

POLICY ON PETTY CASH

A stylized graphic in the background shows a grey silhouette of a person holding a flag with blue and white stripes. To the right of the person is a green plant with two leaves.

Reviewed OCTOBER 2010

DRAKENSTEIN

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POLICY ON PETTY CASH

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 Cheque Administration section will fulfill the function of Petty Cash official.
- The Petty Cash official is responsible for the safekeeping of all the keys of the cashbox. The Accountant or Section Head is in possession of a spare key for the safe only.

Limitation on the use of Petty Cash funds

- The maximum amount allocated to the Petty Cash Box will be R1000.00 of which an individual claim may not exceed R 150.00 (Vat included).
- Loans or advances to employees for personal use from the Petty Cash funds are forbidden.
- No item, which is available from a supplier on Drakenstein Municipality's database, may be purchased through Petty Cash.
- The only exception for above would be emergency purchases, after official business hours and this will be authorized by the respective departmental head.

Request for reimbursement

- Request for Petty Cash reimbursement must be authorized by the delegated official, Head of Department or Section Head, as approved by council, 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 (Annexure A)

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.

Documentation control

- All documentation (Petty Cash voucher and receipts), applicable for the period between replenishments, must be kept in the lockable cash box which will always be kept in a locked, fire-and thief resistant safe
- With replenishment, the above documentation together with a reconciliation sheet, must be attached to the cheque / payment voucher.

Reconciliation

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

Shortages/ Losses

The Petty Cash official will be held accountable for losses and shortages unless:

- Prescribed procedures were followed.
- Petty Cash was properly secured.
- There is physical evidence of breaking-in and no act or omission, on the part of the Petty Cash official, contributed to loss.

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

Transferal of function

- The Petty Cash official must perform a reconciliation and a summary report compiled, 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: Section Head.