

1 WHAT IS PETTY CASH?

Petty Cash is a small amount of cash set aside to pay for minor and incidental expenses that are impractical to pay through the normal payment process.

KEY POINTS

- ✓ Used for small value, day-to-day expenses.
- ✓ Has a fixed amount (imprest amount).
- ✓ Expenses must be supported by valid receipts.
- ✓ Must be properly recorded and reconciled.
- ✓ At the end of each period/month, a Petty Cash Certificate must be signed.

2 PETTY CASH PROCESS FLOW



PETTY CASH RECONCILED & CERTIFIED

3 IMPORTANT DOCUMENTS

- Petty Cash Policy / Guidelines
- Petty Cash Imprest Register
- Petty Cash Vouchers / Payment Vouchers
- Receipts (original)
- Petty Cash Book / Record
- Petty Cash Replenishment Form
- Petty Cash Certificate (Monthly)

MALAYSIAN COMPLIANCE & GOOD PRACTICES

- ✓ Follow company policy & approval authority
- ✓ Use for legitimate business expenses only
- ✓ Keep original receipts and supporting documents
- ✓ Do not split payments to avoid approval limits
- ✓ Reconcile and certify at the end of each period/month
- ✓ Maintain proper records for audit & tax purposes

4 EXAMPLES OF PETTY CASH EXPENSES

ALLOWABLE EXPENSES

- ✓ Stationery & office supplies
- ✓ Courier & postage
- ✓ Parking & toll
- ✓ Refreshments
- ✓ Public transport
- ✓ Small repairs & maintenance
- ✓ Other minor expenses

NOT ALLOWABLE EXPENSES

- ✗ Purchase of assets
- ✗ Salary payments
- ✗ Loan repayments
- ✗ Personal expenses
- ✗ Entertainment (without approval)
- ✗ Any expenses above the approval limit

5 PETTY CASH JOURNAL ENTRY (EXAMPLE)

A. Establish Petty Cash Fund

Account	Debit (RM)	Credit (RM)
Petty Cash	1,000	-
Cash at Bank	-	1,000

B. Replenish Petty Cash

Account	Debit (RM)	Credit (RM)
Office Supplies Expense	120	-
Postage Expense	30	-
Petty Cash	-	150

Note: Amount replenished = Total expenses supported by receipts.

6 PETTY CASH RECONCILIATION (EXAMPLE)

Imprest Amount	RM 1,000
Less: Expenses (supported by receipts)	
Office Supplies	150
Courier	60
Parking	20
Refreshments	45
Others	25
Total Expenses	(300)
Cash on Hand	700
Add: Unreconciled Advance (if any)	-
Adjusted Cash on Hand	700
Balance per Books (Petty Cash)	700
Difference	-

Note: If there is any difference, investigate immediately and resolve.

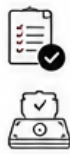
7 PETTY CASH REPLENISHMENT

When to Replenish?

When cash on hand is low.
Do not wait until fully spent.

How to Replenish?

- 1 Custodian submits receipts & Petty Cash Replenishment Form.
- 2 Finance verifies and records expenses.
- 3 Cash at Bank is used to top up Petty Cash back to the imprest amount.



8 PETTY CASH CERTIFICATE (MONTHLY)

At the end of each period/month, the Petty Cash Custodian must prepare and sign the Petty Cash Certificate.

PETTY CASH CERTIFICATE

I, _____, the undersigned
Petty Cash Custodian, certify that:

- The petty cash imprest amount is RM _____.
- All expenses listed in the Petty Cash Book are supported by valid receipts.
- The cash on hand is RM _____.
- All transactions are for legitimate business purposes.

Certified by: _____
(Name & Signature) Date: _____

Petty Cash Certificate must be signed at the end of each period/month.

9 RESPONSIBILITIES

Petty Cash Custodian

- ✓ Safeguard petty cash at all times.
- ✓ Spend only on approved expenses.
- ✓ Obtain and keep all original receipts.
- ✓ Record all transactions in the Petty Cash Book.
- ✓ Reconcile and sign the Petty Cash Certificate at the end of each period/month.

Finance / Approver

- ✓ Approve and set the imprest amount.
- ✓ Review and verify petty cash expenses.
- ✓ Replenish petty cash based on valid receipts.
- ✓ Review and file Petty Cash Certificate.



10 BEST PRACTICES

Keep petty cash in a safe place.

Always request receipts.

Record immediately after each expense.

Reconcile regularly (do not delay).

File all documents systematically.

11 INTERVIEW QUESTION

Q Why is Petty Cash important?

A Petty Cash is important because it allows the company to pay for small, day-to-day expenses efficiently while maintaining proper control, record-keeping, and accountability. It ensures expenses are legitimate, supported by receipts, and reconciled at the end of each period/month.

