PETTY CASH POLICY

INTRODUCTION

This document prescribes the policies and procedures relating to the establishment and administration of petty cash funds to be used by Derby Montessori School.

These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods and where a credit account is not available.

PETTY CASH CUSTODIAN

This is the person who has been authorized to make payments from the petty cash fund and who is directly responsible for the administration of the fund. This responsibility cannot be delegated.

SECURITY OF PETTY CASH FUNDS

Cash and receipts for unreimbursed expenditure must be kept in a locked cash box or other suitable device to which unauthorised access is difficult.

The petty cash custodian is personally responsible for the cash which was specifically issued to him/her or collected by them. **Therefore, access to the fund is strictly limited to the custodian.**

ESTABLISHING A PETTY CASH FUND

A petty cash fund will be started with a float of £200. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods.

A report should be maintained of incoming and outgoing transactions. All purchases must be supported by a receipt.

The fund should at no time hold more than £400 onsite.

These funds are subject to periodic audits. Recurring audit findings may result in the petty cash fund being revoked.

The custodian is responsible for ensuring the cash on hand and receipts equal the authorized amount of the fund at all times. Petty cash funds must be kept separate from change funds, cash drawers, personal funds, and any other collected revenue.

PETTY CASH FUND PURCHASES

Disbursements from petty cash funds must be properly documented and for a valid business purpose.

The use of Petty Cash Fund is not a replacement for the existing expenses process.

Petty cash funds may NOT be used for the following:

- Items/receipts in excess of £50.00.
- Cashing of personal checks or providing personal loans.
- Purchases which are required to be reported in a specific manner such as, but not limited to, personnel services, travel expenses, payroll advances, and business meals.
- Purchase of items which are prohibited under petty cash procedures:
    - advertising
    - alcoholic beverages and tobacco
    - clothing
    - controlled substances
    - donations
    - flowers
    - hazardous materials
    - leases and rentals
    - maintenance agreements
    - personal items
    - any items that are intended to be used or consumed by DMS Employees on or off site for other than DMS use.
    - professional services
    - seminars and memberships
    - telephones and cell phones
- Hospitality expenses greater than £5, such as meals or entertainment

The Managing Director has the authority to make exceptions to the above list when special or unusual circumstances apply. Approval for exceptions must be received prior to purchasing items listed above.

An employee purchasing items using petty cash funds does the following:

1. Obtains prior approval from the fund custodian or member of the management team.
2. Obtains, when necessary, a petty cash advance from the fund custodian. The advance is provided to the employee only to purchase legitimate petty cash items. Each time an advance is given, the custodian must maintain the following information:
    - the amount of the advance
    - the date

- the purpose
- the recipient
- the recipient's signature

The custodian is responsible for ensuring the employee returns any unused cash.

3. Makes the purchase, paying for the item with personal monies or with the petty cash advance and obtains an itemized receipt or cash register sales slip.
4. Presents the original sales receipt or cash register sales slip to the petty cash custodian. The receipt(s) must include:
   - description of the item(s)
   - date of purchase
   - place of purchase
   - itemized amounts
   - purpose
   - signature of purchaser
5. Receives reimbursement for the purchase from the petty cash custodian when personal monies are used or returns any unused portion of the petty cash advance to the petty cash custodian immediately after the purchase is made.

REPLENISHMENT OF PETTY CASH FUND

Replenishment of the petty cash fund should be done on a timely basis, and the float should be check once a month. At year end the balance on hand should be adjusted to the float level.

If more cash is required a request should be made of the Managing Director who will arrange for the cash to be withdrawn from the bank account, and will inform Wendy of the replenishment. Before further cash will be advanced then the transactions that account for the last tranche of money will be inspected (this should be held in a spreadsheet).

We have to pay to bank cash, so it makes sense to add any cash received in payment to be added to the petty cash fund. These should only be small amounts for things like trips or uniform. All such payments should be notified to Wendy, so that the value of the petty cash fund can be increased and the correct account credited as appropriate (if the payment was received for fees). If the cash held at hand exceeds £400 then the surplus should be banked.

A reconciliation of the petty cash fund must be done on a regular basis (typically monthly). If there is a discrepancy either over or under – there is no tolerance, then this should be bought to the attention of the Managing Director.