Imprest and Petty Cash Policy	
Security Classification	**OFFICIAL**
Disclosable under Freedom of Information Act 2000	Yes

POLICY TITLE	**Imprest And Petty Cash**
REFERENCE NUMBER	**WMP219**
Version	**1.0**

POLICY OWNERSHIP	
DIRECTORATE	COMMERCIAL SERVICES
BUSINESS AREA	FINANCE

INITIAL IMPLEMENTATION DATE	**September 2023**
NEXT REVIEW DATE:	**September 2025**
RISK RATING	**MEDIUM**
EQUALITY ANALYSIS	**LOW**

West Mercia Police welcome comments and suggestions from the public and staff about the contents and implementation of this policy.
Please e-mail policiesandprocedures@westmercia.police.uk

1.0 POLICY OUTLINE

This policy follows on from the Cash Handling policy which sets out the processes to be followed when dealing with cash.

This policy details the procedure for:

- Cash advances
- Cash floats
- Submitting an Imprest claim
- Reconciliation of the Imprest

2.0 PURPOSE OF POLICY

This policy is written to ensure ready access to funds for small ad-hoc purchases necessary to ensure day to day policing needs are met. If the policy is followed it will help to protect the force by preventing fraud and minimising errors and will protect staff and officers through maintaining an audit trail. The policy will help ensure the processing of petty cash payments and Imprest transactions comply with Financial Regulations.

Where physical cash is handled through petty cash it should be kept in mind that this carries an inherent risk and the principles set out in the Cash Policy should be adhered to.

3.0 IMPLICATIONS OF THE POLICY

The term ‘officer’ applies to both officers and staff.

Failure to comply with policy may lead to disciplinary proceedings, including dismissal where appropriate.

Financial Regulation No.5.2 covers banking arrangements and Imprest / petty cash transactions.

Cash must be stored and transported as set out in the Cash Policy. It is essential that officers responsible for cash are fully aware of the policy and follow the guidelines.

IT IS ESSENTIAL THAT ALL STAFF RESPONSIBLE FOR CASH ARE FULLY AWARE OF THE CONTENTS OF THIS INSTRUCTION AND ARE BRIEFED ON ITS CONTENT AS PART OF THE INDUCTION PROCESS. A SIGNATURE IS REQUIRED TO ACKNOWLEDGE RECEIPT AND UNDERSTANDING.

PLEASE READ IT THOROUGHLY NOW, KEEP IT SECURE AND AVAILABLE FOR FUTURE REFERENCE AND FOLLOW THE GUIDELINES CAREFULLY AND CONTINUOUSLY.

4.0 PROCEDURE

The Imprest holder is personally responsible for accounting for the amount of the imprest monies provided to them, until it is properly handed over to an authorised officer or repaid to the organisation.

Each imprest account will be operated in conjunction with a bank account. All accounts will be opened at the bank by the Head of Finance, following approval from the Treasurer, who will arrange for monthly bank statements to be produced. All notifications of changes in banking arrangements to the bank will also be made by the Head of Finance.

Any requests to the Head of Finance for amendments to officers authorised to sign cheques drawn on bank accounts shall be accompanied by two specimen signatures. The request shall be in writing signed by the relevant Head of Department.

Requests for increase of Imprest monies should be made in writing to the Head of Business Operations and forwarded to the Head of Finance.

The account must not be used for any other purpose and in no circumstances should an overdraft be incurred. It is essential that a continuous record is maintained of the balance at the Bank to avoid this happening.

Imprest accounts should be reconciled and topped up regularly and all year-end instructions issued by the Head of Finance will be complied with to ensure timely and accurate closedown of the accounts.

Imprest accounts that are not properly administered will be suspended until identified issues are resolved and may be closed where proper control cannot be achieved.

An advance from Imprest is deemed to take place when the imprest holder transfers cash or cheques to another officer, who is held accountable for the sum transferred. This will typically occur when an officer requires an advance of cash, for force business, prior to incurring expenditure. In such circumstances the officer will be required to sign a record of the advance and will be held accountable for the sum advanced until such time as they return the cash and/or properly certified vouchers/receipts to the value of the original advance to the Imprest holder. At this time both the Imprest holder and the officer to whom the advance was made will sign the record of the advance to the effect that the advance has been discharged.

An officer will be expected to obtain such an advance from their nearest imprest account holder to their place of duty and not necessarily the imprest account of the Command to which they are assigned.

These arrangements will apply equally to all other types of advances, e.g. cash floats, continuing advances to officers, seconded staff and continuing advances of cash to remote section stations.

Continuing advances to remote stations will be reimbursed by the principal Imprest holder advancing further cash in exchange for (and to the precise value of) properly certified vouchers of expenditure. It will be the responsibility of the officer accountable for the continuing advance to periodically account (at least annually) to the principal Imprest holder in order to demonstrate that cash, stamps and vouchers are available to the value of the original advance. The principal imprest holder will then process the certified vouchers for reimbursement in the usual way.

Continuing advances/floats should be regularly reviewed, annually as a minimum.

The Head of Business Operations / Head of Finance will monitor the use of Imprest accounts to ensure compliance with this policy, including regular audits; breaches will be reported to the Director of Commercial Services, who will notify Internal Audit. Individuals found to be in breach of this instruction may be subject to disciplinary procedures and if appropriate will be required to meet the expenditure incurred.

Any fraudulent use of the Imprest or misappropriation of public money will be dealt with through the disciplinary procedures for Police Officers and Police Staff or criminal proceedings if appropriate.

<u>Administration of Imprest Accounts</u>

The purpose of an Imprest account is to enable officers to make small official purchases locally of up to £100 in value or of a type which have been specifically approved. Certain types of expenditure must not be paid using the petty cash Imprest account:

- Any payment to an individual which may be subject to statutory deductions for example: income tax, national insurance and superannuation contributions. These payments would normally be made through the payroll system.
- Any payment of travelling, which should be purchased through existing contractual arrangements.
- Any subsistence or training expenses, which should be claimed retrospectively through the corporate expenses procedure.
- Any purchases for goods where an existing contractual arrangement exists, unless using the supplier named on that contract.

Where specific circumstances prevent these conditions from being met this should be reported to the Head of Finance with the reason for the authorisation. Examples may be to meet a pressing requirement in operational circumstances. The policy should not be routinely breached to avoid adherence to force policy and where routine breaches occur due to a failing in force policy or contractual arrangements this should be reported to the Head of Finance or Contracts and Procurement Manager (contractual issues) so that the failing can be addressed.

Officers are reminded that all expenditure incurred through the Imprest account should be necessary, reasonable and backed by a receipt.

Wherever possible, payment of all invoices should be paid through the Accounts Payable system, using official suppliers and the facility detailed in The Ordering and Paying for Work, Goods and Services Policy.

Payments in excess of £100, and advances from Imprest accounts must be specifically approved by a Service Delivery Manager by the delegated authority of the Director of Business Services.

The following payments can be made from Imprest without prior approval of the Service Delivery Manager: Informants'/CHIS fees (in line with the agreed procedure for CHIS payments) and Witness Expenses.

Imprest account cash (petty cash and float cash) and vouchers should be kept separate from other accounts and sources of cash at all times. The use of Imprest account monies for the cashing of personal or any other cheques or making advances for personal use is forbidden, and only reimbursement received from the Head of Finance should normally be paid into the account via the BACS system.

All cheque counterfoils should be completed with the full title of the payee and the amount as entered on the cheque. No cheques should be signed until they have been completed in full, and spoilt cheques with the relevant counterfoils should be marked "cancelled" clearly across the face and retained in the cheque book.

Vouchers should be obtained for all payments. Invoices should not be sent with payments but retained as vouchers. A covering letter quoting the invoice number should be sent.

Receipts should be obtained for all cash payments.

It is important that invoices/receipts showing the rate of VAT, the VAT paid and the VAT registration number should be obtained whenever possible when payments are made which include VAT. VAT must be recorded separately in the column provided on the claim form. It is emphasised that this is essential to ensure that the VAT is recovered and not charged to your budget. HMRC rules state that VAT can only be recovered where the expenditure is supported by a VAT receipt and the VAT is recoverable. Every attempt must therefore be made to identify payments that include VAT and record them separately.

Information given on a till receipt is unlikely to meet the requirements of HM Revenue & Customs for the recovery of VAT and is not acceptable for supporting claims met from Imprest accounts. A "less detailed tax invoice" should be obtained on all occasions. (See VAT Guidance Manual available on the Finance Desktop - J:\Finance\Corporate Finance\Finance Desktop).

All cash and vouchers should be stored securely in line with the Cash Policy. The cash balance (cash less vouchers) should be maintained and balanced on a regular basis (at least twice a week depending on usage in between reconciliation and reimbursement claims) and signed for upon handover.

It should be noted that HMRC requirements for the retention of VAT receipts are the current year plus the previous 6 years.

Reconciliation and Reimbursement of Imprest Account

Transactions should be entered immediately in chronological order directly onto the official computerised claim form with a copy to be retained.

At the end of the period (at least monthly) the account should be reconciled to the total of the Imprest and reconciliation statement on the claim form completed. When reconciling the total of the Imprest and the reconciliation statement on the claim form, any cheques un-presented at the bank that do not therefore appear on the bank statement should be deducted from the bank balance. Similarly, any credits not appearing should be added to the bank balance shown on the statement. If it is discovered that the actual amount of cash is different from the recorded amount of cash, all entries should be double checked and all monies re-counted. If there is an irregularity the Service Delivery Manager should be informed who will report to the Director of Business Services and the Director of Commercial Services.

Un-presented cheques over six months old should be “written back” to the Imprest account for deduction from the current reimbursement claim. The details of the cheque(s) should be clearly shown in red on the last line of the claim and the code to which the original expenditure was allocated should be a negative entry.

For postages, only the actual stamp usage for the period should be included (as shown by a separate record), any unused stamps being regarded as part of the balance in hand. The amount claimed will be the opening stock, plus purchases less closing stock and not the amount actually spent on purchasing stamps during the period.

Each supporting voucher should be numbered on the top right hand corner starting at 1 for each reimbursement claim. These consecutive numbers should also be entered on the claim form against each appropriate item to which the voucher relates.

Claims for reimbursement, with approved A37’s securely attached in numerical order, should be submitted promptly at the end of each accounting period, i.e. monthly (although claims should be submitted more frequently if possible), to the Service Delivery Manager for checking and certification before being passed to the Financial Accounting team, for subsequent reimbursement by the Head of Finance.

Checking procedures should include physical checking of cash balances, which should not exceed 20% of the value of the Imprest account.

If it appears that the balance of the account will be insufficient to meet requirements until the next reimbursement is due, the officer must either immediately submit his/her claim for reimbursement of expenditure incurred to date, or apply to the Head of Finance for a temporary overdraft specifying the circumstances.

An Imprest holder handing over an Imprest account to another officer should ensure that these instructions and other documents are also handed over. The account should be balanced at the time of hand over and both officers should agree balances in hand. The officer receiving the account should sign an acknowledgement that it has been agreed and handed over correctly.

All records referred to in these instructions should be retained for a period of six complete financial years plus the current financial year.

Administration of Petty Cash/Float Advances from Imprest.

All advances for the purpose of a float or petty cash should be authorised by the Service Delivery Manager.

An advance for petty cash will be given to support the main Imprest, - for the purpose of items under £100 as above.

All petty cash claims must be submitted on a Payment Authorisation form (A37) and authorised. Payment Authorisation forms should be presented to the petty cash holder for reimbursement. All cash payments will be supported by an appropriate receipt. It is important that invoices/receipts showing the rate of VAT, the VAT paid and the VAT registration number be obtained whenever possible.

All personnel holding petty cash advances will keep accurate records of expenditure and full VAT receipts. These should be submitted to the Imprest Holder for reimbursement. Any difficulties in the operation of the account should be reported as soon as possible to the Service Delivery Manager or Financial Accounting team, as appropriate.

All Petty Cash holders will be issued with an electronic form or cash book to complete which identifies, in chronological order, all transactions. This will be completed as each reimbursement is given and will balance to the remaining cash held at all times. Any discrepancy will be reported to the Service Delivery Manager immediately.

5.0 CONSULTATION

Chief Officer/Business Lead Consulted	***Date Authorisation Received***

Business Lead/ Chief Officer Consulted	***Date Consulted***
Rachel Adie, Head of Finance	August 2023
Richard Muirhead, Director of Commercial Services	August 2023
Rachel Hartland Lane, Director of Business Services	August 2023
Helen Broad, Head of Business Operations	Sep 2023
Joan Gallagher, Service Delivery Manager	Sep 2023

6.0 ASSESSMENT AND ANALYSIS

This policy has been subject of an Equality Analysis available on a separate document.

7.0 MONITORING / EVALUATION

The Monitoring and review of this procedure is the responsibility of the procedure owner.

8.0 DOCUMENT HISTORY

Date	Author / Reviewer	Amendment(s) & Rationale	Date of Approval / Adoption
		Previously approved at JNCC meeting	JNCC 10/05/2017
19/07/23	Pippa Wilkinson	Update to West Mercia only policy, minor wording changes v1.0	Sep 2023