



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

# **HEALTH SERVICE EXECUTIVE**

## **NATIONAL FINANCIAL REGULATION**

### **PETTY CASH**

#### **NFR-28**

## **NFR-28 Petty Cash**

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## 28.1. Introduction

28.1.1. This regulation forms part of the National Financial Regulations (NFR) of the Health Service Executive (HSE). The NFR are part of the overall system of Corporate Governance and Internal Control within the organisation.

## 28.2. Purpose

28.2.1. The purpose of this regulations is to deal with the use of petty cash for the purchase of HSE items.

## 28.3. Scope

28.3.1. This regulation applies to all staff managing petty cash in the conduct of all the financial affairs of the HSE.

28.3.2. This regulation is framed in the context that there is a clear obligation on all managers to ensure that the use of cash as a payment method is kept to the absolute minimum necessary.

28.3.3. This regulation should be read in conjunction with other related regulations to be found at [HSE National Intranet - National Financial Regulations](#). In particular custody and safe keeping of cash including petty cash; Insurance and security requirements around handling cash including petty cash, Opening and management of bank accounts including bank accounts operated to support petty cash administration are dealt with in detail within NFR-13 Cash and Bank.

28.3.4. There are inherent risks and inefficiencies associated with the use of cash as a payment method. Due consideration should be given to the management of this spend under the Procurement Card system. Refer NFR-10 Credit Cards, Procurement Cards and Fuel Cards.

## 28.4. Petty Cash Imprest

28.4.1. Petty Cash refers to small amounts of cash (or access to cash) authorised to be held by specific locations, used to make payments for incidental expenses where no other method of payment e.g. a cheque, is available or not practical due to the amount. Petty Cash is NOT to be used for e.g. staff travel & subsistence expenses, staff gifts or staff entertainment expenses etc.

28.4.2. The availability of petty cash allows local management to obtain low value items without the requirement for processing them through the normal ordering procedures.

## 28.5. Prohibition on Splitting of Purchases

28.5.1. Petty Cash accounts must not be used as a means of frustrating or avoiding normal purchasing procedures where the value involved requires the issue of purchase orders etc. Purchases or payments must not be split for the purpose of avoiding the €50 threshold for the maximum petty cash payment.

## 28.6. Formal Approval Required for Petty Cash Account

28.6.1. A written decision approved by the Assistant National Director or equivalent salary grade and countersigned by the relevant Assistant National Director of Finance is required to:

- i) Establish a petty cash account
- ii) Increase the limit on a petty cash account
- iii) Increase the cash budget on a petty cash account
- iv) Approve the write off of any cash loss to the petty cash account
- v) Record the closure of a petty cash account.

28.6.2. Decisions in relation to (i) to (iii) above must as a minimum requirement set out:

- i) Name of Petty Cash Account.
- ii) Description of Service Location petty cash to be utilised by.
- iii) General purpose / justification for establishment or increase of petty cash account / cash budget.
- iv) The Imprest amount i.e. the maximum limit or float.
- v) Cash budget amount (see below).
- vi) Details of the staff member(s) specifically responsible for managing the petty cash account.
- vii) Details of arrangements to ensure safe custody of the cash.

28.6.3. In the case of the write off of any cash loss the decision must include a copy of the findings of the investigation into the loss and any relevant recommendations of the budget holder.

## 28.7. Petty Cash Expenditure

28.7.1. Individual petty cash transactions must not exceed €50. Where there is a justifiable reason to increase the transaction limit above €50 (i.e. raise the limit that would apply to future transactions) a written decision must be approved by the relevant Assistant National Director of Service or equivalent salary grade. This increase will come into effect after notification to relevant Assistant National Director of Finance.

28.7.2. Petty cash transactions may relate to:

- Reimbursement of cash to an individual staff member who has incurred a cost on behalf of the HSE utilising their own personal funds.
- Provision of cash in advance to a staff member to enable them to purchase item(s) required by the service.

The reimbursement option is the preferred model for operation of petty cash.

28.7.3. **The following purchases are strictly prohibited under the Petty Cash System:**

1. Any equipment, machinery, office supplies, stationery, cleaning services (should be purchased through the formal HSE Purchase Order & Invoice system).

2. Reimbursement of all staff travel & subsistence expenses including parking fees, eflow costs, train tickets, taxi fares etc. should be claimed through a HSE Travel & Subsistence claim form.
3. Reimbursement of all other staff costs should be claimed through a claim form for reimbursement of Other Staff Costs – as laid out in NFR15.
4. Postage costs where Franking Machines are available at a local central location, these should be used for all postage required.
5. Staff entertainment expenses including staff presents, party decorations & costs, other staff entertainment etc. – these should be borne personally by the relevant staff organising such an event.

### **28.8. Backup/ Support required for Petty Cash Transactions**

Each individual petty cash transaction must be backed up by:

**28.8.1.** A petty cash approval document which must set out the following,

- i) The amount of the transaction.
  - ii) A description of the items purchased / to be purchased or other reason for the petty cash transaction.
  - iii) The date of the transaction.
  - iv) The name and signature of the staff member claiming petty cash together with date claimed.
  - v) The name and signature of the manager approving the petty cash claim together with the date approved.
  - vi) Supporting documentation available i.e. receipt, sales slip etc.
  - vii) The cost centre and cost element the expenditure relates to;
- Petty cash approval documents must be signed off by a Grade IV or equivalent salary grade or higher appointed for that purpose by the relevant budget holder.
  - Once cash has been issued from the petty cash account the petty cash approval document must be clearly marked “PAID” to avoid any potential duplicate payments.

**28.8.2.** Documentary evidence to support the payment / repayment of cash to the staff member should be attached with the petty cash approval document.

**28.8.3.** Such evidence may consist of any of the following:

1. Sales receipt
2. Statement indicating amount paid
3. Credit card receipt

**28.8.4.** Other relevant documentation confirming that a payment has been made on behalf of the HSE.

**28.8.5.** *The mandatory requirements around documentary evidence are that:*

1. It must be available for all transactions above €5.00.

2. It must show that the amount that needs to be reimbursed from the petty cash account has actually been paid out.
3. It must be dated.

**28.8.6.** Where petty cash, in exceptional circumstances, is provided in advance to enable a purchase to be made, then the necessary petty cash approval document must be signed before the petty cash is issued. In such cases the relevant documentary evidence (sales receipt etc.) must be attached to same as soon as possible after the purchase is made.

## **28.9. Cash Budgets**

**28.9.1.** The Imprest or float amount for each petty cash account is the maximum amount that can be held locally at any given time between cash and vouchers to be submitted to Health Business Services (HBS) or equivalent service to replenish the petty cash account.

**28.9.2.** In addition however there is a requirement to place a limit on the total amount of cash that can be utilised by any petty cash account in any given financial period.

**28.9.3.** In the absence of such a cash budget the frequency of petty cash replenishment will dictate the actual total amount of petty cash used and since petty cash represents actual expenditure there is a need for it to be monitored and controlled as is the case with all other expenditure.

**28.9.4.** In seeking approval for the establishment or increase in any petty cash account each budget holder must set out the annual maximum cash that can be expended through the petty cash account.

## **28.10. Reporting and Reconciliation Requirements**

**28.10.1.** It is a mandatory requirement that the manager responsible for each petty cash account:

- Records each petty cash transaction on a ledger (preferably excel spreadsheet or other electronic format) that captures the information at above.
- Records the payment from NBS or equivalent service to replenish each transaction.
- Reconciles the petty cash ledger on a daily or weekly basis to ensure that:
  - i) Cash on hand / in bank plus amount to be replenished equals the petty cash account limit or Imprest amount.
  - ii) The amount to be replenished can only refer to properly completed petty cash approval documents backed up by the necessary documentary evidence (sales receipts etc.)
  - iii) The cash budget has not been exceeded.

## **28.11. Requests for Payments to Replenish Petty Cash Accounts**

**28.11.1.** Requests to HBS or equivalent service to issue a payment to replenish the petty cash account must:

1. be accompanied by a copy of the reconciliation demonstrating that the payment sought will not cause the petty cash limit to be exceeded.
2. be accompanied by a reconciliation demonstrating that the payment sought will not cause the petty cash account to exceed its cash budget.
3. provide an itemised account of the spend to date by expenditure type to ensure accurate coding of the petty cash spend in the General Ledger.
4. be signed by the budget holder or his/her nominee who must confirm that points 1 and 2 above have been reviewed and are accurate and who must be a grade appropriate to the amount being approved.

#### **28.12. Monitoring and Reporting Arrangements**

- 28.12.1.* Budget holders must put in place arrangements to ensure that the usage of petty cash is strictly monitored and controlled in full compliance with these regulations.
- 28.12.2.* On a monthly basis reconciliations to petty cash limit and cash budget must be submitted to the relevant Assistant National Director or equivalent salary grade and copied the relevant Assistant National Director of Finance or their nominees.

#### **28.13. Discrepancies in Petty Cash accounts.**

- 28.13.1.* Any discrepancies in petty cash must be notified to the relevant budget holder and investigated.
- 28.13.2.* Discrepancies related to loss/theft of petty cash must be notified in writing to the relevant Assistant National Director or equivalent salary grade and copied to the relevant Assistant National Director of Finance.

#### **28.14. Segregation of Duties**

- 28.14.1.* No staff member can approve a petty cash transaction in respect of themselves.
- 28.14.2.* The staff member who manages the petty cash locally including handling the cash and completion of the petty cash ledger cannot approve a request to national shared services or equivalent to issue a payment to replenish the petty cash.

#### **28.15. Locations where use of Petty Cash is an element of providing Services to Clients in a normalised environment.**

- 28.15.1.* Units such as residential children's' homes and mental health community residences may have a requirement, driven by clinical and therapeutic needs, to make purchases without using the normal HSE stock or purchase order processes.
- 28.15.2.* Such units will require approval by the relevant National Leadership Team Member and Chief Financial Officer (CFO) and their nominees of specific departures from these regulations for practical purposes.

28.15.3. It will be a matter for the relevant budget holders to identify the need for and recommend such departures.

#### **28.16. Petty Cash Security**

28.16.1 All Petty Cash should be stored at all times in a safe. Only staff who are responsible for Petty Cash should have access to the safe key or safe combination code. When on duty, the safe key must be retained on the relevant staff member at all times. When not on duty, the safe key must be kept in a locked cupboard to which only the relevant staff member has the key for.

28.16.2 Where safes are not operated, all petty cash should be stored at all times in a locked cash box stored in a lockable cupboard. Only staff who are responsible for Petty Cash should have access to the key for this cash box. When on duty, the cash box key must be retained on the relevant staff member at all times. When not on duty, the cash box key must be kept in another locked cupboard separate to the lockable cupboard where the locked cash box is stored.

28.16.3 Any loss of any such keys to the safe or locked cash box must be reported immediately to the local manager.

#### **28.17. Assistance / Further Information**

28.17.1. Additional information regarding this regulation should be addressed to the Assistant Chief Financial Officer, Finance Specialist.

#### **28.18. Effective Date**

28.18.1. This regulation is effective immediately. This regulation applies to all employees of the HSE involved in the processes outlined in this regulation.

#### **28.19. Reporting of Irregularities**

28.19.1 Any member of staff who considers that there may have been an irregularity in the management of petty cash must inform their Line Manager immediately. The manager to whom the matter has been reported must inform the relevant Assistant National Director of Finance and the National Director Internal Audit for appropriate action.

#### **28.20. Audit**

28.20.1. The external and internal auditors of the HSE have the right to unrestricted access to all vouchers, documents, books of account, and computer data and to any other information which they consider relevant to their enquiries and which is necessary to fulfil their responsibilities. Both internal and external auditors also have the right to direct access to any employee or person responsible with whom it is felt necessary to raise and discuss such matters.

28.20.2. Sample checks may take place at regular intervals in each financial year.

28.20.3. Every officer shall attend at such place and at such time as may be appointed by the auditor and shall submit his/her books and accounts for examination and checking.

28.20.4. Where any irregularities are disclosed at the checking of the accounts of an officer, the auditor shall report such irregularities to the CFO, who shall cause a full investigation to be made and shall take all necessary action.