



Molemole Municipality

PETTY CASH POLICY 2020-2021

DOCUMENT REF:	PETTY CASH
VERSION No:	001.2020.2021
OWNER:	
DATE COMPILED:	17.02.2020
REVIEWED BY:	NKALANGA AS
DATE REVIEWED:	03.2020
APPROVED BY:	COUNCIL
DATE APPROVED:	
EFFECTIVE DATE:	01.07.2020



1. PREFACE

This policy is compiled with reference to the Municipal Finance Management Act, no 56 of 2003, Municipal Supply Chain Management Regulations and Molemole Supply Chain policy.

2. POLICY OBJECTIVE

To ensure the cost effective, efficient and economic use of petty cash funds, while maintaining the required levels of control.

3. RULES AND PROCEDURES

Safeguarding

The petty cash fund is to be safeguarded in a lockable cash box, which should be locked, not only after hours, but also during normal business hours in a locked cabinet located in Expenditure office.

The Accountant Expenditure will fulfill the functions of Petty Cash official. The Accountant Expenditure is responsible for the safekeeping of all the keys of the cashbox. The Expenditure Manager must be in possession of a spare key for the petty cash box.

Limitation on the use of Petty Cash funds

The maximum amount allocated to the Petty Cash will be R10, 000.00 per month for Mogwadi and R3, 500 for Morebeng of which an individual claim may not exceed R 500.00 (Vat included).

Petty cash will be utilized to acquire low value supplies and services with a rand value not exceeding R500 VAT included. (Five hundred Rand only). Purchases of items may not be split in order to be within the determined threshold of R500. No quotation will be required for petty cash transactions. Use of petty cash shall be made upon filling in of appropriate documents and approval shall be sought from Department Manager.



4. ESTABLISHING AND OPERATING A PETTY CASH.

To establish a new petty cash or increase an existing advance, a written reconciliation must be submitted to the Manager Expenditure by the Accountant Expenditure.

A request for the establishment of an advance will indicate the position of an employee to be held responsible for the control over the petty cash.

The Accountant Expenditure will be responsible for the security and leave arrangements in place to ensure safe custody of funds in the office. The minimal security arrangement that will be acceptable is that the petty cash will be kept in a locked box which will be kept in a filing cabinet.

5. PROHIBITED PRACTICES AND EXPENSES

- a) Petty Cash shall not pay for installment invoices such as for rental of Equipment.
- b) Petty Cash shall not be used to offer credit to a Vendor/Supplier where the Vendor is registered with the municipality's database.
- c) It is forbidden to pay out Cellular Claims through Petty Cash.
- d) It shall also be forbidden to purchase an asset through Petty Cash.
- e) Petty Cash Advances shall be readily available for Auditors/checkers without any postponement or deviation.
- f) It shall be deemed an offence to use the Petty Cash for private matters despite even the good intentions to repay at the appropriate time.
- g) Deviation from the accepted accounting practices in the use of Petty Cash shall constitute a serious offence under the Disciplinary Code.
- h) Petty Cash or advances shall be for immediate withdrawal from the Individual's salary if not accounted for within the stipulated period.



- i) Purchases are not split over two or more cash purchase claims.

6. APPROVED LIST OF PETTY CASH PURCHASES SHALL INCLUDE BUT NOT LIMITED TO THE FOLLOWING:

- a) Condolences, well wish cards, bouquets and flowers; small maintenance items, e.g. keys for offices and other consumables.
- b) Tollgate fees when an employee is driving with an official vehicle registered in the name of the Municipality.
- c) Tollgate fees when an official is driving in a private vehicle for official trips.
- d) Travelling allowance for attending interviews and community forums.
- e) Parking fees.
- f) Refunds for transactions undertaken upon prior approval by Senior Manager;
- g) Unforeseen Refreshments for official meetings.



7. REQUEST FOR PETTY CASH

Request for Petty Cash must be signed by the requestor (official) in the user department, authorized by the senior manager or delegated official in the allotted space, on the Petty Cash voucher and release of cash signed by the manager expenditure. The recipient must sign the Petty Cash register as proof of receipt and to verify that the amount is correct.

The requestor must ensure that funds are available on the budget, prior to submitting requests. An applicable vote number must be supplied on the Petty Cash request. Reason for purchase must be supplied. An official Petty Cash voucher must be used for all the above.

8. REQUEST FOR REIMBURSEMENT

A request for reimbursement must be done by the person that incurred the expenditure. The expenditure must be within the R500 threshold and can be made up of toll gate slips, refunds, travel expenses for interviews and community forums, etc.

SECURING OF PROPER RECEIPTS FOR PETTY CASH.

A receipt, must support the Petty Cash voucher. Receipts must set forth the complete description of the purchase.

When a supplier's printed invoice is used as a receipt, it must clearly indicate that it has been paid; containing the supplier's name.

Receipts that bear evidence of alteration cannot be accepted or processed.

8. DOCUMENTATION CONTROL

All documentation (Petty Cash voucher and receipts), applicable for the period between replenishments shall be kept in a lockable cabinet.

With replenishment, the above documentation together with a reconciliation sheet must be attached to the cheque / payment voucher.

9. RECONCILIATION / REPORTING

A cash on hand register must be kept at the end of each month

A monthly reconciliation must be prepared by the end of each month and compared with the Petty cash register. This should combine both Mogwadi and Morebeng.

**10. SHORTAGES/ LOSSES**

The Petty Cash custodian will be held accountable for losses and shortages unless prescribed procedures were followed and properly secured.

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

11. TRANSFERAL OF FUNCTION

The Petty Cash official must perform reconciliation before possession of Petty Cash can be handed over to another official.

In cases where the Petty Cash official is on leave, the responsibility of safeguarding, as well as procedures set out by this policy, may be transferred to the next level official.

12. REVIEW

The policy will be reviewed annually to be in line with the municipal practices and legislation.

13. MONITORING

Surprise petty cash counts shall be conducted on a regular basis by the Manager Expenditure and/or Accountant Expenditure. The manager expenditure has been conferred with authority, in terms of this policy, to monitor its implementation. He/She may from time to time request for information relating to the management of the petty cash and may perform such procedures as he/she deems necessary. No information relating to access to the petty cash records may be unreasonably withheld by the custodians of the petty.

Short Title

The policy shall be called Molemole Petty Cash Policy



Signature:	
Initial & Surname:	M.E. Paya
Designation:	Mayor
Council Resolution Number:	OC/5.1.5/26/06/20
Council Date:	26/06/2020