

## Procedure

**Title:** Imprest: Guidance for Imprest Holders

**Application:** Imprest

**Body:**

### Introduction

Imprest accounts are created to enable small value payments. Imprest accounts are now all held with Virgin Money.

The principal of an Imprest account is that at any time the balance unspent, either cash or in the bank, plus the value of money paid out, represented by receipts and vouchers, must always equal the amount of the Imprest.

No petty cash expenditure should be incurred where a supplier's invoice can be obtained and normal payment of account procedures followed.

Under the Imprest system, only that which is recorded as spent is replenished.

### Administration of Imprest Accounts

The Quality Assurance Team within Audit and Performance are responsible for maintaining a record of all Imprest Accounts held within East Dunbartonshire Council and can be contacted at:

Quality Assurance Team  
William Patrick Library  
2/4 West High Street  
Kirkintilloch  
G66 1AD

Tel: 0141 578 8202  
Fax: 0141 578 8339  
Email: [revenues.performance@eastdunbarton.gov.uk](mailto:revenues.performance@eastdunbarton.gov.uk)

All forms relating to Imprest account maintenance can be found on The Hub under ***Business>Finance>Imprest***

You should download the relevant form from The Hub or contact the Quality Assurance Team to notify any of the following:-

#### ● Opening a new Imprest account

Form: New Imprest Request/Change of Signatory Request

Once completed the form should be sent to the Quality Assurance Team. A covering letter should be supplied detailing the following:

- Imprest Amount requested
- Purpose of account - eg Petty cash
- Approximate annual turnover
- Where funds lodged will be coming from
- How funds will be lodged eg BACS
- How much approximately will be lodged each month
- If any funds will be sent or received from abroad
- If the account will hold client funds

- **Closing an Imprest account**

Form 'Request to Close Imprest Account'

**Before arranging to close an Imprest account any outstanding claims should be made to bring the Imprest balance back to the original value which was supplied by Revenues.**

- Make sure the full imprest is in the bank account and complete and return the Request to Close Imprest Account form. The Quality Assurance Team will take the necessary measures to ensure that the account is closed at the bank and that the money is repaid to EDC and coded to the correct ledger code.

- **Increase/decrease to Imprest amount**

Form: Request to Amend Imprest Amount

An **increase** will be granted where:

1. claims have been submitted regularly
2. expenditure has been legitimate in the past, i.e. items are not being purchased via the petty cash Imprest which should have been purchased through the normal invoicing procedures
3. there has been a change in circumstances, e.g. considerable expansion of activity
4. average weekly expenditure is at such a level where an increase is required

A **decrease** in the level of Imprest held should be requested where an Imprest Holder finds that cash is not being fully utilised. Please contact the Quality Assurance Team to discuss the repayment of the excess amount as this will need to be repaid to Imprest and our records amended to reflect the change.

- **Change of Imprest Holder or any other signatory**

Form: New Imprest Request/Change of Signatory Request

Where a change of Imprest Holder or signatory is required (short or long term) the Quality Assurance Team should be notified promptly. The relevant form should be completed and **signed by all listed signatories** (both existing and any new additions) and a copy any all signatories' EDC ID cards submitted with the form. The form must then be sent to the quality Assurance team.

## **Responsibility of Imprest Holder**

The Imprest Holder is responsible for the safe custody of cash at his/her workplace and can be called upon to account for it as and when required by either Revenue Services, Internal Audit or External Audit.

With regard to the operation of the petty cash the Imprest Holder is also responsible for:

- ensuring the expenditure is legitimate and can justifiably be claimed from petty cash
- ensuring receipts/vouchers are available for each transaction and that expenditure has been properly authorised
- instructing those involved in the operating of the Imprest on procedures relating to cash handling, completion of records, etc
- ensuring that claims for reimbursement of expenditure are submitted to Finance Services on a regular and timeous basis
- ensuring that money is not borrowed from the petty cash

- ensuring that the petty cash is kept strictly separate from private and other official funds, i.e. the Imprest should not be supplemented by monies from other funds
- ensuring that petty expenditure is not met by income - in accordance with the Council's financial regulations income must be banked intact

### **Security of Cash and Cash Handling**

Any cash balance must be kept in a locked cash box, which itself should be kept in a locked cabinet (or safe where available) at all times. A lockable cash box should be requisitioned if one is not presently available.

Cash should never be left unattended in the office and, when leaving the office, it should be locked away out of view and reach of unauthorised personnel. Keys for the cash box, cupboard, safe, etc, must be kept in a safe place (wherever possible on one's person). Never leave the cash box key beside the box.

Access to keys and cash should be restricted to the Officer in Charge and one other nominated official (except where this is impractical due to shift work, etc). In such cases it may be advisable to restrict access to the safe and the amount of petty cash which is available to other personnel.

The cash balance should be checked *at least* weekly and agreed to records maintained. Cash on hand plus bank balance plus expenditure incurred since the last reimbursed claim should equal the total amount of the Imprest.

Cash should never be paid out without first obtaining the correct authorisation and voucher/receipt.

### **Private Funds and Other Official Funds**

The petty cash Imprest must never be supplemented by the Imprest Holder's own personal resources nor should any other funds be applied, e.g. School Fund, Revenue Account, etc.

Bank accounts and records pertaining to monies other than petty cash must be kept strictly separate from petty cash.

### **Petty Cash Bank Account**

A bank account specifically for the purpose of holding petty cash will be opened for Imprests by Revenue Services. Your Service will require to complete the relevant form to open a new Imprest account.

Funds will be credited to the account via a BACS payment by Accounts Payable. Identification showing that the individual is employed by the establishment will be required by the bank before a withdrawal can be made.

### **Operation of The Petty Cash Imprest Account**

When a new Imprest account is opened one person will be registered as the Imprest Holder; that individual is responsible for the Imprest account.

**If the Imprest Holder changes, a hand over must take place. The cash and receipts must be balanced to the Imprest amount then agreed and signed off by both the current Imprest Holder and the new Imprest Holder. A 'Request to Change Signatory' form must be completed so that the details of the new Imprest Holder may be recorded.**

A receipt or evidence of purchase (Petty Cash Voucher) must back up every item of expenditure. After every transaction, record details on a 'Claim for Reimbursement of Petty Expenditure' form (contact the Quality Assurance Team to request a book of 2-part carbon forms). At regular intervals check that the cash held plus the receipts plus any outstanding claims add up to the total Imprest amount.

If money is to be issued to a member of staff other than the Imprest Holder or a registered signatory ensure that a petty cash voucher is completed and signed by the recipient. When the person returns with the goods, receipt and change check that they add up to the amount on the Petty Cash Voucher. If the amount agrees then the Petty Cash Voucher can be destroyed to signify that they do not owe anything to the account. If no receipt is returned the change should be deducted from the total on the Petty Cash voucher and the voucher retained as a receipt.

If cash is issued without the Imprest Holder or any of the authorised signatories being present the issuer must sign the petty cash form clearly in order that it can be identified by the Imprest Holder. *Please note that transactions carried out without the Imprest Holder or other authorised signatory present are out with good working practice except where unavoidable, e.g. through staff illness .*

If the extended absence of the Imprest Holder is foreseen, the cash and receipts must be balanced to the Imprest amount before the absence commences. If the absence is unexpected, it must be balanced in the presence of another senior member of staff.

If there is a discrepancy with the balance of the Imprest account please contact The Quality Assurance Team for guidance without delay. **Under no circumstances should discrepancies be supplemented by cash from other sources.**

Items of income should not be paid into the Imprest account.

### **Completion of Petty Cash Reimbursement Form**

Complete a 'Claim for Reimbursement of Petty Expenditure' form (contact the Quality Assurance Team to request a book of 2-part carbon forms) to make a claim to reimburse the Imprest account.

The number of people responsible for maintaining the book should be restricted to a realistic minimum, e.g. 2. This will help to avoid incorrect completion of books and subsequent problems with balancing. Where expenditure is made and those responsible for book-keeping are not available, details and any relevant receipts should be kept and presented to them on their return.

Entries should be made on the first tear off sheet and will be carbonised onto the next sheet. When a claim for reimbursement is made, the original copy should be sent to Accounts Payable with a batch header attached. The carbon copy should be retained in the book.

The balance brought forward should be divided into:

- o Cash in bank (column 4)
- o Cash in hand (column 5)

All items of expenditure should have a supporting receipt or voucher and these should be numbered consecutively in ink; the numbers should be entered in column 8 and the receipts and vouchers attached to the claim form. Where a receipt can not be obtained a Petty Cash Voucher should be prepared by the Imprest Holder and signed by the recipient.

If funds are credited to the bank account with the intention of leaving some, if not all, of the money in the bank then the amount lodged should be entered in column 2 and added to the bank balance in column 4.

Where cash is withdrawn from the bank in order to increase the cash on hand at the establishment, the amount withdrawn should be entered in column 3, the bank balance in column 4 should be reduced by this amount and the balance of cash in column 5 should be increased.

The balance in column 5 should equal the cash on hand at any time. This should be checked on a regular basis, preferably at the end of each day.

#### **• VAT**

Certain items may include VAT. When petty cash expenditure is incurred, East Dunbartonshire Council may be entitled to claim a refund of any VAT paid.

Although individual amounts are small, the total is considerable and therefore it is important that all VAT is reclaimed. Complete and accurate accounting for VAT on expenditure is important to Services as budgets are calculated net of VAT, therefore any VAT not reclaimed will have a detrimental effect on a Service's budget.

Where an expense is met from petty cash there are three possible scenarios in relation to VAT:-

1. if no receipt was obtained then no VAT can be reclaimed. The whole amount should be entered in the appropriate analysis column of the reimbursement form and column 15 should be left blank
2. if a receipt was obtained but no VAT registration number is shown then VAT will not have been paid and the appropriate analysis column of the reimbursement form should be completed and column 15 should be left blank
3. if a receipt was obtained and it shows a VAT registration number then VAT may be reclaimed according to which category it falls into
  - a. Exempt - no VAT is included and the whole amount should be shown in the appropriate analysis column of the reimbursement form
  - b. Zero Rated - no VAT is included and the whole amount should be shown in the appropriate analysis column of the reimbursement form
  - c. Standard Rated - the VAT element included in the whole amount should be calculated; the amount of VAT paid and the amount excluding VAT should be shown in the appropriate analysis columns

The difference between Exempt and Zero Rated is that Exempt means that the purchase is out with the scope of VAT legislation, whereas Zero Rated means that the purchase is subject to VAT but it is charged at 0%. In the case of petty cash expenditure the practical effect is the same - no VAT is included, but the distinction is important.

### **Submission of Claim for Reimbursement of Petty Expenditure Form**

Total the Expense Analysis columns 9 to 15 and check that the total equals the total of column 6.

At the bottom left of the form complete the 'IMPREST RECONCILIATION' ensuring the total Imprest is accounted for.

The claim should be signed by the Imprest Holder and passed for certification to the appropriate Senior Officer in the Service who must be an authorised signatory (namely an officer who has been appointed by the Head of Service to certify Imprest for reimbursement and whose name and signature has been advised to Internal Audit). Signing the claim form certifies that the total of the cash on hand, plus the receipts held, is equal to the total Imprest account.

Claims for reimbursement should be sent to Accounts Payable together with a payment requisition/pre-coded batch header form.

It is the responsibility of the Imprest Holder to ensure that claims are made regularly, taking into account the time delay between submission of a reimbursement claim and the receipt of the funds.

### **Year End Certificate**

All Imprest Holders are required to complete a 'Year End Certificate' which will be issued to them shortly before the end of the financial year by the Quality Assurance Team. A memo will accompany the certificate advising where it has to be returned to and by when.

It is important that the 'Year End Certificate' is returned by the due date in order to facilitate reconciliation to the ledger in line with year end procedures.

The year end certificates are preprinted with the establishment name, address, name of the Imprest Holder, names of any additional signatories and the Imprest amount.

All establishments must complete part 2 and ensure it is signed by the Imprest Holder. A copy of the bank statement showing the balance as at the 31st March of the relevant financial year must be attached or a certificate of balance showing the same must be requested from the bank.

If any of the preprinted details are incorrect this should be marked clearly on the form. The relevant amendment form ie Request to change signatory, should be downloaded from the Hub to request any changes necessary.

**If you have any other questions relating to the operation of your Imprest account please contact the Quality Assurance Team.**