

TSWELOPELE LOCAL MUNICIPALITY [FS 183]

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PETTY CASH POLICY

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1. OBJECTIVE

1. The purpose of the policy is to ensure effective administration and appropriate internal control over petty cash in a consistent and acceptable manner throughout the Municipality.
2. This policy also covers the accountability of all parties involved in the financial management of Municipality's petty cash floats.

2. SCOPE

1. The policy is applicable to all employees of Tswelopele Municipality and includes all requests/claims by the employees in respect of petty cash acquisitions.

3. OVERALL

1. It is the duty of the Chief Financial Officer to ensure a proper system of internal controls is maintained in respect of petty cash expenditure and that there is adequate segregation of duties with respect to the management of petty cash.
2. It is also the responsibility of the Chief Financial Officer to ensure adequate controls are in place for the safeguarding of petty cash.
3. The Chief Financial Officer shall appoint the custodian of petty cash herein referred to as the Petty Cashier for a specific time period or until such a period that the duty will be shifted to another employee in the finance department.
4. The Petty Cash Officer shall be responsible for issuing and reconciling petty cash.

5. The Expenditure Accountant shall be responsible for reviewing the Petty Cash reconciliation and performing spot checks on the petty cash on hand.
6. The Chief Expenditure Clerk shall be responsible for processing the petty cash expenditure on the system and reimbursement of depleted petty cash.
7. Petty cash purchases and petty cash on hand must always amount to R 2'000.00 combined

4. USE OF PETTY CASH FLOAT

1. A petty cash float is established to assist with payments of minor recurring items of expenditure. This is done to permit the purchase of low value items in cases where the accounts payable system is not justified, cost effective or appropriate.
2. Tswelopele municipality considers that purchases of less than R200.00 are small, incidental purchases for which the use of a Purchase Order (PO) is not cost effective.
3. Should a municipal official use personal funds for small incidental acquisitions that requires reimbursement through the petty cash system, that employee will be required to complete the petty cash requisition and attach the necessary supporting documentation before sending it for approval.
4. To ensure minimal use of petty cash, the maximum value of a single petty cash should not exceed R200, 00.
5. Any intended acquisition of an amount above R200 requires a letter of motivation from an official requesting to use petty cash and must be authorised by the Chief Financial Officer.

5. PURCHASE PROCEDURES

1. When a request is made for cash/ petty cash acquisition, the requesting person who needs the cash should complete and sign a Petty Cash Purchases Requisition stating the specific amount requested.
2. Full detail with regard to the motivation for the expenditure, as well as the vote number must be completed on the requisition document.
3. Only a requisition for expenditure less than R200.00 shall be approved by the Petty Cashier.
4. The exact amount requested for the expenditure has to be recorded on the requisition and recipient has to acknowledge receipt thereof by signing the document together with the Petty Cashier.
5. After the items requested have been purchased, the receipt as proof of the expenditure and that the items received in good order shall be certified by the recipient and handed to the Petty Cashier, together with any change if applicable, within 24 hours after the cash were handed over to the recipient (or within the next business day if the procurement was done on a Public Holiday or weekend).
6. The exact cost of the items must be recorded in the petty cash purchases requisition as it appears on the receipt.
7. The official responsible for the petty cash (Petty Cashier) has to ensure that the cash in the petty cash box together with the outstanding requisitions and the receipts at ALL times balance with the total amount of the authorised petty cash float.
8. A reconciliation of the petty cash has to be completed by the Petty Cashier as soon as

request to replenish petty cash is handed in.

9. This reconciliation has to be checked by the Expenditure Accountant and/or the Manager Expenditure and Payroll and handed to the Chief Finance Officer to authorise payment.
10. A register has to be kept by the Petty Cash Officer to keep record of the petty cash been checked.
11. No petty cash shall be given to any employee as a loan.
12. It the responsibility of the Petty Cash Officer and the Expenditure Accountant to investigate any shortages that are not supported by cash slips or receipts.

6. CHANGE OF PETTY CASH CUSTODIANS

1. The process to change the Custodian of Petty Cash must include as a minimum:
 - a. The Custodian and the new Custodian counting the cash, adding the Petty Cash vouchers, reconciling these to the original total Petty Cash issued, and 'signing-off' the Hand Over/Take Over Reconciliation Form.
 - b. Where the Custodian is not available (for example, unplanned absence due to illness) the Custodian's supervisor and the new Custodian shall count the cash, add the Petty Cash vouchers, reconcile these to the original total Petty Cash issued and 'sign-off' the Hand Over/Take Over Reconciliation Form.