

# **NGQUSHWA LOCAL** **MUNICIPALITY**



## **PETTY CASH POLICY**

### **2022/2023**

## Summary

Publication Date	01 July 2020
Review Date	
Related Legislation/Applicable Section of Legislation	Municipal Finance Management Act 56 of 2003
Related Policies, Procedures, Guidelines, Standards, Frameworks	
Replaces/ Repeals (whichever is relevant, if any)	
Policy Officer (Position)	
Policy Officer (Phone)	
Policy Sponsor (Position)	
Department Responsible	Budget and Treasury Office
Unit responsible	Budget and Reporting
Applies to	All Ngqushwa Local Municipality Employees and Councillors
Key Words	Petty cash
Status	Reviewed
Council approval date	
Version	Version 1

## REVISION RECORD

Date	Version	Revision Description
Feb 2020	Version 1	Petty Cash Policy 2020

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## 1 INTRODUCTION

Although petty cash forms a small part of the total cash function of the Municipality, it is important that certain guidelines be implemented for the effective management thereof. The officials responsible for the Petty Cash in the Municipality must have a clear understanding of the contents of this Policy and implement same with due diligence.

## 2 BACKGROUND

The purpose of this policy is to ensure that prudent petty cash procedures are consistently applied as provided for in this Policy

## 3 DEFINITIONS

For the purpose of this policy, unless the context otherwise indicates:

**“Chief Financial Officer”** means the person appointed by the Council as Chief Financial Officer and includes any person acting in that position or to whom authority is delegated.

**“Head of Department”** means an official appointed by the Council in terms of section 56 of the Municipal Structures Act 32 of 2000, as amended, to manage a directorate of the municipality.

**“Municipality”** means the Ngqushwa Local Municipality.

**“Municipal Manager”** means the person appointed by the Council as Municipal Manager and includes any person acting in that position.

**“Petty Cash”** means a small fund of cash that is kept for the payment of incidental expenses.

## **4 PETTY CASH**

- 4.1 The responsibilities of Petty cash are hereby delegated to the Chief Financial Officer. These duties may be sub-delegated to an employee reporting directly to the Chief Financial Officer.
- 4.2 The custodian of the petty cash shall be appointed by the Chief Financial Officer and should be independent from all other cash functions.
- 4.3 The maximum petty cash amount is hereby set at R2,000.00 (Two Thousand Rand Only) and the minimum amount per transaction is set at R500.00 (Five Hundred Rand Only) (VAT included). In the event that supporting documentation is not submitted to the expenditure department within three (3) days after the day with which petty cash was provided, such an amount must be deducted from the requestor's salary in the month of such transaction.
- 4.4 When petty cash reach the minimum amount, the Expenditure officer should reconcile and request a cheque to replenish the amount.
- 4.5 When an employee requests cash, the Head of the Department for that employee must authorise the request in writing.
- 4.6 The amount requested may not exceed the maximum amount set as by the Chief Financial Officer, unless proper authorisation is obtained from the Chief Financial Officer himself/herself.
- 4.7 The General Ledger account to be debited must be completed on the Petty cash requisition by the relevant Head of the Department.
- 4.8 Proper supporting documentation (quotations, receipts) with regard to the Petty cash requisition must be submitted upon requesting cash.
- 4.9 Each transaction shall be recorded in the Petty cash register for record keeping purposes.

- 4.10 When this minimum amount is reached, petty cash needs to be replenished. The official responsible for petty cash will complete a voucher for the replenishment.
- 4.11 A petty cash count will take place once a year at the financial year end.
- 4.12 Surprise inspections of petty cash should be conducted quarterly by Internal Audit
- 4.13 Cash advances will only be given once an advance authorisation form have been completed and signed by the relevant Head of Department.
- 4.14 Supporting vouchers for the advance must be submitted within 24 hours of receiving the advance.
- 4.15. When purchasing goods and services with petty cash, multiple quotations are not necessary. However, it is recommended that use is made of the list of suppliers.

**5 DELEGATION OF POWERS**

This policy should be applied with due observance of the system of delegated powers within the Municipality. Such delegations refer to delegations between the Council and the Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document must be recorded in writing

**6. IMPLEMENTATION OF THIS POLICY**

- 6.1 This policy will be effective from the date of approval by Council
- 6.2 The implementation of this policy cannot be backdated and all sections thereof will only be implemented from date of approval.

**REVIEWED BY COUNCIL ON .....2022 UNDER AGENDA ITEM.....**

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**MUNICIPAL MANAGER**

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**MAYOR OBO COUNCIL**