



Dar ul Madinah

UK

Petty Cash Procedure

This policy is in line with the Mission Statement of the Organisation



Document Control

This policy has been approved for operation within Dar ul Madinah UK Ltd.

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Date of next review: September 2019

Review period: Annually

Policy status: Statutory

Owner: Company Directors

SCOPE

The objective of these procedures and instructions is to lay out the procedures for the reimbursement of expenditures through Petty Cash (PC).

PURPOSE

The following procedure is used for reimbursing employees/ volunteers who have spent their own money in purchasing goods or services on behalf of the Company and those requesting for advance payment.

DEFINITIONS/ GLOSSARY

Petty Cash - an accessible store of money kept by an organisation for expenditure on small items.

Imprest - a fund used for small items of expenditure and restored to a fixed amount periodically.

PCV – Petty Cash Voucher.

Role of Managers of Petty Cash Holders

Branch Managers are responsible for:

- ensuring that the Petty Cash holder has their own copy of the procedures to be followed and understands their responsibilities;
- ensuring that the Petty Cash is maintained and utilised in accordance with the procedures and carry out regular spot checks by counting the cash and receipts to verify that all of the imprest can be accounted for;
- ensuring that the Petty Cash control sheet and vouchers are checked independently of the petty cash holder and that this is evidenced by the officer carrying out the check initialling the control sheet and vouchers; and
- ensuring that the Petty Cash imprest is held within a lockable cash drawer/cabinet when not in use and that it is never left unattended when in use (*see section 4*).

Roles of the Petty Cash Holder

Branch Managers are responsible for:

- understanding their responsibilities as a Petty Cash Holder;
- maintaining the petty cash imprest in accordance with procedures and verifying that all of the float can be accounted for and is not utilised for inappropriate expenditure;
- ensuring the petty cash imprest is held within a lockable cash drawer/cabinet when not in use and that it is never left unattended when in use; and
- referring all requests for inappropriate expenditure to the UK Finance Manager.

Examples of valid reimbursement include:

- Postage
- Printing, photocopying and stationery (e.g. paper, envelopes)
- Computer consumables (e.g. printer cartridges, labels)
- Volunteer expenses
- Mileage or travel expenses when on official charity business

Examples of payments which are not legitimate trustee or volunteer expenses or payments include:

- Personal expenses (those not incurred for the use of the Charity)
- Mobile phone
- Food

1.0 GENERAL

1.1 Petty cash payments are for the reimbursements of expenses and costs not exceeding £200.00 in any one single payment. You can only have a maximum of one PC Voucher (PCV) per item of expenditure i.e. you cannot split an invoice and pay multiple PCV's against it.

1.2 Petty cash should be used for emergency ad-hoc purchases only.

1.3 All petty cash transactions are strictly to be reimbursed from the Branch Managers only.

1.4 The petty cash reimbursement must be approved by the Branch Manager of the Area concerned before reimbursement from UK Finance Manager.

1.5 Further, all petty cash reimbursement of more than £100.00 but less than £200.00 must be counter-signed by another Regional Officer after approval has been obtained from Branch Manager:

- 1.6** The petty cash reimbursement must be submitted not more than one month after the goods have been purchased. If the original bill or receipt is more than one month old, the staff/ volunteer concerned must seek the prior approval of the Trustee after the PCV has been approved by the Branch manager concerned. It is our policy not to pay any expenses or purchases beyond 30 days of the receipt date. Only UK Finance Manager has the authority to grant exemptions to this.
- 1.7** No individual is allowed to approve a PCV in his/ her own name or for his/ her own Benefit (no exceptions). As such, no higher authority should get his/her subordinate to raise a PCV on his behalf which is subsequently approved by the said higher authority.
- 1.8** When the Branch Manager submits the Petty Cash Vouchers for reimbursement on a monthly basis, the UK Head Office will review all PCV's to ensure that proper authorisation has been obtained by the department concerned before reimbursement.
- 1.9** Petty cash reimbursement should accompany with a Float Check Form to ensure the Petty Cash float is always balancing.
- 1.10** "Borrowing" from petty cash and the use of "IOUs" is strictly forbidden. All cash disbursed must be used solely for the purposes of the Company.

2.0 PETTY CASH VOUCHERS (PCV's)

- 2.1** The staff/ volunteer concerned seeking reimbursement of expenditure through petty cash must:
- (a) Complete a PCV and attach the original VAT bills or receipts of the expenditure to the said PCV. Only original bills/ receipt will be accepted. Photocopies, email or picture messages of bills/ receipts will not be accepted under any circumstances;
 - (b) Obtain signature of Branch Manager as evidence of approval on PCV;
 - (c) Obtain authorising personnel's signature on PCV if Petty Cash expenses exceed £100 but less £200 (*see earlier notes*); and
 - (d) Complete Petty Cash Voucher with the grand total.

The following expenditure limits apply.

Authorisation Limits Role	Expenditure Limit
Head Teacher	£ 100.00
Branch Manager	£ 300.00
UK Finance	Anything over £500.00 to £5k
UK Department Head	No limit

- 2.2** After obtaining the approval from the authorising personnel, the staff/ volunteer concerned is to submit the PCV to the Branch Manager for reimbursement of cash.
- 2.3** The Branch Manager is to ensure that the following conditions are met before effecting payments to the staff/ volunteers seeking reimbursement of petty cash:
- (a) all request for petty cash reimbursement is supported by a PCV;
 - (b) original bill or receipt of the expenditure is attached to the PCV; and
 - (c) the PCV has been approved as per paragraph 1.4 and 1.6.
- 2.4** The staff/ volunteer concerned must count the cash reimbursed to him / her in the presence of the Branch Manager and acknowledge receipt of the cash by signing on the Petty Cash Voucher immediately.
- 2.5** Once the petty cash is reimbursed to the staff/ volunteer concerned, the Branch manager is to stamp "Paid" on the PCV and the attached original bill or receipt.

3.0 PETTY CASH RECONCILIATION

- 3.1** The Petty Cash float must be reconciled on a monthly basis. The day for reconciliation is the last Working Day of the month (*Gregorian calendar*).
- 3.2** When a float/imprest is down to a level where a “top-up” is required, a request to UK Finance should be made by the Branch Manager. The Branch Manager is responsible for making this reimbursement request to UK Finance when the “top-up” is required.
- 3.3** The Branch Manager should ensure that the total paid out from Petty Cash i.e. the total of the Petty Cash book, equals the total of the receipts held.
- 3.4** The balance of cash remaining in the Petty Cash box/float must equal the difference between the total float held at the beginning of the period, less the total amount paid out.

3.5 The overall entries in the Petty Cash ledger should be confirmed by the Branch Manager who should certify the claim. The Petty Cash Ledger must be kept at a local level together with appropriate receipts and made available for periodic audit reviews. After which all receipts must be sent securely to Head Office for archiving, once the said period has been approved by UK Finance.

3.6 When the above is completed, the Branch Manager should then inform UK Finance of his/ her request by completing a Float Authorisation Form and then forwarding this to UK Finance.

3.7 Replacement Petty Cash Voucher Books can be only obtained from UK Finance – they are issued as a Controlled Stationery item.

4.0 PETTY CASH STORAGE

4.1 The Petty Cash tin must be kept in a locked petty cash tin at all times. This must be then stored away at the end of usage in a locked cupboard in a secure room.

4.2 The petty cash tin must never be left unattended.

4.3 The petty cash tin keys must only be kept by the Branch Manager and the Head Teacher.