



Policy: School Imprest Account

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Last Updated: June 2014

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1. Purpose of Account

Each educational establishment holds an imprest account to meet local expenditure needs. The imprest account enables units to make petty cash purchases, to meet incidental expenses and to finance exceptional items which can not be readily processed through the Pecos/Council purchase card payments system. The imprest balance held at each establishment is determined by the needs of the establishment and is normally set at two months usage of cash. It should be noted that any interest gained in this account should be transferred into the school fund.

The imprest account should neither be used as a substitute for the Pecos/Council purchase card system, nor to finance payments such as travel and subsistence expenses that must be processed through payroll. Employees should not purchase goods on behalf of the establishment through personal accounts and be reimbursed from the imprest account.

2. Operation of the Account

One signature is required to authorise expenditure from the account along with the signatures of the person preparing and the person checking the paperwork. Any changes to the bank details or authorised signatories list must be arranged through the Financial Management Unit who will supply the appropriate mandate form upon request.

All expenditure must be recorded in local records. This can either be within the Cash Accounts system or Excel Spreadsheets. Where expenditure includes VAT, the gross amount should be entered on the Cash Accounts system along with the appropriate VAT category. The system will automatically post the net value to the appropriate finance codes and the VAT element to the VAT code for inclusion on the reimbursement claim. Separate VAT analysis columns must be manually maintained on Excel.

3. VAT

As a general guide, VAT categories are as follows:

- Standard Rated VAT 20%, e.g. stationery, petrol
- Lower Rated VAT 5% e.g. electricity
- Zero Rated VAT 0% e.g. books, bus fares
- Exempt VAT not chargeable e.g. postages,

Receipts should be obtained for all items of expenditure. Where expenditure has included VAT, the relevant amount may be recovered if receipts comply with VAT requirements. If shopping, for example at a supermarket, a VAT receipt must be requested to ensure that the VAT element is separately disclosed. If a VAT receipt has not been obtained, the VAT element can not be recovered.

With regard to items in excess of £100, VAT receipts must detail:

- Invoice number
- Date of invoice/supply date/tax point
- Name, address and VAT number of supplier
- Name and address of customer (educational establishment)
- Description and quantity of supply
- Net amount charged
- VAT Rate
- Amount of VAT charged
- Rate of discount (if applicable)

With regards to invoices less than £100, VAT receipts must detail:

- Name, address and VAT number of supplier
- Supply date
- Description of goods /services
- Total amount charged (including VAT)
- VAT Rate

4. Reimbursement Claims

Reimbursement claims should be made to the Financial Management Unit on a regular basis and at least once per quarter. Receipts do not require to be forwarded to the Financial Management Unit, but do require to be retained locally at the educational establishment. Receipts **must be securely filed, cross referenced to accounting records and retained for six years plus current year** in order to comply with HM Revenue and Custom requirements. Reimbursement is made directly by BACS to the unit on receipt of the reimbursement claim.

5. Independent Reconciliations

To ensure that monies are independently monitored, in line with audit recommendations, reconciliations should be performed regularly by a person outwith the daily operation of the account. Reconciliations should be prepared to a standard format and signed on completion by an independent person. eg line manager.

The suggested format for an imprest reconciliation is as follows:

Balance per bank statement dated:

Add: Outstanding reimbursements or lodgements

Less: Outstanding cheques

Revised Bank Balance

Add cash in hand

Add expenditure not yet claimed

Total Imprest (A)

Approved Imprest Balance (B)

Difference to be investigated (A-B)