end of each school year by the repayment of cash, or cash & vouchers, or vouchers equal to the advance
- Authorised advances may be re-established at the beginning of the next year.
- A petty cash docket is to be used to show the details for each individual payment.
- All documentation relating to the payment, that is, cash register dockets, supplier's invoices and so on, are to be attached firmly to the petty cash docket and, in turn, it is to be attached to the petty cash schedule that is the advance holder's summary record of transactions. At the time of payment, all dockets and supporting documentation are to be cancelled by writing or stamping the word 'paid' across all documents.
- Where an individual has used a personal credit card to purchase goods for the school, the card holder's copy of the voucher is to be attached behind the petty cash docket when reimbursement is claimed.
- A record of petty cash expenditure, using either a book or the petty cash schedule mentioned above, is to be maintained by the advance holder. The record is to show the amount of the advance, the date cash was paid, the signature of the person incurring the expense, a brief description of the expense, the account to be charged and the amount of purchase(s).
- Before petty cash is replenished a reconciliation must occur to ensure that the total of the payments made plus the balance of cash on hand equals the amount of the original advance.
- A fresh record of the petty cash payment is to be started after each recoupment of advance.
- In accordance with internal control procedures, only one officer is to be the custodian of a petty cash advance and accountable for it. Therefore, no other person is entitled to access the advance.



- Cash on hand is to be kept in a secure location (lockable drawer/safe) at all times. The cash on hand must be fully adjusted and re-banked at the end of each school year. During other vacation periods, where small amounts are held it is not necessary for action to be taken.
- The principal or an officer appointed by the principal should carry out checks (at least two per year) where the officer checks that the petty cash balances without having given the advance holder/custodian prior advice of the check.
- The check should not be at the end of a reimbursement period and is intended to ensure that:
  - the records are up-to-date
  - loans are not being taken from the advance
  - security is being maintained over the advance and vouchers.
- The custodian must be present at all times during the check. The principal is to be advised in writing of the results of the check in a signed and dated report from the checking officer and the advance custodian. See Appendix A.

#### **4.0 Resources**

- Financial Manual for Victorian Government Schools available online at <http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx>
- Internal Controls for Victorian Government Schools available online at <http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx>

#### **5.0 Evaluation**

This policy will be reviewed as part of the School's three year review cycle.

#### **6.0 End of Document**

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## APPENDIX A

<b>PETTY CASH RECONCILIATION CHECK</b>																																																																	
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<p>I have today checked the petty cash balances and all records are up to date, the total balance in the petty cash register equals the total cash on hand and appropriate security is being maintained over the advance and the vouchers.</p> <p>Signed: ..... Date: .....</p> <p style="text-align: center;">Checking Officer</p> <p>I agree with the results of the above petty cash balance check and confirm I was present at all times during the check.</p> <p>Signed: ..... Date: .....</p> <p style="text-align: center;">Petty Cash Custodian</p>																																																																	