



Molemole Municipality

PETTY CASH POLICY 2013-2014

DOCUMENT REF:	
VERSION NO:	
OWNER:	MOLEMOLE MUNICIPALITY
DATE COMPILED:	17. 02. 2012
REVIEWED BY:	COUNCIL
DATE REVIEWED:	22. 05. 2013
APPROVED BY:	COUNCIL
DATE APPROVED:	29. 05. 2013
EFFECTIVE DATE:	10. 07. 2013

MP

1. PREFACE

This policy is compiled with reference to the Municipal Finance Management Act, no 56 of 2003.

2. POLICY OBJECTIVE

To ensure the cost effective and efficient 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, fire-and thief resistant safe located in Expenditure section

The designated official from the expenditure section will fulfill the function of Petty Cash official. The Accountant Expenditure is responsible for the safekeeping of all the keys of the cashbox. The Section Head is in possession of a spare key for the safe.

Limitation on the use of Petty Cash funds

The maximum amount allocated to the Petty Cash Box will be R5000.00 per month for Mogwadi and R2500 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 value not exceeding R500 (Five hundred Rand only). Purchases of items may not be split in order to fall within the determined threshold of R500. One quotation will be sourced where practically possible. Use of petty cash shall be made upon filling in of appropriate documents and approval by the Head of Expenditure.

4. ESTABLISHING AND OPERATING A PETTY CASH FLOAT

To establish a new petty cash float or increase an existing advance, a written application must be made to the DH Expenditure by the relevant official in Expenditure section.

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 float.

The senior administrative employee will be responsible for the security and leave arrangement in place to ensure safe custody of funds in the office. The minimal security arrangement that will be acceptable is that the float will be kept in a locked box which will be kept in a locked filing cabinet or safe.

5. PROHIBITED PRACTICES AND EXPENSES

- a) Petty Cash shall not pay for installment invoices such as for rental of Equipment or open Orders even if the amount falls within the limit specified. \
- b) Petty Cash shall not be used to offer credit due to a Vendor/Supplier where the Vendor is registered with the municipality's database.
- c) It is forbidden to pay out Cellular Claims or all other 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 Float 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 float or advances shall be for immediate withdrawal from the Individual's salary if not accounted for within the stipulated period.
- i) Processes provided that no approved store items may be purchased by means of a petty cash transaction;
- j) No fixed asset may be purchased by means of a petty Cash transaction;
- k) No travel and subsistence claims or disbursements may be paid via petty cash;
- l) No fuel for fleet and transport will be paid through petty cash.

m) Purchases are not split over two or more cash purchase claims;

6. APPROVED LIST OF PETTY CASH PURCHASES SHALL INCLUDE THE FOLLOWING:

- a) Condolences, well wish cards, bouquets and flowers; keys for offices;
- b) Tollgate fees when an employee is driving with an official vehicle registered in the name of the Municipality.
- c) Parking fees on Municipal vehicle and Courier services.
- d) Refunds for small transactions undertaken upon prior approval by Senior Manager;
- e) Unforeseen Refreshments and catering needs for official meetings approved by the CFO only in exceptional cases.

C

C

M.P

7. REQUEST FOR REIMBURSEMENT

Request for Petty Cash reimbursement must be authorized by the delegated official, Head of Department or Section Head, in the allotted space, on the Petty Cash voucher: The recipient must sign the Petty Cash voucher as proof of receipt and to verify that the amount is correct.

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

Securing of proper receipts for Petty Cash reimbursement

An original receipt, signed by the person to be reimbursed, must support the Petty Cash voucher. Receipts must set forth the complete description of the purchase. If not identified on the receipt or cash register slip, the purchases must be itemized on a separate document, signed by the salesperson, and attached to the receipt.

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

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 must be kept in the lockable, fire-and thief resistant safe.

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

9. RECONCILIATION / REPORTING

A request for replenishment must be supported by a reconciliation sheet compiled by the Petty cash official. The above sheet must be signed by the Petty Cash official and authorized by the Accountant or Section head. Such reconciliation must be done at least once a month.

The custodian of petty cash will be the Cashier. The initial cheque written to establish and replenish the float will be written and made payable to the

Revenue section for cash redemption and then to the petty cash custodian. The custodian of the petty cash must ensure that on a daily basis petty cash is kept in the municipality's lock up safe and is properly balanced.

A year-end reconciliation and replenishment must be done, at the 30th of June, by the Accountant-Expenditure.

M.P

10. SHORTAGES/ LOSSES

The Petty Cash official 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 and a summary report before possession of Petty Cash, can be handed over.

The summary report must be signed by both the Petty Cash official and the recipient, in order to verify that the amount in cash, correspond with the balance on the summary report.

When the Petty Cash is returned to the Petty Cash official, the same processes must be taken.

In cases where the Petty Cash official is on leave for more that 5 (five) business days, the responsibility of safeguarding, as well as procedures set out by this policy, may be transferred to the next level official appointed by the Expenditure: Divisional Head.

12. REVIEW

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

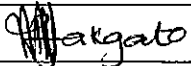
13. MONITORING

Surprise petty cash counts must be conducted on a regular basis by the Accountant. The Divisional Head Expenditure has been conferred with authority, in terms of this policy, to monitor its implementation thereof. 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 cash float.

Short Title

M.P

The policy shall be called Molemole Petty Cash Policy

Signature:	
Initial & Surname:	MP Makgato
Designation:	Mayor
Council Resolution Number:	0004/2013 - 6.4/29/5/13
Council Date:	29 May 2013

M.P