

ELIAS MOTSOALEDI

LOCAL

MUNICIPALITY

PETTY CASH POLICY

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PETTY CASH POLICY

1. PREFACE

- 1.1 The Local Government Municipal Finance Management Act, Act 56 of 2003.
- 1.2 The Municipal Supply Chain Management Regulations, Regulation 868, published under Government Gazette 27636, 30 May 2005.

2. OBJECTIVES OF POLICY

The objectives of the policy are to:

- 2.1 Ensure goods and services are procured by the municipality in accordance with authorized processes only.
- 2.2 Ensure that the municipality has and maintains an effective petty cash system of expenditure control.

3. PETTY CASH PURCHASES

- 3.1 Petty cash is restricted to cash purchases up to a transaction value of R1 000,00 VAT included per department per day.
 - 3.2 A quotation is required before petty cash can be issued .A signed memorandum is required if quotation is not provided. 3.3
- Petty cash vouchers must be signed by relevant Head of Department and be verified by budget section before petty can be issued.

4. APPROVED LIST OF PETTY CASH PURCHASES

- 4.1 Approved items for petty cash purchases, but not limited:
 - (a) tollgate fees;
 - (b) catering;
 - (c) purchases of an urgent nature where it is impractical to follow the official procurement process.
- 4.2 Departments co-operation is requested not to utilize the petty cash for the following items:
 - (a) approved store items which are kept at the municipal store;
 - (b) subsistence and travel claims;
 - (c) stationery
 - (d) ordinary material and tools for repairs except for the petty cash bins kept by supply chain management
 - (e) wages for contractors, labour or contract work less than R 1 000,00.

5. REQUEST FOR REIMBURSEMENT

- 5.1 Request for Petty Cash reimbursement must be authorized by the delegated official, Head of Department or Section Head.
- 5.2 The recipient must sign the Petty Cash voucher as proof of receipt and to verify that the amount is correct.
- 5.3 The official signatory must ensure that funds are available on the budget, prior to submitting claims.
- 5.4 An applicable vote number must be supplied on the Petty Cash voucher.

6. SAFEGUARDING

- 6.1 The petty cash is to be safeguarded in a lockable cash box and should be locked away when not in use during normal business hours.
- 6.2 After normal business hours, the responsible petty cash official must lock away the petty cash bins in a fire and theft resistant safe as identified.
- 6.3 The petty cash official is responsible for the safekeeping of all the keys of the cash box and a register thereof must be kept.
- 6.4 For proper segregation of duties the accountant expenditure or the sectional manager must be in possession of a spare key or combinations for the safe only.

7. LIMITATION

- 7.1 The maximum amount allocated to the petty cash box will be R15000.00 per month of which each department may not exceed R1000.00 (vat included).
- 7.2 Satellite offices are limited to R 2 000.00 per month.
- 7.3 When the petty cash bin is transferred to another delegated official the petty cash must first be reconciled and be verified by the transaction control and verification section before it is handed over.
- 7.4 The accountant expenditure must ensure that the new holder of the petty cash bin is aware of his/her responsibilities relating to the petty cash transactions.

8. PETTY CASH REPLENISHMENT

8.1 Petty cash replenishments will only be done after having full exhausted the available cash in the bins.

8.2 A proper petty cash register must be kept where each disbursement of petty cash transaction is recorded.

8.3 The minimum detail to be recorded in the petty cash register is:

- (a) Voucher number
- (b) department name;
- (d) name of the official;
- (e) date
- (f) amount issued and
- (g) Signature

8.4 The petty cash register with all petty cash vouchers, receipts or slips must be attached to the cheque and/or request for payment voucher.

8.5 The transaction control and verification section must check the petty cash float against the petty cash payment vouchers.

9. DISBURSEMENT OF PETTY CASH

9.1 All petty cash disbursements must be completed on the prescribed petty cash voucher, authorized by the delegated official of each department.

9.2 An original receipt, clearly indicating it has been paid must support the petty cash voucher.

9.3 The authorized official or delegated person must sign for the acceptance of the petty cash monies and ensure that the monies are correct.

9.4 In the case where a petty cash advance was granted, the recipient must bring the cash vouchers within two(2) working days from date of the receipt.

9.5 Where proof of expenditure could not be provided on petty cash advances within the prescribed period, the advance will automatically be deducted from the respective employee's salary.

10. **RECONCILIATION**

- 10.1 A monthly reconciliation report from the holder of a petty cash must be submitted to the Manager, Deputy CFO and to the Chief Financial Officer including the total amount of petty cash purchases for that month.

11. **SHORTAGES AND LOSSES**

- 11.1 The holder of the petty cash bin will be held accountable for losses and shortages unless there is physical evidence of breaking-in and no act or omission on the part of the relevant official contributed to the loss.
- 11.2 In the event of identified shortages and/or losses must immediately be reported to the Chief Financial Officer and be paid in by the holder of the petty cash bin(s).

NB: Failure to adhere to the above after investigation will lead to the Petty Cash official having to re-imburse the losses and shortages.