



Cash Handling Policy

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CONSULTATION AND RATIFICATION SCHEDULE

Name of Consultative Body	Date of Approval
Senior Management Team	

CROSS REFERENCE TO OTHER POLICIES / STRATEGIES

This policy should be read in conjunction with:	Detail
Policy 1	Adult Support & Protection Policy
Policy 6	Risk Assessment Policy
Policy11	Disclosures & Whistleblowing Policy

KEYWORDS: finance, petty cash

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1 PURPOSE OF THE POLICY

The purpose of this policy is to provide guidance to all staff regarding how to deal with Primecare Health LTD cash.

2 INTRODUCTION

- As per Primecare Health LTD's procurement policy the organisation's preferred method of purchasing is through purchase order, supplier invoice and payment by BACS. If this is not possible then the following options are used:
 - Direct Debits & Standing Orders
 - Credit Card Transactions
 - Expenses
 - Payroll
 - Devolved bank account & cash tin
 - Non-devolved petty cash
- Irrespective of the method, purchasing must always be undertaken with the objective of securing value for money.
- It is the duty of all levels of staff to report financial abuse to their line managers or above as set out in the Whistle Blowing Policy.
- All staff are expected to adhere to cash handling policy and procedures. Any member of staff found to be in breach of this policy will be subject to the organisation's Disciplinary Procedure and may be subject to criminal investigation.

3 CASH ADVANCES

An advance of cash request would be made for the following reasons:

- a service user holiday –Primecare Health LTD contribution paid up front.
- a float for a fund-raising event.
- at meetings where goods may be sold, for giving change.
- foreign currency request
- because the staff member does not wish to be out of pocket for costs incurred when on the business of the organisation, e.g. on a training course.

All cash advances must be authorised in advance in line with the Schedule of Authorities.

4 CARRYING CASH

Staff should carry the minimum cash possible to reduce risk to them. Staff carrying £3,000 - £5,000 must be accompanied. Staff should not transport more than £5,000.

5 STORING CASH

All cash must be held securely in a safe or in a locked box within a locked cabinet. The following limits are imposed by our insurers:

▪ In a bank night safe	£5,000
▪ In the dwelling of any person to whom money is entrusted	£1,000
▪ In the premises during business hours	£5,000
▪ In the premises outside business hours	£1,000
▪ In the premises outside business hours in safe or strong room	£5,000

6 ACCOUNTING FOR CASH TRANSACTIONS

- Financial records must be clear, transparent and accurate.
- All cash transactions must be signed off by two members of staff who are responsible for checking the legitimacy of the purchase and the accuracy of the recording.
- All cash transactions must be supported by receipts and/or invoices. If receipts are lost then a third person, preferably the line manager, must countersign the petty cash voucher to verify the purchase and the cost. A brief explanation of the loss must be included or attached.

7 LOST CASH

Staff are responsible for any cash they carry. If a staff member claims to have lost cash the line manager or a nominated manager must investigate the loss and provide a written report explaining the circumstances and drawing conclusions as to the veracity of the claim.

Claims of lost cash may be reported to the police to investigate if the manager has concerns about the circumstances of the loss.

Disciplinary action may be considered dependent upon the outcome of the investigation. Primecare Health LTD may seek reimbursement of the lost funds from the responsible staff member dependent upon the circumstances.

8 MISSING CASH

If monies are found to be missing from a cash tin it is the responsibility of the person discovering the loss to report it immediately to their line manager or to on-call as appropriate.

All missing monies must be investigated by an appropriate manager as soon as is reasonably practicable. Disciplinary action may be considered dependent upon the outcome of the investigation.

Missing cash may be reported to the police to investigate if the manager has concerns about the circumstances of the loss.

9 POLICY REVIEW STATEMENT

This policy will be reviewed every three years or earlier if required due to legislative changes.

Appendix 1: PROCEDURE FOR NON-PURCHASE LEDGER EXPENDITURE

1 Introduction

Head Office teams are supplied with petty cash by the finance department. Cash can be requested on a monthly basis or when the cash balance drops to an agreed trigger point. **(See section 2 Petty Cash)**

Regional teams with a monthly cash requirement of up to £299 will be able to pick up cash from the regional Area Office on the first of each month. **(See section 2 Petty Cash)**

Monthly funds will be calculated using either the imprest system, that is, teams will be reimbursed by the amount that they have spent in the previous month; or teams will be topped up with a standard monthly budget, which will be calculated annually. Regional managers will decide which system to use in each team.

Teams with a monthly cash requirement in excess of £300 will have a separate bank account which will be managed by the Senior Support Practitioner. The monthly budget will be transferred directly into this devolved bank account. The Senior SPs with control of devolved bank accounts will write cheques to cash to withdraw manageable amounts of money for the team to use. **(See section 2 Petty Cash & section 3 Devolved Expenditure)**

Advances of cash will also be made available for one-off events that require it like service user holidays, fundraising events or meetings where goods will be sold. **(See section 4 Advances of Cash)**

2 Petty Cash

Petty cash is provided for those teams in which small items that are purchased by employees for work purposes are reimbursed in cash. Cash must be held securely, and payments must be properly accounted for in the Primecare Health LTD records.

2.1 Setting up a Petty Cash Float

- New petty cash floats will normally be requested when a new department is set up.
- Initial authorisation to set up a petty cash float must be obtained by the department head budget holder.
- The authorisation must be in writing.
- The authorisation must clearly state: start up amount required, anticipated frequency of top up amounts, reason why a float is necessary and the name of the designated responsible person who is solely responsible for the safe custody of the cash/receipts and the operation of the account (appendix 6).
- The adequacy of the float should be reviewed annually by the budget holder.

2.2 Responsibilities & Security

- The petty cash float must be the responsibility of only one person (the designated responsible person) who is responsible for the safe custody of the cash and the operation of the account.
- Prior to any planned absence of the designated responsible person, a substitute must be appointed temporarily to act in their stead.
- During an unplanned absence of the designated responsible person, a substitute will be temporarily appointed by the budget holder to act in the responsible person's stead.

- Prior to any planned absence of the designated responsible person, the cash in the box should be counted in the presence of the person taking over responsibility. A Breakdown of Cash Form should be completed (appendix 5) and both members of staff sign as being correct.
- Prior to any unplanned absence of the designated responsible person, the cash in the box should be counted by the budget holder in the presence of the person taking over responsibility. A Breakdown of Cash Form should be completed.
- A separate Breakdown of Cash Form must be completed on the return of the petty cash holder. These forms should be kept on file and be available for auditors.
- Under no circumstances may personal cheques or IOUs be processed through the petty cash system.
- The use of personal store reward or loyalty cards is prohibited when purchasing items on behalf of the organisation.
- Any loss or shortfall of cash shall be reported immediately in writing to the designated responsible person's line manager and the organisation's Finance Officer.
- All petty cash should be kept in a locked box, preferably in a secure, fireproof safe or a secure lockable cupboard. The safe/cupboard must be kept locked at all times, apart from when it is in use. The petty cash tin should always be kept within Primecare Health LTD premises unless prior agreement with Regional Manager.
- All keys for the petty cash box should be kept in a secure location by the designated responsible person at all times. These should be kept within Primecare Health LTD premises unless prior agreement with Regional Manager

2.3 Petty Cash Expenditure

- No money shall be paid from the petty cash float unless a voucher is completed, signed by the recipient and authorised by an approved signatory. (Refer to Schedule of Authorities)
- Vouchers must not be authorised by the person who incurred the expenditure.
- Money up to the value of £50.00 maybe requested from the petty cash holder in advance of spend.
- Receipts and change must be returned to the petty cash holder within **24 hours** of spend.
- Payments must be limited to £50.00 on any one purchase or reimbursement. Breaking up a larger value spend into amounts of £50.00 or less is not permitted.
- Items available through normal supplies requisition procedures should not be purchased through petty cash, except in cases of extreme urgency.
- Staff expenses for travel should be claimed in arrears and paid along with salary; however, if staff cannot afford to be out of pocket, then money can be released from petty cash – the £50.00 limit still applies.
- Receipts must be attached to the voucher to verify the sum spent. If no receipts are available, the reason why must be written on the voucher by the claimant. If necessary, the person authorising a petty cash reimbursement without a receipt should also give written details of the outcome of any investigation and what steps have been taken to ensure misappropriation of the organisation's money has not taken place.
- The organisation is under no obligation to reimburse employees for expenditure made personally by them for which they do not have a receipt or if the goods are not deemed to be required or necessary for the business of the organisation.
- Before reimbursement can take place, the claimant must get an authorised member of staff to sign off spend. The authorised member of staff must satisfy themselves to the legitimacy of the claim before countersigning the petty cash voucher.

- All organisational spending must be in its own receipt and no spending should be part of a larger receipt for personal spending by a member of staff.
- No spending will be reimbursed from petty cash if the purchase is made using a personal debit or credit card.

2.4 Recording Petty Cash for Finance (See appendix 3 - Petty Cash Spreadsheet)

- The spreadsheet is updated manually, or on excel, by the designated responsible person after each transaction.
- The petty cash spreadsheet and supporting paperwork should be submitted to the Finance department by the 3rd working day of each month. For regional teams this means that all paperwork should be submitted to their local Admin office by the 1st working day of each month.

How to Complete Petty Cash Spreadsheet:

1. **Department:** Name of department within the organisation
2. **Team:** Name of Team within the department
3. **Month:** Month in which the spending occurred.
4. **Date:** Day on which spending occurred.
5. **Description:** Clear description of goods/services bought and from which supplier or top up from the bank.
6. **Chq No:** Cheque Number taken from cheque book i.e. Chq 22.
7. **PCV No:** Petty Cash Voucher Number, allocate the next number in series, April would start at 1 and so on throughout the year.
8. **Income:** Income should be entered into this column i.e. Top up from bank. The amount should also be added to the cash balance.
9. **Expenditure:** Expenditure should be entered into this column. The amount should also be deducted from the cash balance.
10. **Cash Balance:** This is the running balance arrived at with every addition and/or subtraction and should be recorded after each transaction.
11. **Analysis of Expenditure:** Spend must be allocated to an appropriate expenditure heading e.g. stamps purchased should be noted in the post, printing & stationery column.
12. **Signed:** Each transaction must be signed off by 2 staff. Also, the designated responsible person should do a random check on the accuracy of the spreadsheet addition and count the money held in the tin on a regular basis at no longer than weekly intervals even if no transactions have taken place.
13. **Balance b/f:** This amount is the "Cash balance to be carried forward" amount taken from previous month's petty cash spreadsheet.
14. **Totals:** Add up the following individual columns:
15. **Cash Balance to be Carried Forward:** This is copied from the cash balance total and will be transferred as the opening balance for the next month.

2.5 Completing Petty Cash Vouchers (PCV):

- A petty cash voucher must be completed in full for every item purchased, the receipts must be attached to the voucher and all transactions must be authorised by the designated responsible person.
- PCVs must be numbered consecutively throughout the year starting at PCV1 each April, show the current date and the amount removed from the cash tin.

- Each PCV should be signed by 2 staff who should be present to count out the cash withdrawn and the balance remaining in the tin. However, where this is impossible due to single staffing a note should be left in the communication book for the next member of staff on shift to count the petty cash and countersign the PCV when they come in. The PCV is left in the cash tin.
- Cash removed from the cash tin should be spent within 24hrs.
- When the item has been purchased the receipt should be stapled to the PCV. The amount of change should be written on the PCV and the new total, that is the total of the receipt, should be added. In exceptional circumstances if it is not possible to get a receipt or if the receipt is lost then a full explanation must be added to the petty cash voucher and the line manager must sign.
- **The cash in the cash tin must be counted at each transaction.**
- All vouchers should be kept securely in the same petty cash box as the cash itself until they are submitted to the Finance team on the 3rd of each month.

Petty Cash Voucher		Folio No:	PCV 47
		Date:	9 th July 2018
For what required		Amount	
		£	p
Cash for Food		10	00
Morrisons - Sandwiches for meeting Change Returned		- 0	41
TOTAL SPEND / RECEIPT TOTAL		9	59
Signature:	A N Other	Passed by:	J Doe

2.6 Petty Cash Top-Ups

- When a Petty Cash float is down to a level where a 'top up' is required or where a calendar month has elapsed a request for reimbursement should be made by the designated responsible person using the Cash Withdrawal from Bank form (appendix 7).
- If the petty cash tin is attached to a devolved bank account, then the relevant Senior Support Practitioner will be able to write the cheque to cash and go to the bank. Regular top-ups are scheduled by Senior SP to meet local needs within a set agreed budget.
- If the petty cash tin is supplied by a regional Area Office, the request must be submitted to the local Administrator. Monthly top-ups are scheduled based on an agreed budget.
- If the petty cash tin is supplied by Head Office, the request must be submitted to the Finance department. Top-ups are made based on previous usage and are designed to maintain an available balance between agreed minimum and maximum levels, e.g. between £60 - £120.
- The level at which a 'top up' should be made will be the 'trigger point' set by the designated responsible person and/or budget holder.
- The first stage is for the designated responsible person to ensure that the total paid out from petty cash float equals the total of the receipts held.

- The balance of cash remaining in the petty cash float must equal the difference between the total float held at the beginning of the period, less the total amount paid out.
- Advance notice of at least 4 days is required to enable a cheque to be raised, taken to the bank and float collected to ensure petty cash is always available.

2.7 Petty Cash paperwork Submissions to Finance Department

On a monthly basis the following must be submitted to the finance department:

What:

1. Completed petty cash spreadsheet for month.
2. All completed petty cash vouchers with receipts attached.
3. Breakdown of Cash held in tin form.
4. Cash Withdrawal from Bank/Advance of Money Request Form(s).
5. Where there is no spend for the month, a Breakdown of Cash Held in Tin form must still be completed and sent to Finance.

When:

1. The 3rd working day of each month.
2. Ideally Petty cash / Cashflow spreadsheets should record transactions in each calendar month 1st – 31st, however to achieve a handover date to Admin of the 1st of the following month it may be necessary to bring cut off dates forward to allow time for postage.

How:

1. By 1st class recorded delivery post.
2. Ensure packet is posted on the first working day of each month.

3 Devolved Expenditure

Teams with a devolved bank account must follow the same rules as above for handling their petty cash with the following differences:

- Cash can be withdrawn from the bank by the direct care staff team. A Cash Withdrawal Form (appendix 2) is still required. The staff member going to the bank must take personal identification as well as their organisational ID card to prove their status as an employee.
- Limits on transactions are higher. In an office environment petty cash transactions are limited to £50. Within devolved residential, home support or day opportunities teams individual transactions are limited only by the cash available and the standard authorisation limits as per the Schedule of Authorities: £200 for Senior Support Practitioner, £1000 for Service Manager. Purchase Orders are still required as per the Procurement Policy for all purchases in excess of £50 with the exception of groceries.
- Additional paperwork is required in the form of the Budget / Bank Control Sheet (appendix 4) which summarises the petty cash transactions for the month but also lists all bank transactions. Please note that the Cashflow Spreadsheet, the Breakdown of Cash form and all the receipts and petty cash vouchers are still required as per section 2.

3.1 When completing the 'Budget/Bank Control' sheet you must:

- Ensure that all bank transactions have been recorded – that is all cheques, whether to cash or to suppliers, and all direct debits, standing orders and transfers – and that where appropriate an analysis of expenditure has been given. Cheques to cash and the transfer of your monthly budget do not require analysis, however all other transactions require an explanation – as food, cleaning, outings, etc.
- Please ensure that all invoices have copy Purchase Orders attached.
- If the devolved service issues a cheque to the Area Office for goods or services paid for via BACS or credit card this should be clearly marked, and the Purchase Order and invoice/receipt provided. Original payment by BACS or credit card will be coded as per PO (e.g. 7405) while subsequent transactions to move the money between different bank accounts should all be coded to 9998 suspense.
- Ensure that all cheque numbers are accounted for. If a cheque has to be cancelled for whatever reason it should still be entered on the 'Budget/Bank Control' sheet (appendix 4), and under description 'cancelled' should be written and no amount should be entered beside it. The cancelled cheque itself is to be returned to Admin, then on to Finance.
- Total your 'Cashflow Spreadsheet' (appendix 3) and transfer the totals onto the 'Budget/Bank Control' sheet (appendix 4). Remember at this point to sign the bottom of the Budget/Bank Control sheet confirming that the Cashflow Spreadsheet totals agree with those stated on the Budget/Bank Control sheet.
- Total each column of expenditure on the Budget/Bank Control sheet remembering to include all cheques to suppliers, bank transfers, direct debits, standing orders and bank charges.
- Compare your Budget/Bank Control sheet to your bank statement to ensure that you have not missed any transactions and that the bank balance matches and then sign the bottom of the Budget/Bank Control sheet to confirm that the bank statement has been reconciled.
- Use the calculations listed below to ensure that there have been no errors of arithmetic or carrying forward. If they balance, submit to Administrator on the 1st working day of the following month. If they do not balance, try to find the error but seek help from Administrator if necessary.
- Please ensure that any errors, corrections or amendments are clearly marked and legible.

Check 1: BANK BALANCE + CASH BALANCE + Expenditure TOTAL = Current monthly budget

Check 2: Final CASH BALANCE + final BANK BALANCE = total of all budget balances to be c/f

4 Advances of Cash

An advance of cash request would be made for the following reasons:

1. Service user holiday – Primecare Health LTD contribution.
2. A float for a fundraising event
3. At meetings where goods may be sold, for giving change.
4. Foreign currency request
5. When a staff member does not wish to be out of pocket for costs incurred when on the business of the organization, e.g. on a training course.

- To request an advance of cash, the form Cash Withdrawal from Bank / Advance of Money Request (appendix 2) must be completed and given to the regional Administrator or within Head Office the finance Department.
- 4 days' notice should be given of advances of cash requests.
- When collecting your cash or foreign currency it will be counted in front of you and you will be asked to sign the Cash Withdrawal from Bank/Advance of Money Request to confirm receipt.
- Receipts and unspent money must be returned personally to the original dispenser and must be clearly marked with the cheque number and date. If multiple receipts are being returned, then an Advance of Money Spent form (appendix 8) must be completed and the relevant receipts attached.
- The appropriate Manager or director must sign off any missing receipts.
- The Administrator or Finance department will sign the form acknowledging safe return of change or float.