

# Petty issue?

**Natalie Doughty** explains how to set up a petty cash system for your practice.

To manage the cash coming in and going out of your practice efficiently and safely, two systems are required. The first one is to collect fees paid in cash by patients. This needs to be kept in reception and must not be confused with the petty cash. The second is the petty cash system itself, usually maintained by a responsible person with secure, limited access.

## 1. Reception system

The reception fees can be managed with the use of a simple spreadsheet. This should record all receipts of income and should include the date, the name of the patient paying, and what the payment was for. For example, Mr Brown paid £25 on 14/5/11 for a doctor's note.

At the end of the month, or weekly if sums are material, the amount of money collected in should be reconciled against the spreadsheet and the whole amount must be banked. For security, duties should be segregated so the person recording the spreadsheet is not the same person who handles the money.

## 2. Petty cash system

The petty cash system used to manage small day-to-day expenses should be operated on an 'imprest' system. Imprest is a common accounting term that means a fixed sum of cash held and maintained to a certain level. The imprest amount can be anything from £50 to £250. The petty cash should always contain the imprest amount in the form of either cash, or cash and receipts, or just receipts.

When the cash gets low, a cheque is drawn to take cash from the general bank account and add it to

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the petty cash so that the cash balance moves back to the imprest level. The receipts in the petty cash system are then taken out and attached to the 'cheque requisition' so that whoever signs the cheque can see what has been spent. The cheque signatory is usually a partner.

A spreadsheet can be used to summarise the expense receipts and the money reimbursed to the petty cash system. Again the spreadsheet needs to be reconciled with the actual petty cash imprest cash and receipts held monthly. There should be a system for authorising reimbursement of expenses. This can be done by setting a maximum level for the person in charge to authorise and then for any amount above the maximum to be authorised by a partner. All authorising vouchers must include an expense receipt.

Access to the petty cash or



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reception systems should be restricted to one person so only one person is responsible for any cash differences that might arise. When the person in charge is due to take a holiday, then for security purposes and protection both systems should be reconciled before and after the change over with both the person in charge and their relief person present. ■

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