

## Petty Cash Policy

### Purpose

Petty cash is to meet minor payments for purposes other than salary and wages. The limit on any one payment is \$200.

### Aim

To ensure that the college is compliant with DET regulation when dealing with petty cash.

### Implementation

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 petty cash 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.
- Schools should establish a Petty Cash policy.

Advances are to be adjusted at the end of each school year by either:

- the repayment of cash equal to the advance;
- the production of vouchers equal to the advance; or
- the production of cash and vouchers equal to the advance.

Authorised advances may be re-established at the beginning of the next year.

### Petty cash advance recoupment

- Whenever petty cash needs replenishment:
- total the payments to date;
- reconcile the petty cash ensuring that the total of the payments made plus the balance of cash on hand equal the amount of the advance;
- summarise the expenditure incurred to accounts chargeable on reimbursement;
- prepare the payment voucher to replenish the advance to its fixed amount;
- make the recoupment cheque payable to the advance holder and opened to 'pay cash', with this notation being signed by the cheque signatories.

A new record of the petty cash payment schedule is to be started after each recoupment of the advance amount.

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 to the petty cash docket when reimbursement is claimed.

### **Petty cash records**

A record of petty cash reimbursements, 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;
- the amount of purchase(s).

### **Security**

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.

### **Petty cash reconciliation**

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.

**Evaluation:** This policy is required to be formally minuted and reviewed by College Council annually

**Related policies:** School Policy Advisory Guide – <http://www.education.vic.gov.au>

*This policy was endorsed by the College Council in August, 2016*