

Petty Cash Procedures and Controls

1. Overview

The petty cash system is part of the school's internal control system and should be carefully monitored. Petty cash should be used for small payments of goods or services where the school has no formal account. The petty cash expenditure limits should be set by the board of management and these limits should be reviewed annually and ratified by the board.

2. Controls

Petty cash controls help the board of management to ensure that the funds are used appropriately, and the transactions are properly documented. Having such a system in place serves as an internal control to protect the board of management against theft and fraud, and it supports the accounts reconciliation process. Recommended controls are as follows:

- i. The board of management should prepare and approve a petty cash policy. – link to sample policy
- ii. The board of management should approve the purpose for which petty cash should be used for.
- iii. The petty cash expenditure limit should be set by the board of management at say €50 maximum for each transaction and a suggested monthly maximum of €200. These limits should be reviewed annually and ratified by the board.
- iv. One person should be responsible for petty cash.
- v. All petty cash payments must be made from money in the petty cash box and on no account, should cash received from students or other cash income be used to make petty cash payments.
- vi. A petty cash docket/voucher is recorded and signed for each petty cash transaction by the person making the claim/receiving the cash and the person responsible for the petty cash.
- vii. All cash receipts should be lodged intact to the school's main bank account.
- viii. All petty cash transactions must be recorded in a petty cash book which is balanced off at the end of each month and signed by the Principal.
- ix. A separate, lockable box for petty cash should be kept safely.
- x. It is important that the petty cash is used only for the purpose for which it was set up and the following should be **avoided**:
 - a. Borrowing cash from the petty cash.
 - b. Paying wages out of petty cash.
 - c. Cash expenditure exceeding the limit set by the board. For any larger items of expenditure pay by cheque/electronic transfer. Keep these items separate from the petty cash system.
- xi. Access to the petty cash box should be restricted, with responsibility for the money being clearly assigned. This is to minimize the risk of errors or unauthorized expenditure occurring.
- xii. Petty cash should not be withdrawn using the school credit card.

3. Procedures:

- i. The school should draw one petty cash cheque per month to replenish the petty cash funds and the petty cash book, along with the vouchers and receipts, should be presented to the Principal for sign off at this time.
- ii. The cheque is then cashed at the bank and the money is put into the petty cash box.
- iii. When a request for cash is made, a petty cash voucher is filled out for the exact amount of cash given out and the voucher is signed by the person responsible for maintaining the petty cash and the person receiving the cash. [Click here for a template and example of a petty cash voucher.](#)
- iv. When the item is purchased, the receipt and any change is handed into the office. The change is recorded on the petty cash voucher, the receipt is attached to the petty cash voucher and both are placed in the petty cash box.
- v. The petty cash vouchers are entered in the petty cash book in numeric sequence on a weekly basis. The petty cash book can be maintained in the accounts system or as a separate record. [Click here for a template and example of a petty cash book](#)
- vi. The cash is counted on a weekly basis and agreed to the balance in the petty cash book.
- vii. The petty cash vouchers are filed in numeric sequence on a lever arch file.

4. Prepaid Cards

As all payments from a school must be authorised by two people, digital banking accounts such as Revolut are not acceptable and can't be used in the place of credit cards or online banking.

However, if an agreed pre-approved amount is put through a prepaid card such as a Revolut account, it can be used following the same controls as a petty cash account. This will have to be monitored in the same format as a petty cash account with a reconciliation completed on a monthly basis.