PROCEDURE

Petty Cash

# Overview

## Purpose

The purpose of this procedure is to document how Petty Cash is to be managed and controlled. This procedure should be used by any member of the Chapter who has received approval to manage a small amount of money for Chapter expenses.

## References

The following documents, laws or regulations should be read in conjunction with this guide:

| Document |
| --- |
| Constitution and Laws of The United Grand Chapter of Australia. |

# PRocedure/Process

## Pre-requisites

Members need Chapter approval at a Regular meeting in order for them to receive a sum of Petty Cash. This approval is usually obtained at the annual Election meeting ie. the Secretary, Treasurer or Social Secretary.

Once approved, the member receives the initial reserve of money and from that point on, the member must record how the money is spent in an account book set aside for that purpose.

## Procedure Description

Petty Cash must be managed on a **imprest** system. The base characteristic of an imprestsystem is that a fixed amount is reserved as the maximum which can be held by a person. Money is spent from this reserved amount and when that amount is nearly finished, a request is made to replenish it back to the reserved amount.

* The initial Petty Cash amount is recorded in an account book (Petty Cash Book) as the Opening Balance and with the date and a record of the related cheque number;
* On the first purchase, the amount spent is recorded in the Petty Cash book with the date and receipt reference. A new balance is calculated ie. Initial balance LESS the money spent;
* When the initial Petty Cash amount is reduced to the extent that additional funds are needed, the member must request replenishment as a motion, during General Business. The amount requested must not exceed the original Petty Cash amount;
* The Treasurer will provide a new cheque and this is recorded in the Petty Cash book and a new balance calculated;

## Post Procedure Requirements

This Petty Cash Book and related receipts can be subject to an audit at any time, and at least annually at the Grand Chapter Books Inspection. It is imperative that the member approved to manage a sum of Petty Cash ensures that:

* All Receipts are retained and filed accordingly. When the member no longer needs to manage Petty Cash, all receipts and the Petty Cash Book are to be returned to the Chapter Treasurer;
* If the member no longer needs to manage Petty Cash, the Petty Cash amount must be replenished back to its original reserved amount before the Book and receipts are handed over to the next member;
* Receipts must be held for 7 years. The Treasurer will be responsible for the holding of receipts for the 7 year period.

Two examples are provided at Appendix A. These show how the Petty Cash Book can be formatted and used.

# APPENDIX A - Examples

EXAMPLE 1 – Chapter Secretary with $150 starting balance

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Supplier (From)** | **Ref** | **Printer Supplies** | **Postage** | **General Stationery** | **Misc** | **Capital Chapter** | **Balance** |
| 02/12/2016 |  | Chq 5569686 |  |  |  |  | 150.00 | 150.00 |
| 15/12/2016 | Office Works | Ink | 25.00 |  |  |  |  | 125.00 |
| 17/12/2016 | Australia Post | Stamps |  | 50.00 |  |  |  | 75.00 |
| 02/12/2016 |  | Chq 5569697 |  |  |  |  | 75.00 | 150.00 |
| 14/1/2017 | Office Works | Envelopes |  |  | 25.00 |  |  | 125.00 |
| 20/1/2017 | Frames r Us | Frame |  |  |  | 7.50 |  | 117.50 |
| 23/1/2017 | Australia Post | Stamps |  | 50.00 |  |  |  | 67.50 |
| 28/1/2017 | Newsagent | Notebook/Pens |  |  | 5.50 |  |  | 62.00 |
| 29/1/2017 |  | Chq 5569698 |  |  |  |  | 88.00 | 150.00 |

EXAMPLE 2 –Social Secretary with $100 starting balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Supplier (From)** | **Purpose** | **Amount** | **Balance** |
| 02/12/2016 | Capital Chapter | Chq # 556985 | 100.00 | 100.00 |
| 15/12/2016 | Costco | Dec Mtg | 23.50 | 76.50 |
| 17/12/2016 | Woolworths | Plates/Cups, etc | 14.20 | 62.30 |
| 14/1/2017 | Corner Shop (EFT Slip) | Milk | 2.50 | 59.80 |
| 20/1/2017 | Coles | Food – Picnic | 42.65 | 17.15 |
| 28/1/2017 | Capital Chapter | Chq # 552896 | 82.85 | 100.00 |