

# **Elloughton cum Brough Town Council**

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# **Petty Cash Procedure**

## **Document History**

Adopted by Council – 15<sup>th</sup> May 2023

To be reviewed – May 2024

**Philippa Beverley  
Town Clerk**

# **PETTY CASH PROCEDURE**

## **Introduction**

To deal with minor expenses, the Town Council needs a procedure that is flexible yet consistent with the need to protect the authority's funds.

This procedure seeks to ensure that petty cash floats are established and managed appropriately and that staff, members and residents are not financially disadvantaged as a result of incurring minor expenses in relation to the work of the Council.

## **Responsibilities**

It shall be the responsibility of the Town Clerk and in his/her absence the Deputy Clerk to consider any application for a petty cash float. It shall be the responsibility of the Deputy Clerk to manage the amount of the float and to ensure that the procedures specified below are implemented.

## **Petty Cash Use**

Petty cash is to be used to cover only those expense reimbursements for which it is not feasible, or for which it is unreasonably inconvenient to use the normal purchasing methods. Any expense that is predictable, regular and significant should be dealt with through normal accounting procedures.

Expenses incurred using petty cash funds are to be substantiated by acceptable supporting documentation such as receipts, tax invoices, invoices, etc., and the documentation relating to each item shall be sufficient to establish the nature of the expenditure.

The Deputy Clerk shall retain acceptable supporting documentation of payments from the Petty Cash float and shall submit these with their accounts to the Town Clerk each month.

## **Petty Cash Limit**

The amount of the petty cash float shall be as determined by the Town Clerk in consultation with members, but in general it should not exceed £200.

Any amount in the petty cash float over £200 shall be returned to the general fund.

The limit of £200 shall not be evaded through splitting of items into smaller amounts. Replenishments should be sought when sufficient funds go below £25.

## **Petty Cash Replenishment**

Total yearly petty cash requirements shall be estimated by the Town Clerk and submitted as part of the budget process. Replenishments must not exceed this amount.

If there is a need for additional finance, or if it is desired to increase the amount of the float, a request must be made to the Town Clerk who will bring the matter to members' attention.

## **Imprest System**

An Imprest System of petty cash is where a fixed amount is set for a cash float. The person claiming back money fills in a petty cash voucher with details of their claim. Wherever possible a receipt should be attached.

The person who authorises petty cash expenditure signs the voucher and then the person who deals with petty cash payments will record the expenditure and pay over the money.

Petty cash vouchers are kept in the petty cash tin. The total of cash plus the vouchers in the tin at any point in time should always be equal to the original float.

At the end of the week or month when it is time to replenish the petty cash float, the receipts in the tin are added up. Whatever they total is the amount to be withdrawn from the bank. This will take the amount of cash in the tin back up to the original float.

*For example: Float is £50.00. Vouchers for June total £34.50. Cash left in tin is £15.50. Amount withdrawn from bank £34.50. The vouchers should then be stored safely.*

## **Recording Petty Cash Transactions**

Details of expenditure should be recorded in a petty cash book. Transactions are entered in date order. The Petty cashbook should be checked and balanced weekly.

## **Security**

Petty cash is vulnerable to fraud and the following will be observed at all times:

- Petty cash is to be in a lockable tin that is kept in a locked drawer, cabinet or safe.
- Only the Town Clerk and Deputy Clerk may access the petty cash tin.
- The Deputy Clerk will be responsible for the money held in the tin.
- There will be no borrowing out of the petty cash.
- Wages must not be paid out of petty cash.
- A petty cash voucher must be completed for each item of expenditure before making the payment.

- Where possible the person authorising expenditure should not be the same person as the one receiving the money.
- Cash income received should be paid into the bank and not used to top up the petty cash tin or to pay expenses.

The petty cash will be checked every month by the Deputy Clerk. The Town Clerk will reconcile the cashbook at the end of every month as part of the accounting process and once a year during the Annual Return process.