



Lowestoft Town Council

Petty Cash Policy and Procedure

1.0 Funds

- 1.1 The maximum expenditure per year through petty cash is £500. The use of credit cards and bulk purchasing has reduced the use of petty cash.
- 1.2 The funds are permitted to be topped up, if required, through cashing Unity Trust cheques at Nat West.

2.0 Controls

- 2.1 Financial Regulations and this procedure provide the petty cash controls for this Council as detailed in this section.

Scope

- 2.2 The petty cash system is designed for low value items where formal orders are not reasonably possible or appropriate. Examples include the purchase of postage stamps and milk.

Delegation

- 2.3 The Clerk (the Deputy Clerk where the Clerk is absent) administers and manages the petty cash system with a rolling balance not exceeding £250 and a total annual expenditure not exceeding £500.
- 2.4 All delegated petty cash expenditure shall be recorded and reported to Council.
- 2.5 All expenditure incurred through petty cash is only as permitted under existing delegations (e.g. for meeting expenses or office stationery).

Cashflow and bank charges

- 2.6 Bank transaction are charged at the rate currently applicable through the banks and it is recognised that these apply to cheques and cash transactions.
- 2.7 Where the petty cash balance exceeds £250, the excess will be banked. The cash balance would not normally be maintained at less than £20.

Other controls

- 2.8 These include
 1. Petty Cash vouchers are issued with any cash advance and must be returned completed with any claim along with the related receipt and any change. Cash out will be signed out and change returned will also be signed in.
 2. For reimbursements, only the receipt need be provided and a voucher logging the reimbursement will be signed and attached to the receipt.
 3. All income and each transaction is logged promptly within the Petty Cash Log (normally within two working days). Details include the date of the transaction, the purpose, the amount in or out, the balance and the person responsible for the transaction.
 4. All receipts are kept in a folder with the relevant voucher and Petty Cash Log.
 5. VAT receipts are obtained, where relevant and possible, and will be taken into account for any VAT returns.
 6. The Petty Cash tin is kept with the Petty Cash Log in the Clerk's office (access controlled to the tin for the Clerk only) within a secure (locked) drawer for which the Clerk holds the key.
 7. The RFO (Clerk) will make checks on the balance and recorded transactions, prior to the petty cash being reconciled by the councillor internal controller. This will include a check on the actual cash kept. This reconciliation will take place as part of the main bank reconciliation process. Bank reconciliations are reported to Finance and Governance Committee and Full Council.



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8. Petty cash transactions, including all income and connected banking, are recorded within the accounting software and reported to monthly Finance and Governance Committee meetings and Full Council. Financial Regulations apply and have been amended to take account of the petty cash system.
9. Two bank signatories sign off the petty cash log against receipts at not greater than two-monthly intervals
10. Internal and external audit cover the petty cash system.