



PETTY CASH POLICY

1. Definitions

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

1.1 “Petty Cash Controller” shall mean the person appointed as Creditors’ Officer responsible for petty cash under section 4 below;

1.2 “CFO” shall mean the Chief Financial Officer of uMgungundlovu District Municipality;

2.Object of Policy

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

3. Scope of Policy

This policy applies to all petty cash disbursements by the Petty Cash Controller to staff members of the municipality.

4. Petty Cash Controller

4.1 The CFO shall appoint a member of the Finance Department of the Municipality as a Petty Cash Controller for petty cash procurements.

4.2 The Petty Cash Controller 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 disbursing of petty cash;

4.2.4 The replenishing of petty cash;

4.2.5 The maintaining of a petty cash register / cashbook.

5. Safekeeping of Petty Cash

5.1 Petty cash shall at all times be kept in a suitable petty cash box and be locked in the safe under the control of the Petty Cash Controller.

5.2 The petty cash box shall at all times be kept locked, and the keys thereof shall be safely kept by the Petty Cash Controller.

5.3 The petty cash box shall at all times be kept either:

5.3.1 at the work station of the Petty cash Controller, under the constant scrutiny of the Petty cash Controller, 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 Petty Cash Controller, 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 a section within a department requires petty cash, a petty cash requisition in a form approved by the CFO must be completed and signed by the section head, and counter-signed by the CFO or Manager: Expenditure Management. 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 or acceptable supporting documentation where invoices can't be used which states the name of the firm issuing it, the date, and the nature of the goods or services provided, and or the ID copies where cash was used to pay temporary labour.
- 6.3 The requisition form and supporting invoice must be submitted to the Petty Cash Controller 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 the petty cash voucher as an acknowledgement of receipt for the cash, which acknowledgement shall be co-signed by the Petty Cash Controller.
- 6.4 The person requesting petty cash must also sign the petty cash indemnity form giving authority to the payroll office to deduct the money advanced should he / she not submit the vouchers for the cash advanced to him / her within a period of five days. Such deductions must be effected in the following month's pay run.
- 6.5 Petty Cash Controller shall enter the details of each petty cash requisition in the register referred to in 4.2.5.
- 6.6 The maximum amount which may be requisitioned as petty cash for any transaction shall be R 500-00 (five hundred Rand), unless there's approval from the Manager delegated to do so by the CFO.
- 6.7 In exceptional cases, large cash advances will be made up to a maximum of R50,000.00 (Fifty Thousand Rands only) with prior approval from the Accounting Officer.

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 Petty Cash Controller shall prepare a replenishment voucher and submit same with the petty cash register to the CFO or his/ her nominee.
- 7.2 If the CFO is satisfied with the voucher, the voucher shall be referred to the designated official who shall make out a cash cheque to the Petty Cash Controller, who shall in turn cash it and immediately place the cash in the petty cash box.
- 7.3 The Petty Cash Controller shall balance the petty cash at every Replenishment.

7.4 Cash float must be limited to a maximum of R10,000.00 (Ten Thousand Rands).

8. Petty Cash Audits

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

8.2 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.

8.2 If this should be necessary, a proper balancing of petty cash shall be performed by a person designated by the CFO.

9. Petty cash transfers

9.1 Petty cash shall not be transferred for whatever reason from the Petty Cash Controller cashier to anyone else, other than in accordance with this policy, or when the Petty Cash Controller is on leave.

10. General

10.1 No IOU's (I OWE YOU) shall be paid out from petty cash.

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

11. Commencement

This policy shall come into force on 01 April 2014.