



Petty Cash / Imprest Accounts

Schools Financial Services

www.lancashire.gov.uk

1. INTRODUCTION

The following notes are intended to help Headteachers and School Bursars in the administration of Imprest facilities and detail the principles of operating an Imprest Account.

2. IMPREST ACCOUNTS

- 2.1 Generally the purpose of an Imprest Account is to fund small purchases which are urgent or where an order is not warranted or appropriate.
- 2.2 The Imprest Account at each school will be operated using a bank account, with a cheque book facility arranged by Accounts Payable. Once an Imprest account has been opened, a maximum of two debit cards may be requested for use with the account. This Imprest bank account should be distinguished from the Bank Account Scheme in which all purchases can be directed through a school bank account. Bank statements will be required monthly and should be sent to the school.
- 2.3 The amount of the Imprest Account is likely to vary from school to school according to use. The initial amount may be adjusted in the light of experience and in consultation with Accounts Payable.
- 2.4 The account must not be allowed to become overdrawn, nor be temporarily supplemented by the use of school funds or other unofficial funds. It must not be used to bank income from other sources and direct debits and standing orders must not be set up.
- 2.5 Where a school controls its budget share using the Finance 6 module it is recommended that the enhanced Imprest Account is operated using the 'Petty Cash' facility. (Please refer to the guidelines produced by LCC Education Digital Services).
- 2.6 For schools using manual procedures a cash book should be maintained detailing all transactions on the Imprest Account. In addition, a separate book may be kept to allow control over expenditure incurred on postages.
- 2.7 The cash book should allow the current balance on the Imprest Account to be readily identifiable and should be cross referenced to the numbers of cheques issued, the type of expenditure, the expenditure code, the department or budget account to which it relates and the amount (gross, VAT and net) of each transaction.

3. SECURITY

- 3.1 Any cash within a school should be stored securely, preferably in a safe, or in a locked filing/cabinet or drawer. Cash should never be left unattended.
- 3.2 Cheque books and debit cards should also be stored securely and on no account should cheques ever be pre-signed.

3.3 Although insurance cover is available under the terms of the County Council's Cash and Fidelity Guarantee policy, this policy contains a large excess clause which, in effect, means that the County Council will have to stand any loss incurred. It is imperative that any such losses are notified immediately to the Insurance Section within the County Treasurer Department (https://schoolsportal.lancsngfl.ac.uk/sp_atoz/service.asp?u_id=2202&strSL=I).

3.4 Schools are reminded of the necessity to maintain separation of duties in the operation of financial systems. The duties of ordering, certifying invoices and signing cheques should be performed by separate members of staff. The need for separation of duties is valid in both manual and Finance 6 systems.

4. **SIGNATORIES**

4.1 It is recommended that the signatories on the Imprest Account be the Bursar, the Headteacher or a Deputy/Assistant Headteacher, with two people signing cheques. It is advisable to have a third authorised signatory for in the event of staff absence. A record of the signatories, including specimen signatures, should be kept at the school. Any changes to these signatories should be notified immediately to Accounts Payable.

5. **DETAILED PROCEDURES**

5.1 **Expenditure Recording**

5.1.1 Expenditure from the Imprest Account is generally incurred by the direct purchase of an item (or services) without an order being placed. For direct payments from the Imprest Account, an invoice, official receipt or till receipt should be obtained to support the payment. If this is not possible, the Imprest holder should complete a petty cash voucher CT336.

5.1.2 (i) In very limited circumstances, schools may wish to make a payment from the Imprest Account to settle an invoice relating to an order placed. This should only take place when the school can obtain discounts by the **immediate** payment of the invoice. It should not be used when the 'Urgent Payment' system, which currently guarantees payment within three days of receipt, could make the payment in sufficient time for the discount to be obtained.

(ii) In these circumstances, the copy order should be annotated to show the cheque number from the Imprest Account and the date of payment.

(iii) Payments should be recorded in a Petty Cash Book and cross referenced to the original order by including the order number in the description relating to the transaction.

5.1.3 Schools should remember that budgetary control procedures relating to purchasing of goods and services should be applied to purchases from Petty Cash.

5.2 Reimbursement Procedures

- 5.2.1 Claims for reimbursement should be on a monthly basis. If schools find a need to submit claims more often they should consider applying to Accounts Payable for an increase or review their use of the Imprest account. Claims should be submitted directly to Accounts Payable within seven days after the end of the month.
- 5.2.2 Where schools choose to operate a manual system, the procedure is detailed below. Claims should be made using Forms CT278 and CT190.

Schools using Finance 6 are not required to manually complete Form CT278, however, both an expenditure listing print, together with a Ledger Code Expenditure Report, must be obtained from the Finance 6 module.

CT278 - Payment of Creditors - Imprest Account

- (a) Enter the first three characters of the month's expenditure being claimed under the heading "MONTH".
- (b) Enter the appropriate expenditure code (objective and subjective), together with details of the expenditure incurred. This may be an 'item by item' entry or in the form of a summary of total expenditure analysed over the various expenditure codes.
- (c) Vouchers to support the expenditure should be attached and numbered.

CT190 - Monthly Statement of Imprest Account

- (a) Insert the name of the school, the month for which expenditure is being claimed and unique supplier number on the top of the form.
- (b) On the left hand side of the form, under the heading 'RECEIPTS - AMOUNT', enter:-
 - (i) the balance in hand at the start of the month;
 - (ii) the amount that was claimed and paid directly to your Imprest Account in the previous month; and
 - (iii) the total of these two amounts which should correspond to the total of the Imprest Account.
- (c) On the right hand side of the form, under the heading 'PAYMENTS - AMOUNT' enter:-
 - (i) the total amount paid during the month (this should correspond to the total amount detailed on the CT278 or listing from Finance 6);
 - (ii) cash in hand (including any floats) and adjusted bank balance, entering the total of these in the 'AMOUNT' column. It should be noted that unused stamps count as 'cash in hand' for this purpose

The adjusted bank balance is obtained by reducing the balance shown on the latest available bank statement by the amount of cheques drawn but not yet debited on the statement and, if necessary, by increasing the balance shown by the amount of any reimbursement which has been received but not credited on the statement.

- (iii) the total of these two amounts which should correspond to the total of the Imprest Account.

- 5.2.3 (a) Having followed the steps identified within Section 5.2.2 above, the CT190 should then be certified correct by either the Headteacher/Deputy/Assistant Head or Headteacher/School Clerk, dated and submitted with Form CT278, or relevant Finance 6 print (as detailed above) and all supporting vouchers (in the order in which they appear on the CT278 listing). A Batch Header must be completed and attached to the documents and they should then be forwarded to Accounts Payable by the 7th of the following month. This will ensure a speedy reimbursement direct to your Imprest Account (ie payment will be made directly to the bank).
- (b) Although there is a facility to record an overdraft on the CT190, this should not be used as Imprest Accounts should not become overdrawn.
- 5.2.4 Initial payments to fund the Imprest Account and subsequent reimbursements will be made by the Banks Automated Clearing System (BACS).

The reimbursement from Accounts Payable should then be appropriately recorded.

5.3 Out of Date Cheques and Credits

- 5.3.1 Cheques greater than 6 months old will not be cashed by the bank. The procedure to follow in these cases is:
- (a) Identify cheques which have not been debited but are greater than 6 months old. This also includes any cheques returned to the imprest holder (i.e. will never be presented at the bank) but claimed on a previous reimbursement claim. For credits on debit card transactions these will be shown on your statement and can be added to a return in the same manner as unpresented cheques.
- (b) A credit entry must be shown in the cash book, detailing the cheque number.
- (c) The original cash book entry should be annotated 'out of date' or 'not presented'.
- (d) A credit invoice voucher should be completed with the amount of the out of date and unpresented cheques. The credit voucher amount should be coded to the same accounting code as the original transaction in order to reverse the accounting entry. This voucher needs to be affixed clearly to the imprest reimbursement claim.
- (e) The batch total should subsequently be the net amount, i.e. expenditure as per the CT278 less the amount of the credit voucher.

5.4 Temporary Advances

- 5.4.1 Even when the level of the Imprest Account has been correctly assessed, there may still be occasions when there are insufficient funds available to make purchases. Therefore, it is essential that temporary advances are made **prior** to the actual purchase as the Imprest Account must never become overdrawn: Requests for temporary advances can be made by telephoning the contact point indicated at Section 7 below, or by writing direct to Accounts Payable.
- 5.4.2 Temporary advances will be recovered from the subsequent monthly reimbursement.

6. RETENTION OF RECORDS

- 6.1 All bank statements and imprest records must be retained for six years plus the current year.

7. **CONTACT POINTS**

- 7.1 In the event of any queries concerning Imprest Accounts, including requests for opening/closing accounts, temporary/permanent advances and the update of signatories etc., schools should contact:-

Lancashire County Council
Exchequer Services
Accounts Payable
3rd Floor Christ Church Precinct
County Hall
Preston
PR1 8XJ

Email: David.jackson@lancashire.gov.uk

Email: David.redhead@lancashire.gov.uk

Imprest returns by email: lccimprestaccounts@lancashire.gov.uk