

# Petty cash

NHS fraud prevention quick guide

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**Petty cash is held and maintained locally for the purchase of small value sundry items or for incidental expenses. Fraud relating to petty cash can occur if, for example, a dishonest claim is made for a non-authorised item or expenditure**

## Who is this quick guide for?

This guidance is intended for staff with delegated responsibility for handling petty cash, their managers and NHS finance teams.

## How to spot fraud

It is important for staff to remain vigilant to fraudulent activity and loss relating to petty cash. Here are some vulnerabilities to be aware of:

- No receipt for expenditure or monies spent.
  - Increased volume of expenditure payments, putting pressure on checking/processing operations.
  - Misrepresented expense claims and receipts.
  - Using petty cash to fund unauthorised activities which are not in line with the NHS organisation's policy.
  - Using petty cash to purchase unauthorised items.
  - Failing to validate a patient's entitlement prior to approving a reimbursement.
  - Failing to verify the identity of the patient claiming a reimbursement.
  - 'Borrowing cash' from the petty cash fund.
  - 'I owe you' messages in place of cash or valid receipts.
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- Unrestricted access to the petty cash fund.
- Circumventing rules on accessing petty cash during periods of heightened activity.
- Inappropriate and/or increasing use of petty cash to regularly purchase items that can be obtained using the organisation's established procurement routes.

NHS organisations should be mindful that although petty cash amounts handled at any given time may be small, the real indicator of fraud is the amounts of funds that are cumulatively disbursed through the account over the year.

## How to stop fraud

The following controls should be in place for managing petty cash:

### Finance teams

- NHS organisations should have a clear policy and standard operating procedure (SOP) with instructions for staff on the management and use of petty cash. The policy should include what the cash may be used for, the maximum limits for individual payments and the agreed maximum float amounts to be held at any time.
- If procedures are temporarily changed during an emergency management scenario (e.g., changes to expenses forms, changes to processing times), employees should be informed of these changes, including a reminder issued to all staff that original documentation such as receipts should be maintained for a period of time for audit purposes.
- The number of petty cash funds within the NHS organisation should be kept to a minimum.
- A record of all petty cash funds available within the NHS organisation should be kept.
- Regular audits should be carried out in order to review the management and use of the funds.
- Access to petty cash funds should be restricted to authorised staff only.
- Finance teams should undertake regular reviews of staff authorised to handle petty cash and ensure their authorised lists are up to date.
- Any short falls from the petty cash fund should always be questioned and investigated by a member of the finance team.

### Managers/Staff

- Staff should have access to a petty cash policy stating that all cash disbursed must be used solely towards the objectives of the NHS organisation. This policy should be reviewed annually.

- All purchases made using petty cash should be in accordance with the NHS organisation's policy, i.e., for items authorised and to the value set by the policy.
- Staff should not reimburse any monies without a relevant receipt being provided in line with the NHS organisation's policy.
- Items purchased without a valid receipt should be rejected and staff held to account.
- If a claim does not appear to be accurate, it should be challenged, pending further information from the claimant.
- Budget holders/managers should be mindful of any increases in expense claims during emergency management scenarios and ensure these claims are being closely monitored.
- A record of all expenditure and receipts for items purchased using petty cash funds should be kept.
- Staff should ensure that their accounts are balanced at the end of each day.

## Security

- Where feasible, petty cash funds should always be kept in a safe with access restricted to authorised staff only. If this is not available, petty cash should be kept in a cash box within a lockable drawer.

## If you suspect fraud

If fraud is suspected the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

## How to report fraud

Report any suspicions of fraud to NHS Counter Fraud Authority online at <https://cfa.nhs.uk/reportfraud> or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence, and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

## Why take action?

Having a clear policy and standard operating procedure in place for the management of petty cash ensures that there is effective oversight of the system, holds staff to account, acts as a deterrent and assists in the prevention and detection of fraud. By implementing these recommendations NHS organisations will reduce their risk of falling victim to fraudulent activity and suffering financial losses.

## Further information

- For further information visit the NHSCFA website [www.cfa.nhs.uk](http://www.cfa.nhs.uk)
- The NHSCFA series of fraud prevention quick guides focuses on specific areas of fraud risk vulnerability in NHS finance and procurement and are available to all on [NHSCFA's website](#). They include:
  - » Contract splitting (disaggregate spend)
  - » Contract reviews
  - » Due diligence
  - » Suppliers code of practice: preventing fraud, bribery and corruption
  - » Mandate fraud
  - » Buying goods and services
  - » Credit card
- NHSCFA has developed and published advice and guidance for the NHS on fraud risks relating to COVID-19, which may be helpful. Please visit [NHSCFA's website](#) for further information.
- The [NHS Fraud Reference Guide](#) was developed by NHSCFA to include information and definitions for different types of NHS fraud.
- Details of your Local Counter Fraud Specialist.

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