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Petty Cash Policy and Procedure

FP102 Finance Policies

April 2024

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1. Introduction
   1. This policy outlines MHA’s expectations of colleagues in relation to the petty cash fund, including how to keep petty cash floats and bank accounts safe and secure.
2. Scope and Purpose
   1. This policy applies to all MHA colleagues for petty cash floats and bank accounts under the control of MHA’s Homes, Schemes and Central Support.
3. Definitions

|  |  |
| --- | --- |
| Term | Definition |
| **BACS** | Bank Transfers. |
| **Petty Cash** | A small amount of physical currency (money) set aside to cover minor day-to-cay expenses of a small value. |

1. Insurance
   1. All sites must ensure that the following insured cash values do not exceed:
   * Cash in transit (to or from the bank) £1,500
   * Cash held in a locked safe (provided the keys are £2,500

not kept in the same part of the building)

* + Cash held not in a safe £250
  1. For more information, refer to the Insurance Policy [G800].

1. Petty Cash Floats
   1. The petty cash float is intended to be used only for low-value items (less than £100). Retirement Living schemes, more than £100 can be used in exceptional circumstances.
   2. Large amounts of cash should not be accepted in homes or schemes apart from for the amenity fund. Large amounts of cash for any other purpose such as residents personal monies, or fees as an example, should not be accepted. Colleagues should encourage other means of transfer such as BACs or cheque rather than cash.
   3. **For Care Homes** 
      1. Petty cash floats must not exceed £500 in Care Homes
      2. When the petty cash float reaches £500 or is expected to reach £500, a paying in slip should be requested from operational finance at central support. Once the home has received the paying in slip, they can complete this and return it to central support along with the excess money for banking.
   4. **For Retirement Living Schemes**
      1. Retirement Living Schemes with Bistro’s may often have a petty cash float of upwards of £500.
      2. Schemes should regularly bank any excess petty cash locally using the paying in book for MHA’s bank account.
      3. Residents are not encouraged to pay any fee’s using cash, but this can be done in exceptional circumstances through the petty cash fund. Colleagues must contact Operational Finance prior to accepting any cash payments.
2. Petty Cash Top Ups
   1. Managers can withdraw cash using the Equals card if they don’t have enough money in the tin.
   2. Equals cards have been issued via HSBC to all Care homes and Retirement Living Schemes and these are to be used to draw cash to top up the Petty Cash float. A petty cash return must be completed and submitted at least monthly to account for the withdrawal and to top up money available on the Equals card.
   3. If cash funds are insufficient or the regular payment to a local supplier would significantly reduce the cash float, a payment may be issued for urgent payments where the time involved in processing an invoice via Central Support Purchase Ledger Team or processing one off bacs payment requests is unacceptable to the supplier. This is an exception not the norm.
3. Miscellaneous Income
   1. All cash received must be signed for in a receipt book by:
   * the person giving the income.
   * the person receiving the income.
4. Petty Cash Expenditure
   1. A petty cash voucher must be completed for every cash payment,
   * detailing the expenditure
   * signed by the colleagues seeking reimbursement.
   * signed by the colleagues providing reimbursement.
   * accompanied by an itemised till receipt.
   1. These vouchers must be filed with the local copy of the Petty Cash Claim form which must be kept for 7 years.
   2. If an advance is required to enable a colleague to make a purchase on behalf of MHA, both the colleague and an authorised signatory must sign the voucher. Double signing is a requirement across care homes and should be followed where possible across Retirement Living.
   3. Advances over £20 need authorisation by a Manager and they must sign the advance slip before any money can be advanced.
   4. Advances must be promptly dealt within 3 days - the full amount or a receipt and any change must be returned.
   5. If an advance exceeds 3 days this must be escalated to the Manager immediately so that they can help chase up the return of the full advance or receipt and any change.
   6. In the event of a lost receipt, the Manager can apply discretion for a spend of up to £20.
   7. Above £20 requires approval from an Area Manager, Regional Director, Central Support Manager or Leadership Team Member. The petty cash voucher must be signed to acknowledge and approve the missing receipt by the authoriser.
   8. If an item is not listed below, please check with a member of Treasury at Central Support for advice:

| **Petty cash - allowed items** | **Petty cash – disallowed items** |
| --- | --- |
| Small one-off expenses claims should be reimbursed via the home and schemes petty cash (see the Business Expenses policy, FP003) | All other expenses must be submitted using Webexpenses (see the Business Expenses policy, FP003) |
| One off activities less than £100 | Regular activates that can be paid by an invoice and have payments terms of 30 days |
| Local florists, newsagents, Chiropodists hairdressers and suppliers who have payment terms of less than 30 days | Repairs to buildings (including skip hire where possible – skip hire paid in cash must be approved by the area manager prior to booking) |
| Postage | Loans or advances for non-business expenditure |
| Leaving gifts / small item gifts | Reimbursement - Employee Business expenses over £100 |
| Cashing residents or relatives cheques to top up residents monies account | Purchase of new equipment (washing machine, fridge etc) |
| Taxi fares for residents for hospital, Doctors appointments (not applicable for Retirement Living) | Invoices or purchases over £100 and the supplier has payment terms of 30 days |
| Key cutting | Repairs to buildings |
| Expenditure where an invoice isn’t an option e.g., Tesco supermarket for emergency purchases / top up items | Amenity fund expenditure |
| Advances for business expenditure (subject to limits and approval) |  |
| TV licences |  |
| For Retirement Living – subscription services (e.g. amazon prime) at the prior approval of the Area Manager. |  |

1. Reconciliation
   1. Petty cash needs to be reconciled and counted at least monthly using local procedures that work best for the home or scheme. It is advised that the Manager audits the petty cash regularly in line with the Safe Inventory policy.
   2. Ad hoc checks can be carried out at any time as requested by an Auditor, Manger, Deputy Manager, Area Manager, Operational Finance, or Operations Support Managers, and Service Administration Managers (SAMs).
   3. If there is a discrepancy or a concern regarding Petty Cash, this must be investigated and rectified as quickly as possible.
   4. If the discrepancy or concern cannot be rectified or is a breach of this policy the Manager must notify a member of the operational finance team and their line Manager immediately.
2. Petty Cash Returns
   1. Petty Cash Returns must be forwarded by email to Finance Petty Cash as a minimum once monthly.
3. Record Keeping
   1. Petty cash records and receipts must be retained for 7 years.
4. Security
   1. Refer to Security and Key Holding Policy [CP018]
   * Petty Cash and cheque books must be kept locked in a safe at all times other than to process a transaction or to carry out a balance check.
   * Sign in and out (equals card) – limit who knows the pin, who has access.
   * Keys must be controlled and logged as per CP018, Security and Key Holding
   * Trips to the bank must not be part of a routine or follow a pattern for personal security reasons.
   * Cash carried by an individual at any point in time should not exceed £1,500, if this limit is exceeded another person is required to accompany them for safety.
   * A mobile phone must be carried at all times when off site and carrying cash in case of an emergency.
5. Roles and Responsibilities

| Role | Responsibilities |
| --- | --- |
| **Care Home Managers and Housing Manager (or another delegated colleague)** | * Overall responsibility for their home or schemes petty cash fund. * Responsible for overseeing and checking petty cash balances and compliance in line with this policy. * Responsible for ensuring that signatures and bank mandates are kept up to date. * Assigning an accountable individual in their absence to oversee the fund. * Responsible for petty cash reconciliation (Housing Manager ultimately responsible across Retirement Living) |
| **Administration Managers (if applicable)** | * Accountable for the day-to-day management, security, and compliance with this policy. * Responsible for retaining a copy of the emailed submission of each Petty Cash Return, signed by their manager, and kept at the Home. |
| **Accountable Person**  **(Where applicable for Schemes)** | * A designated accountable person must be identified to manage the petty cash, when the Manager or Administration Manager is unavailable – e.g. holidays and other planned absence, Out of Hours, and emergencies / unplanned leave. * The designated accountable person assumes the same responsibilities as the Administration Manager and is bound by this policy. * For instances of planned leave, both the Administration Manager and the designated accountable person must conduct a handover of the petty cash, and both need to sign the records to confirm the balance being transferred. |
| **Area Managers** | * Spot check the petty cash and petty cash records and audits, ensure that colleagues in their area are compliant with this policy and understand the operating procedures around petty cash. |

1. Training and Monitoring
   1. Audit trail of all transactions.
   2. Monthly checks by Manager (for Care Homes)
   3. Ad hoc checks by Area Managers.
   4. Compliance is assessed through direct observation, monitoring, and supervision of our colleagues.
2. Communication and Dissemination
   1. This policy is disseminated and implemented within all MHA services through MHA’s channels of communication.
   2. Each colleague’s line manager must ensure that all teams are aware of their roles, responsibilities.
   3. This policy will be available to the people we support and their representatives in alternate formats, as required.
   4. Any review of this policy will include consultation with our colleagues, review of support planning, incident reports, quality audits and feedback from other agencies.
   5. Queries and issues relating to this policy should be referred to the Standards and Policy Team [policies@mha.org.uk](mailto:policies@mha.org.uk)
3. EDI Impact Assessments
   1. Equality, Diversity, and Impact Assessment to be confirmed.
4. Resources
   * Residents money and valuables policy [FP205]
   * Security and Key Holding Policy [CP018]
   * Insurance Policy [G800]
5. Version Control

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| --- | --- | --- | --- | --- |
| Version | Version Date | Revision Description / Summary of Changes | Author | Next Review Date |
| 4 | March 2024 | * Regular Compliance Review * Operating procedures aligned with MHA services. * MHA Communities and Volunteering content under active review. * Review panel: * Service Administration Manager (SAM) * Retirement Living Area Managers | * Head of Operational Finance * Operational Finance Team Leader * Operational Finance Administrator * Standards and Policy Manager | March 2026 |
| 5 | April 2024 | * Addition of retention schedule for petty cash records and receipts. | * Standards and Policy Manager | March 2026 |