

Policy Name: Petty Cash

Policy Title:	Petty Cash
Description:	This document sets out the accounting treatment of the various types of transactions which may be encountered by MIE Finance staff in dealing with petty cash.
Author (Position):	Chief Financial Officer (Updated by Financial Controller)
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Petty Cash

1. General

This Procedure applies to all petty cash floats in use within Marino Institute of Education (MIE).

This document sets out the accounting treatment of the various types of transactions which may be encountered by MIE Finance staff in dealing with petty cash.

In all cases, petty cash is issued and accounted for on an imprest basis. This means that, once the initial accounting entry has been made to establish a float, no further accounting entries will ever be posted to the petty cash account, unless the amount of the float is increased or decreased.

2. Setting Up A New Float

A float is created by issuing a cheque payable to 'cash'. The person receiving the float must be given a petty cash recoupment form (see template in shared files).

The accounting entry is:

Dr Petty cash (always dept 100 in MIE)

Cr Bank account

3. Reimbursing Expenses

When their petty cash is running low, the float holder must return a petty cash recoupment form confirming the amount of cash they have left and listing the expenditure since the last recoupment. They should also fill in the expense codes and provide receipts whenever possible.

The basis of the imprest system is that the amount of the float will be matched at any time by the amount of cash on hand plus the amount of expenditure yet to be reclaimed.

The accounting entry for reimbursing a float is:

Dr Expense codes (based on codes given on recoupment form)

Cr Bank account (MIE No. 1 Account)

4. Increasing or Decreasing the Amount of a Float

From time to time, it might be decided to increase the amount of a float if the existing float is not sufficiently large for the user's needs. If the user is having to request a recoupment more than once per month, this would be a basis for increasing the size of the float.

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The accounting entry to increase a float is:

Dr Petty cash (record user/recipient in journal description)

Cr Bank account

To reduce the size of a float, the reverse of the above applies.

To close a float, a recoupment form must be received. Any remaining cash will be lodged to the bank account, and any expenditure since the previous recoupment will be expensed.

This document will be reviewed at three yearly intervals. It may be reviewed more frequently in the event of legislative or other relevant developments.

5. Related Documents

- 5.1. Petty Cash Recoupment Form
- 5.2. [Petty Cash – Book Sales](#)
- 5.3. [Reimbursement of Expenses](#)