



## **PETTY CASH POLICY**

**2016/17**

**ADOPTED BY COUNCIL**

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## DEFINITIONS

1. **"days"** means calendar days unless the context indicates otherwise
2. **"Policy"** means Petty cash policy
3. **"Expenditure Manager"** means an official appointed by NLM to fulfil a vital role in the implementation, monitoring and the continued application of this policy

## PETTY CASH POLICY

### **1. Introduction**

The petty cash must be approved by the Chief Finance Officer and kept by a designate of the Expenditure Manager in the Finance Department who will keep the cash under lock and key at all times. In terms of the Municipality's Supply Chain Management policy under Sub-paragraph 12 (1) (a), purchases from R0, 00 up to R2000. (Inclusive of VAT) to be procured using petty cash.

### **2. GENERAL REQUIREMENTS AND OPERATIONS**

- The submission must be compiled with the recommendation of the Head of Department of the Unit concerned, and then forwarded to the Chief Financial Officer for approval, who will also approve any increase, for whatever reason, in the float of petty cash.

- Authority to recommend and approve submission by the Head of Department and Chief Financial Officer respectively must be delegated in writing and appointment letters must be kept in safe custody for audit purposes.

Quotation may be requested but not compulsory, it is not compulsory for the selected supplier to be registered in the municipal suppliers' database.

- All submissions regarding the request to utilize petty cash must be forwarded to the CFO/Expenditure Manager **at least four** days before the date in which the petty cash is required. Poor planning will not be a justifiable reason to deviate from this provision.
- No purchases of goods or services may take place before the approval to use petty cash is granted by the Chief Financial Officer or the delegated official, except in the case of urgent and emergencies in which case the Head of Department will have to give permission to proceed with the transaction. The CFO may make surprise inspections of the petty cash as he/she deems fit to do so, at least quarterly.
- A petty cash requisition form must be used for all petty cash purchases. These forms shall be pre-numbered and recorded accordingly in the petty cash register.

The petty cash requisition form must include the following:

- (i) Reason for petty cash;
- (ii) Amount requested (not exceeding R2000.00);
- (iii) Vote number as per approved budget;
- (iv) Person requesting an item; and
- (v) Authorised by;
- (vi) Person authorizing (Expenditure Manager)

- Urgent and emergency cases will be accommodated where immediate action is required to avoid a dangerous or life threatening situation, misery or want or any other cases which may require immediate action to be taken to proactively avoid a negative impact on service delivery.

- Restrictions on the value per case may be made by the Responsibility Managers and Chief Financial Officer in order to exercise control over the usage of petty cash.
- Original invoices or cash slips must be submitted to the Chief Financial Officer's office after such purchases have taken place.
- Failure by any official to submit the invoices or cash slips within the period of 5 days from the date when petty cash was issued (This period will exclude public holidays and weekends that fall within it) will result in such total amount of purchases being recovered from the salary of the requisitioner.
- No item which is available on contract basis may be purchased by using petty cash except in the case of dire or critical need and the item is not available from the contracted suppliers.
- The designated person must submit a monthly reconciliation report to the Expenditure Manager, containing the total number and value of petty cash purchases for each month, including the opening balance and closing balance as well as the names of suppliers where goods and services have been purchased.
- Certain types of transactions may be excluded from the petty cash purchases in the case where it is considered necessary to do so e.g. day to day maintenance, stationery, assets, subsistence and traveling claims etc.
- The related low valued items which are required to be purchased repetitively on a daily, weekly and monthly basis may not each time be purchased by means of petty cash. These requirements have to be consolidated, quantified and therefore procured through the normal procurement process, e.g. coffee and milk for boardrooms committee meetings if those items are required on a regular basis.

**3. ARRANGEMENT FOR SUBMISSIONS WITH REGARD TO THE REQUESTS TO UTILISE PETTY CASH**

All submissions regarding the request to utilize petty cash must be forwarded to the CFO preferably four days before the date on which the petty cash is required. Poor planning will not be justifiable reason to deviate from this provision.

Take Note that the Municipality has five departments, therefore giving an allowance of R 400.00 per department per month. This will cater for the R 2000 petty cash allowance per month.

Take note that should a department need more than the stipulated allowance per month, prior approval from the Municipal Manager to be attained and arrangements made to cover the amount in excess claimed for that month.

**4. CUSTODY AND SAFEKEEPING OF PETTY CASH**

The office and the safe where Petty Cash is maintained must always be locked and the keys must be kept in a safe place which is known by the custodian of the petty cash. If petty cash is lost, the official responsible for petty cash will be held liable.

**5. ACCESS TO THE PETTY CASH**

The use of petty cash should be freely accessible by all staff members. The Expenditure officer is the only staff member, authorized, to issue petty cash.

**6. REPLENISHMENT OF PETTY CASH**

Petty cash will only be replenished if the petty cash has reached a minimum amount of R100, 00 A maximum amount of R2 000, 00 will be kept in the petty cash office in order to minimize and avoid the risk relating to theft and losses.

**7. IMPLICATION OF NON COMPLIANCE TO THE MUNICIPAL PETTY CASH POLICY**

It should be noted that failure to comply with this municipal petty cash policy

Financial misconduct and any employee found guilty will be subject to disciplinary Procedures.

**8. EFFECTIVE DATE**

This municipal petty cash policy come into effect on the 01 July 2016