

ENDUMENI MUNICIPALITY



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PETTY CASH POLICY

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1. Definitions

The following words and phrases shall, when used in this policy, have the following meaning:

- 1.1 “Cashier” shall mean the person appointed as cashier under section 4 below;
- 1.2 “CFO” shall mean the Chief Financial Officer of the Municipality;
- 1.3 “SCM” shall mean Supply Chain Management.

2. Object of Policy

The object of this policy is to regulate the management, administration and control of petty cash in the municipality.

3. Prohibited Practices and Expenses

- 3.1 Petty cash shall not be used for instalment invoices such as for rental of equipment.
- 3.2 It shall be forbidden to purchase an asset through Petty Cash.
- 3.3 It shall be deemed an offence to use Petty Cash for private matters despite even the good intentions to repay at any time.
- 3.4 Petty Cash float or advances shall be for immediate withdrawal from the individual’s salary if not accounted for within the stipulated period.

4. Cashier for Petty Cash

- 4.1 The CFO shall in writing appoint a member of the Finance Department of the Municipality as cashier for petty cash.
- 4.2 The cashier shall be responsible for:
 - 4.2.1 the safekeeping of petty cash in accordance with section 5;
 - 4.2.2 the receiving and processing of requisitions for petty cash;
 - 4.2.3 the disbursement of petty cash;
 - 4.2.4 the replenishment of petty cash;
 - 4.2.5 the maintaining of a petty cash register.

5. Safekeeping of Petty Cash

- 5.1 Petty cash shall at all times be kept in a suitable petty cash box under the control of the cashier.
- 5.2 The petty cash box shall at all times be kept locked, and the keys thereof shall be safely kept by the cashier.

- 5.3 The petty cash box shall at all times be kept either:
- 5.3.1 at the work station of the cashier, under the constant scrutiny of the cashier, when he or she is at the work station;
 - 5.3.2 at all other times in the municipality's safe.
- 5.4 No person other than the cashier, or a person designated by the CFO may have access to or open the petty cash box.

6. Requisitions for Petty Cash

- 6.1 If petty cash is required, a petty cash requisition in a form approved by the CFO must be completed and authorised by the relevant Head of Department or his duly authorised delegate. The authority to authorise such requisition may be delegated to officials on salary level 17, 16 or 15 only. Such form must state the name of the relevant section, the amount requisitioned, the purpose for which it requisitioned, and the vote to be debited.
- 6.2 Such form must be supported by an official invoice which states the name of the firm issuing it, the date, and the nature of the goods or services provided. Cash slips will be accepted with a petty cash form signed by Head of Department, Municipal Manager or designated official in terms of clause 6.1. Therefore if cash is advanced without supporting documents it should be on the basis of an advance until the purchase is made and the supporting document is submitted within 24 hours.
- 6.3 The requisition form and supporting invoice must be submitted to the cashier who shall check same to ensure that all the details are in order, and who shall thereafter pay over the amount requisitioned to the person submitting it. The recipient shall sign an acknowledgement of receipt for the cash, which acknowledgement shall be co-signed by the cashier.
- 6.4 The cashier shall enter the details of each petty cash requisition in the register referred to in 4.2.5.
- 6.5 The maximum amount which may be requisitioned as petty cash for any transaction shall be R 500-00 (five hundred rands only).

7. Replenishing of Petty Cash

- 7.1 When the petty cash float reaches the minimum amount as determined from time to time by the CFO, the cashier shall prepare a replenishment voucher and submit same with the petty cash register to the Manager: Expenditure or the person delegated by the CFO.
- 7.2 If the Manager: Expenditure is satisfied with the voucher, the voucher shall be referred to the designated official who shall issue a cheque and hand it to the

cashier who shall in turn cash it and immediately place the cash in the petty cash box.

7.3 The cashier shall balance the petty cash float at replenishment of petty cash.

8. Petty Cash Limits

8.1 Maximum petty cash float shall be R6000.00 which can be reviewed by the Chief Financial Officer from time to time.

8.2 The maximum limits per transaction shall comply with the limit prescribed in the SCM Regulation and the municipal SCM policy,

9. Petty Cash Audits

9.1 The Manager: Expenditure or internal auditor or other designated official shall make surprise inspections of petty cash as and when he/she deems fit, but at least quarterly.

9.2 A count of petty cash on hand shall be carried out at every replenishment and financial year end. The total shall be reconciled to the petty cash requisition forms, vouchers and other supporting documents.

9.3 Whenever necessary, a proper balancing of petty cash shall be performed by a person designated by the CFO.

10. Petty cash transfers

10.1 Petty cash shall not be transferred for whatever reason from the cashier to any one else, other than in accordance with this policy.

10.2 Should there be a need to transfer petty cash; the CFO shall be the one who approves such transfer.

11. General

11.1 No advances shall be paid out from petty cash.

11.2 The municipality's Supply Chain Policy and any regulations relating the Supply Chain Management must be observed and adhered to at all times in the application of this policy.

11.3 Supporting documentation must be submitted to the petty cashier within 72 hours of the advance.

11.4 Any non-compliance to this policy should be brought to the attention of the Chief Financial Officer to deal with appropriately.

12. Amendment and Review of the policy

12.1 The petty cash policy shall be reviewed once a year or at the discretion of the CFO due to changing circumstances as a result of the legislation or otherwise.

13. Council Approval and Effective Date

This policy replaces all previous versions of the Petty cash Policy and is effective from

1 November 2010.

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¹ Compiled by: G Esterhuizen
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