GUIDANCE NOTES

Petty Cash – Bank Account

Updated: May 2018

Contents

Petty Cash Responsibility Document

BUDGET MANAGER RESPONSIBILITIES:
You have been given the authority to hold and manage Petty Cash as part of the services you provide. You have an **imprest bank account** with a **float** that has been **agreed by management of your team.** In order to maintain the ability to have Petty Cash, you are accountable for the actions below:

Specific Responsibilities:
- Ensure adequate members of staff have been trained on the process and administer the Petty Cash in accordance with the training given.
- Identify any new members of staff who require training and arrange with **Sobila Sobhan** by calling **8764880**.
- Each Petty Cash Disbursement slip requires the appropriate Cost Code and the Manager's signature. Without both of these, cash **must not** be paid out. It is not acceptable to sign at a later date
- Obtaining vouchers to substantiate payments; to be made available at any given point
- Fully reconcile the Petty Cash monthly (send to **Sobila Sobhan** by **18th of the month**)
- Ensure that the Cash in Hand is counted by **two** members of staff and **signed for** on the monthly return and sent back to **Sobila Sobhan, Strategic Finance, Red Hub, 1st Floor Loxley House, Station Street, Nottingham, NG2 3NG.**
- If any of the signatories change due to staff leaving/moving, then a **Change of Signatories on Non-Personal Accounts Form** needs to be completed and returned to the Banking Team. You can ask the Banking Team for one of these forms or get one from the intranet. Only approved signatories can sign the Petty Cash return. Signatures must be legible.

General Responsibilities:
- Petty Cash is to be used for purchases of a minor or emergency nature and is limited to **£50 per transaction**. Payments above this amount should be made using a Purchase Order Number through Oracle or a Purchase Card
- One payment **cannot** be covered by multiple £50's
- Ensure that the Petty Cash is not used to cash personal cheques or make loans to members of staff
- Manage the safe custody of Petty Cash; it must not be removed from the office. Keys must be kept on the person who has authorised access and must not be left on desks or in drawers
- Cash In Hand must not exceed your approved safe limit; where there is no safe the limit is £250. If you do not know your safe limit, please contact Simon Webb in the Risk and Insurance team, quoting your safe make, model and serial number
- Ensure the appropriate people are available on request when the Audit team attempt to arrange visits. It is not acceptable to refuse access

  The **Financial Regulations** document which will cover the above can be found in **Section 3.28** and **C.4** on the [Financial Regulations & Key Documents intranet page](#)

FINANCE RESPONSIBILITIES:
- Provide training and support to all members of staff identified by the Budget Manager
- Provide clear guidance notes on Petty Cash as an end to end process to all members of staff who undertake training
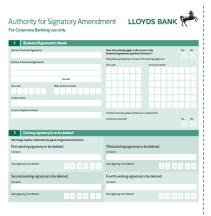
- On receipt of correct and reconciled returns, process the journal to get the expenditure into the ledgers in the same month
- Work with Audit to carry out spot checks and identify requirements for further support
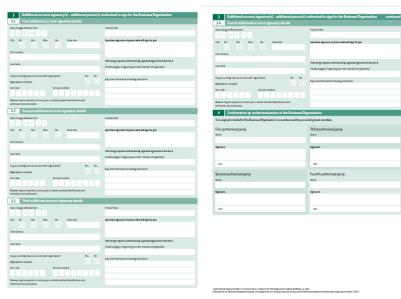
Introduction

- Petty Cash should only be used for transactions of an emergency nature, which cannot be paid for by either raising a Purchase Order, using iExpenses on Oracle or using a Purchase Card
- If you do need to use Petty Cash for your service, you will either need an imprest bank account or a Cash Card
- You will initially be considered for a Cash Card. The only valid reasons for needing an imprest bank account are:
    - You need to write cheques
    - You have G4S cash deliveries – there is a charge for each delivery
    - You are consistently spending a high value of money and on a frequent basis (i.e. it is not safe to withdraw the amount of cash you need from a machine and carry it on you)
- If you have a Cash Card, the Budget Manager for you area, will need to decide both a monthly withdrawal limit and a single withdrawal limit

Setting up a Petty Cash Float

- If you would like to set up a petty cash float, please contact the Banking Team via email at banking.team@nottinghamcity.gov.uk detailing a full explanation as to why your service needs petty cash.
- You will receive the forms you need, either for an imprest bank account or for a cash card. You will need to complete and submit to the Banking Team by emailing banking.team@nottinghamcity.gov.uk
- If you have an imprest bank account and any of the signatories change due to staff leaving/moving, then a **Change of Signatories on Non-Personal Accounts Form** needs to be completed and returned to the Banking Team by emailing banking.team@nottinghamcity.gov.uk (they will complete Section 4). This form can be found on the Petty Cash intranet page or you can contact the Banking Team to request this.

Withdrawing Cash

You will need to write a cheque made payable to 'Nottingham City Council' and submit to your local Lloyds branch. You can cash more than one cheque at a time, but this must not take your safe over its insured limit. If you do not know your safe amount, please contact Simon Webb in the Risk and Insurance team.

Giving out Cash

When cash is handed over to the recipient, please ensure they sign the slip to confirm receipt. This form can be found on the intranet.

Nottingham City Council

PETTY CASH DISBURSEMENT

Directorate/Department

Name _____ £ _____

_____ Pounds _____ pence

Particulars of Disbursement

Cost Code _____

Disbursement Certified By _____ Date _____

I DECLARE THAT THE ABOVE CLAIM IS A TRUE RECORD OF EXPENSES INCURRED BY ME

Cash Received By _____ Date _____

Cash Given By _____ Date _____

Please ensure that you have a receipt before any cash is given out. Acceptable receipts are as follows:
- o Till receipts from shops
- o Parking Tickets
- o Bus/Train/Tram tickets
- o Approved sheets for clothing allowances, bus fares, school meals, pocket money
- o Practical social training sheets
- o Section 17 receipts
- o Boarding out receipts

NOTE: A Credit or Debit Card slip is never acceptable. You need a VAT invoice.

If you obtain a receipt that you may need for a guarantee please keep the original receipt on site and send a photocopy in with your return.

Each transaction should be no more than £50. The only exceptions to this rule are:
- o TV licences
- o Holidays and outings
- o Clothing
- o Practical social training
- o Independent living
- o Boarding out payments
- o Personal allowances
- o Section 17 payments
- o Religious Festivities costs
- o Personal needs

If you require a new item to be added, then please contact the Audit Team. Do not give out the money, until you have approval. In exceptional circumstances, where the only option is to use petty cash for items above £50, please contact the Sobila Sobhan on 8764880. If agreement is given, please mark the petty cash return as appropriate.

Value Added Tax (VAT)

If a VAT number is not shown on the receipt from the supplier you will need to ask for the Supplier's VAT number and then write it on the receipt.   The inclusive VAT will be calculated automatically once the total amount and the VAT code is entered.

Generally, VAT cannot be reclaimed unless the receipt identifies the seller, their VAT number and the goods purchased.

For the following items, if less than £10 in value, VAT can be assumed even if a VAT receipt is not available:
   o Telephone calls from public or private telephones
   o Purchases made from coin-operated machines
   o Off street car parking charges

Below is a summary of the VAT treatment of common small purchases:

Standard Rated Food Items
   • Any heated food and drinks (eg McDonald's, Sausage rolls etc)
   • Confectionery, not cakes
   • Biscuits wholly or partly covered in chocolate
   • Ice cream, ice-lollies, frozen yogurt, water ices and similar
   • Cold beverages
   • Alcohol – although this should NEVER be purchased with Council money unless as a cooking ingredient for Adult Meals.
   • Potato crisps, sticks, puffs and similar
   • Salted or roasted peanuts
   • Food delivered by an external catering organisation
   • Stationary
   • Off street parking
   • Admission costs for leisure activities
   • Sale of clothing designed for ages 14 years and over
   • Restaurant meals
   • Greetings cards

Zero Rated Food Items
   • Cold/raw food is generally zero rated with noted exceptions above
   • Biscuits with no chocolate
   • Cakes (including Jaffa Cakes)
   • Sandwiches and other cold take away food
   • Tea bags, coffee powder and milk
   • Cold meat including cooked meat

Other Purchases that DO NOT have VAT
   • Bus, tram and train fares
   • Clothing designed for children up to 13 years old
   • On-street parking cards
   • Postage stamps
   • Printed books, newspapers and maps
   • TV Licence
   • Purchases from a seller who is not registered for VAT (E.g. Part time Taxi drivers)

Petty Cash Coding Guidance

GENERAL GUIDANCE: – the table below shows the last two elements of the code you will need, dependent on the type of expenditure. But if you want to check a code please use **Cody - the Finance Code Checker** or **Frequently used code guide** found on the [Budget Code Information intranet page](#)

Category	Description of Expenditure	Subjective Codes
Employees	Recruitment Expenses Criminal Records Checks	102 1
Employees	Staff Health Expenses Medical Expenses	103 1
Employees	Staff Health Expenses Occupational Health	103 2
Employees	Training Costs	120 0
Employees	Training Course Fees	121 0
Employees	Labour recharges/reallocation	140 0
Employees	Other Indirect Expenses Long Service Awards	150 2
Employees	Other Indirect Expenses Staff Subsistence	150 3
Premises	Rent	220 0
Premises	Rent Room Hire	220 1
Transport	Fuel/Oil/Tyres/Spares Fuel	300 1
Transport	Fuel/Oil/Tyres/Spares Tyres	300 4
Transport	Other Transport Costs	301 0
Transport	Contract Hire	311 0
Transport	Mileage Claims	320 0
Transport	Mileage Claims Casual	320 3
Transport	Car Parking	321 0
Transport	Staff Travel	330 0
Transport	Staff Travel Bus	330 1
Transport	Staff Travel Rail	330 2
Transport	Staff Travel Taxis	330 3
Transport	Staff Travel HCW - Payroll	330 6
Transport	Other Transport/Travel Taxis - Escorts	331 4
Transport	Recharge - Pooled Transport	360 0
Supplies & Services	Furniture	400 0
Supplies & Services	Operational Equipment	401 0
Supplies & Services	Operational Equipment Toilet/First Aid Supplies	401 1
Supplies & Services	Operational Equipment Repairs	401 2
Supplies & Services	Operational Equipment Access To Work Equipment	401 5
Supplies & Services	Operational Equipment Client spend	401 7
Supplies & Services	Operational Equipment First Aid Equipment	401 8
Supplies & Services	Operational Equipment Administrative Equipment	401 9
Supplies & Services	Operational Equipment Cleaning/Catering Repair	401 C
Supplies & Services	Aids & Adaptations	403 0
Supplies & Services	Cleaning & Domestic Supply Materials	404 1

Supplies & Services	Protective Clothing/Uniform	420 0
Supplies & Services	Printing	425 0
Supplies & Services	Printing Photocopying	425 3
Supplies & Services	Stationery	426 0
Supplies & Services	General office supplies	427 0
Supplies & Services	Postal Services	435 0
Supplies & Services	Postal Services Courier Post	435 1
Supplies & Services	Telephones	436 0
Supplies & Services	Telephones Mobile Phones	436 1
Supplies & Services	Telephones Maintenance	436 3
Supplies & Services	Telephones Alarm Lines	436 6
Supplies & Services	IT Equipment	437 0
Supplies & Services	IT Equipment Hardware	437 1
Supplies & Services	IT Equipment Rental	437 3
Supplies & Services	IT Equipment Computer Consumables	437 6
Supplies & Services	Conference	446 0
Supplies & Services	Subscriptions	451 0
Supplies & Services	Specialists Fees	456 0
Supplies & Services	Specialists Fees Interpreters/Translation	456 1
Supplies & Services	Specialists Fees Legal	456 2
Supplies & Services	Specialists Fees Inspection Fees	456 3
Supplies & Services	Publicity/Marketing/Advertising	457 0
Supplies & Services	Hospitality	458 0
Supplies & Services	Course/Training Non Staff	459 0
Supplies & Services	Other Services	475 0
Supplies & Services	Other Services Licence fees	475 4
Supplies & Services	Other Services Client Activities & Supp	475 6

Monthly Return – Instructions for use of Spreadsheet

Please note the only cells you need to complete are the ones in yellow. The white cells are formula generated. The spreadsheet is one report, you must not copy out sheets from it to use on a stand-alone basis, do not rename sheets or change the page set-ups or columns or rows.

STAGE 1

Starting the Spreadsheet:
- Open the template save it with an appropriate name e.g. PCApril2016
- Start by ensuring all of the opening data is correct by following the instructions on the "Front Sheet" tab. The Front Sheet information will automatically be carried over from information entered on the other sheets

  - Summary
    - Bank Account Number
    - Select your department from the list service ASH (for Adults) or CHS (for Childrens) delete?
    - Contact Name and Telephone Number
  - Detailed Expenditure Analysis
    - Official Title of Account e.g. Hounds Gate

Figure 1: Detailed Expenditure Analysis for Imprest Bank Accounts

STAGE 2

When starting a new petty cash sheet for a new month:
- The *Imprest Amount* at the top of the sheet is your total Petty Cash Allowance.
- The *Bank Start Balance* figure is your *Imprest Amount* minus your *Cash Start Balance*.
- The *Cash Start Balance* is the *Cash in Hand* figure at the bottom of your previous month's *Detailed Expenditure Analysis*.

STAGE 3

Collate all receipts issued up to the month end and number them consecutively. Enter each on onto a new line in the yellow shaded section on the Detailed Expenditure Analysis sheet. **The sheet requires the following for each transaction:**

- Date of transaction
- Description of what the transaction is for & Cheque number
- Voucher number (must then be written on form)
- Payment type - C for Cash, Q for Cheque
- VAT - use 20%, or 0% if VAT is not applicable
- The budget code (6 elements in the format X-X-XXXX-XXX-XXX-X) see coding guidance on page 6 for more information.
- The total amount given out (in the *Gross* column).

Please note that transactions should be no more than £50. It is also not permissible to give out multiple £50's to the same person. If you do receive any requests like this, please contact Sobila Sobhan on 87 64880.

STAGE 4

Replenishing money:

- When you receive cash (through cash delivery from G4S), you will need to enter this transaction on the *Detailed Expenditure Analysis*, and ensure you put a negative figure in the *Gross Amount column* and *Payment Type* as "C". If you have done this correctly, you will see your *Cash Balance* figure increase.
- You will also need to add a transaction onto the sheet, to show the money taken out of the bank balance – this will be a positive figure. Enter the *Payment Type* as "Q". If you have done this correctly, you will see your *Bank Balance* figure decrease. Go through all of the cheque book stubs and check that all items entered above that were paid by cheque have 'Q' in the Payment Type column and the Cheque Number is referred to in the description

Figure 2: Replenishing Cash

END OF MONTH RECONCILIATION
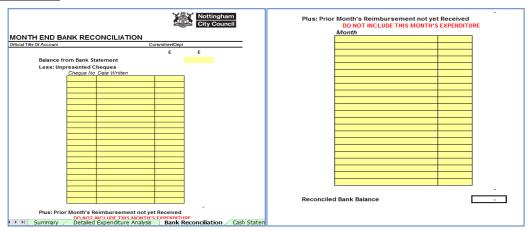
STAGE 5

Bank Reconciliation

Figure 3: Bank Reconciliation

Reconciling the petty cash at the end of the month requires you to have the end of month bank statement. This comes from Lloyds Bank, usually by the 15th of the month. If you notice anything on your bank statement that should not be there or if something is missing, please contact Sobila Sobhan on 8764880 as soon as possible - similarly, if you do not receive a bank statement.

- Enter the balance at the end of your bank statement in the *Balance from Bank Statement* box on the top right of your *Bank Reconciliation*.
- Enter any cheques which you have paid out of petty cash, but do not appear on the bank statement in the *Unrepresented Cheques* table.
- Enter any previous month's petty cash expenditure which is not yet showing on the bank statement in the *Prior Month's Reimbursement not yet Received* table. Please note you should always have something in this table as petty cash is always one month behind. Do not include the month you are filling in the return for.

Please note that the *Reconciled Bank Balance* at the bottom of the sheet should be exactly the same as the *Balance at Bank* figure on your *Detailed Expenditure Analysis*. If it is not, then there is an error and you will need to correct it.

STAGE 6

Cash Statement
The cash statement is a record of how much cash is being held on site at the end of the month. Count the cash you have and enter the amount in the *Cash in Hand Amount* box.
Please note that this amount should be exactly the same as the *Cash in Hand* figure on your *Detailed Expenditure Analysis*. If it is not, then one of the petty cash transactions on the *Detailed Expenditure Analysis* has been entered incorrectly and you will need to correct it.

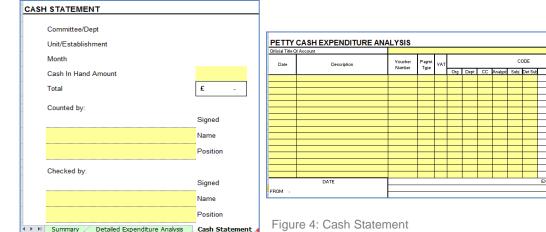Once the figures balance, the *Counted By* and *Checked By* boxes can be signed.

Figure 4: Cash Statement

STAGE 7

Summary

The **Summary** page totals the transactions by Oracle code. These can be entered using the drop down list on the sheet. You will get an error on the **Detailed Expenditure Analysis**, if there is a code you have used that does not appear on the **Summary** sheet. You will then need to ensure that you then add it.

Please note that the **Net Total**, **VAT** and **Gross Total** should match the **Expenditure for Period** totals on the **Detailed Expenditure Analysis**. If they do not, you have not got all the budget codes on the **Summary** sheet, and you will need to correct this.
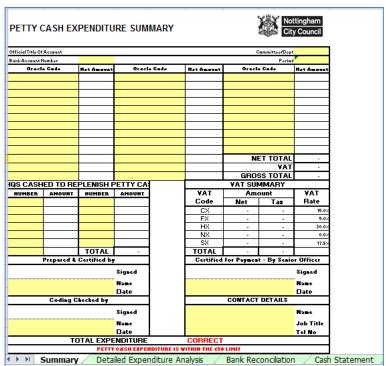

Figure 5: Summary Sheet

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STAGE 8

Check List

- ✓ Amount of Imprest figure matches the Imprest Amount – both on Detailed Expenditure Analysis
- ✓ Cash in Hand total is not in error – if it is, your Cash Statement is incorrect
- ✓ Balance at Bank total is not in error – if it is, your Bank Reconciliation is incorrect
- ✓ None of the transactions on the Detailed Expenditure Analysis are above £50
- ✓ You have at least one entry in the Prior Month's Reimbursement not yet Received section of the Bank Reconciliation
- ✓ The totals on the Summary tab match the totals on the Detailed Expenditure Analysis

STAGE 9

To complete

Once every page has been completed and your totals balance, you can then sign and date in the *Prepared & Certified by* and *Coding Checked by* boxes on the bottom left of your *Summary*. *The Certified for Payment – By Senior Officer* box on the bottom right of the *Summary* must then by signed and dated by a manager.

Finally, please email your return with your receipts to **Sobila.Sobhan@nottinghamcity.gov.uk**

Please do not send back returns that have error messages on. This means that there is something which needs correcting.

Petty Cash returns should be sent back by 18ʰ of the month. If you are having trouble meeting this deadline, please contact the Sobila Sobhan on 8764880 as soon as possible