

## Resources for small groups

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### Managing petty cash

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#### Getting started

Having a well-organised petty cash system is an important part of managing your organisation's finances. This fact sheet sets out some basic rules for handling cash.

To set up your petty cash system you will need:

- A box or tin to keep the money in (and a safe place to keep the tin)
- A book of petty cash vouchers
- A petty cash book
- A file or ring-binder to keep your receipts

You will need to decide who is responsible for managing the petty cash system. It is usually best if just one person makes payments from petty cash and keeps the books and paperwork in order.

Another member of the group should make a regular check to make sure that the money in the tin matches the balance in the petty cash account. You will also need to agree the maximum amount of money to be kept in the petty cash tin at any one time.

#### The imprest system

Many groups use an imprest system for their petty cash. For example you may decide that the maximum level of petty cash should be £50. A cheque is drawn for cash for this amount. Expenses are paid out of this money and when the cash tin is balanced up, another cheque is drawn to top the petty cash float up to the agreed amount.

#### Keeping records

You should always get a receipt for items purchased from petty cash. This should then be stapled to a petty cash voucher. Make sure that you put a reference number on the voucher, and cross-reference *this to the petty cash book*.

Make sure that each voucher is signed by two people. Put all the petty cash receipts for the month in an envelope or folder in number order.

<b>Petty Cash Voucher</b>	
<b>Date</b> 4 <sup>th</sup> November 2000	<b>Ref.</b> 123
Milk	48p
<b>TOTAL</b>	48p
Signed <i>Mary Smith</i>	
Passed by <i>Harry Jones</i>	

All the petty cash transactions should be recorded in the petty cash book as follows:

PETTY CASH BOOK							
		<b>Date</b>	<b>Ref.</b>	<b>Total</b>	<b>Stamps</b>	<b>Paper</b>	<b>Groceries</b>
Balance at 1 <sup>st</sup> Nov	50.00	4 <sup>th</sup> Nov	123	0.48			0.48
Less expenditure	<u>14.00</u>	7 <sup>th</sup> Nov	124	10.00	10.00		
	36.00	7 <sup>th</sup> Nov	125	3.52		3.52	
Add		<b>Total exp</b>		<b>14.00</b>	<b>10.00</b>	<b>3.52</b>	<b>0.48</b>
Cheque drawn (no 100)	14.00						
Balance at 8 <sup>th</sup> Nov	50.00						

The balance brought forward less the money spent, plus the cash drawn from the bank should equal the cash in the cash tin.

Balance up the petty cash regularly – do it every week if there are lots of petty cash payments, that way it's easier to find any mistakes.

If you do make a mistake, and the petty cash doesn't balance, make a note of the difference in the petty cash book, and tell other members of the group.

Sometimes groups receive cash from people, for example for refreshments or membership fees. It is very important to make sure that this money is paid into your group's bank account, and not used to top up petty cash.

