



Molemole Municipality

PETTY CASH POLICY

2022-2023

DOCUMENT REF:	Petty Cash Policy
VERSION NO:	001
PREPARER:	NKALANGA AS
DATE COMPILED:	March 2022
REVIEWED BY:	ZULU K
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APPROVED BY:	COUNCIL
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EFFECTIVE DATE:	01 July 2022

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 Management 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 Assistant Accountant Expenditure will fulfil the functions of petty cash official and is responsible for safekeeping of all the keys of the cashbox. The Accountant Expenditure 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 R15 000.00 per month for Mogwadi and R5 000.00 for Morebeng of which an individual claim may not exceed R1 000.00 (Vat inclusive).

Petty cash will be utilised to acquire low value supplies and services with a rand value not exceeding R1 000.00 vat included; one thousand rand). Purchases of items may not be split in order to be within the determined threshold of R1 000.00. No quotation will be required for petty cash transactions. Use of Petty cash shall be made upon filling in the appropriate documents and approval shall be sought from Departmental 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 cabinet.

5. PROHIBITED PRACTICES AND EXPENSES

- a) Petty cash shall not pay for instalment invoices 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 PETTYCASH PURCHASES SHALL INCLUDE BUT NOT LIMITED TO THE FOLLOWING:

- a) Condolences, well wish cards, bouquets and flowers; small maintenance items, eg. 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) Parking fees.
- e) Refunds for transactions undertaken upon prior approval by Senior Managers;
- f) Unforeseen refreshments for official meetings.

7. REQUEST FOR PETTY CASH.

Request for petty cash must be signed by the requester (Official) in the user department, authorised by the senior manager or delegated official in the allocated space, in the petty cash requisition book and release of cash signed by the Accountant Expenditure. The recipient must sign the Petty cash voucher book as proof of receipt of money and to verify that the given amount is correct.

The requester must ensure that funds are available on the budget, prior to submitting requests. An applicable vote number must be supplied on the petty cash requisition book and reasons for purchase must be supplied.

8. REQUEST FOR REIMBURSEMENT

A request for reimbursement must be done by the person that incurred the expenditure. The expenditure must be within the R1 000.00 threshold and can be made up of toll gate slips, refunds, and related matters.

SECURING OF PROPER RECIPITS 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.

9. DOCUMENTATION CONTROL.

All documentation (Petty cash requisition form, voucher and receipts), applicable for the period between replenishments for the months shall be kept safe in the filling cabinet.

With replenishment, the reconciliation sheet must be attached to the cheque/ payment voucher.

10. 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 all expenditure for the month. One reconciliation is done for Mogwadi and Morebeng transactions.

11.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 reimburse the losses and shortages.

12.TRANSFERRAL OF FUNCTIONS.

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

In case 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.

13.REVIEW.

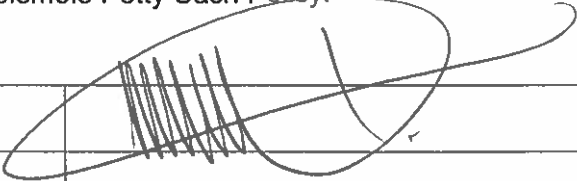
The policy will be reviewed annually to be in line with the Municipal practices and legislation.

14.MONITORING.

Surprise Petty Cash counts shall be conducted on a regular basis by the Manager Expenditure and/or the 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 cash.

Short title:

The policy shall be called Molemole Petty Cash Policy.

Signature:	
Initials & Surname:	PAYA ME
Designation:	MAYOR
Council Resolution number:	OC/7.2.1/27/05/22
Council Date:	27 May 2022

