

ALFRED NZO DISTRICT MUNICIPALITY



ALFRED NZO
DISTRICT MUNICIPALITY

PETTY CASH POLICY

POLICY APPROVAL

The policy was approved by the Council meeting on the:

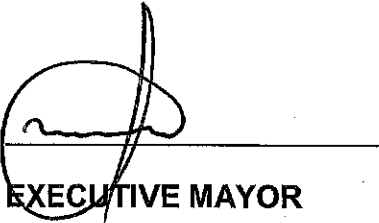
DATE OF APPROVAL : 17 MAY 2024

DATE OF NEXT REVIEW : 31 MAY 2025



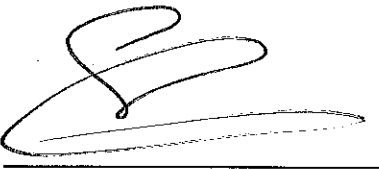
MUNICIPAL MANAGER

MRS UP MAHLASELA



EXECUTIVE MAYOR

CLLR. V. MHLELEMBANA



SPEAKER

CLLR. S. MEHLOMAKULU

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1. DEFINITIONS

Petty Cash Fund

This is a fund that remains constant, containing cash or satisfactory evidence of disbursements paid (paid receipts) equal to the amount of the fund.

2. EXECUTIVE SUMMARY

From time to time officials of the Municipality may unexpectedly have to purchase small items (i.e. items from R 0.00 up to R 2000.00) from suppliers.

3. Objectives

This policy is meant to provide users with detailed procedures regarding the establishment and administration of Petty Cash.

Petty Cash disbursements should be used only for small incidental expenditures and not as a method to bypass the Municipality's Supply Chain Management procedures.

Thus the purpose of Petty Cash fund is to provide departments with ready cash for the payment of various small expenditures.

4. APPLICABILITY OF THE MUNICIPALITY

The policy, will apply to all the following:-

4.1 Executive Mayor/Deputy Executive Mayor/Speaker/Chief Whip/Member of Mayoral Committee (MMC) and all other Councilors

4.2 Municipal Manager/Heads of departments and all other municipal officials

5. RESPONSIBILITIES OF REPRESENTATIVES

5.1 The designated custodian should sign for the entire cash fund.

5.2 The cash fund must be kept in a lockable cash box which must be stored in a safe.

- 5.3 Only the Head of Department or designated manager should handle Petty Cash funds.
- 5.4 Petty cash is limited to R12 000 where each department will be given R 2 000 a month.
- 5.5 Each department is limited to request petty cash to a maximum of R1 000 per day**
- 5.6 All Petty Cash purchases should be approved by the appropriate Head of Department , prior to any purchase and must be limited to R 2 000.00 per Department per month.
- 5.7 Petty Cash funds may not be used for any major services of any municipal Vehicles.
- 5.8 Petty Cash funds may be used for repairs of tyres and punctures on Municipal Vehicles on condition that a registered supplier from the database is used.
- 5.9 The designated official must maintain a petty cash book.
- 5.10 The designated official must have the actual cash or signed voucher for any cash that is expended.
- 5.11 A pre – numbered voucher should be prepared for each petty cash disbursement.
- 5.12 The Budget and Treasury Department should provide departments with Pre-formatted, numerically sequenced Petty Cash Voucher books. It is the responsibility of each Head of Department to obtain it's departmental Petty Cash Book.
- 5.13 The responsibility for operating petty cash and the safe keeping of petty cash funds in a Department must be assigned to the designated Petty Cash Officer only and the head of the department shall be co-responsible for petty cash management in such Department.
- 5.14 Petty Cash Officer has to ensure that a formal petty cash register is properly kept and updated regularly whenever petty cash amount is issued. The register has to be reviewed on a monthly basis by a senior official.
- 5.15 Each depart must be solely responsible for its petty cash requisition book as departments will not be allowed to use a petty cash book for other department.

- 5.16 Payments to establish a petty cash float may only be by way of Electronic Funds Transfer made payable to the designated Petty Cash Officer and upon submission of a requisition signed by such Petty Cash Officer and countersigned by the relevant Head of Department or Divisional Head.
- 5.17 The requisitioned amount should not exceed a maximum amount of R2, 000.00 per month per department and satellite offices.
- 5.18 Petty Cash payments may only be made to the designated Petty Cash Officer upon production of a cash requisition accompanied by proper supporting documents such as cash sale slips or receipts containing the supplier's name.
- 5.19 Petty cash form should be completed by the person requesting funds and the relevant Head of Department should sign the form as evidence of approval. Petty cash form must contain a budget stamp approving the expense vote to be used. The signed form should be submitted to the Petty Cash Officer for payment and updating petty cash register.
- 5.20 After a purchase is made, the supporting document[s] must be submitted to Petty Cash Officer within a week from the date of such advance. Failure to submit relevant supporting documents will result in salary deduction, an amount equal to petty cash issued from the person who requested petty cash and an additional R500 for the lost slip.
- 5.21 The Petty Cash Officer must regularly pursue outstanding advances and long outstanding advances must be brought to the attention of the Chief Financial Officer who must take the appropriate action to ensure that the amount advanced has been properly spent and proof of expenditure is submitted.
- 5.22 When the cash in the petty cash float is almost exhausted, the petty cash register must be balanced and reconciled on a monthly basis. Reconciliation should be reviewed and signed by a senior official.
- 5.23 Replenishment of the petty cash float is undertaken after the balancing and reconciliation of the Petty Cash Register has been checked and approved by the Chief Financial Officer or his delegate.
- 5.24 Each Petty Cash Form should consist of the following
- i- Date
 - ii- Contain an explanation for the expenditure and the original invoice,

- iii- Indicate the line item number to be charged at the time of the reimbursement of funds.
- iv- Show the amount of expenditure numerically and in words.
- v- Be signed by the Head of Department.
- vi- Be signed by the person receiving the money.
- vii- And signed by the person issuing the money.

- 5.21 Petty cash funds must not be used to cash personal cheques.
- 5.22 Private funds should not be mixed with Petty Cash funds.
- 5.23 Petty Cash will only be replenished if it has reached an amount of R 1 500 per department and a maximum amount of R2 000 per month per department will be kept in the Petty Cash office.
- 5.24 Petty cash will be replenished on the 15th and the last day of the month
- 5.25 All submissions regarding the request of Petty Cash must be forwarded to the Creditors Section preferably two days before the date on which the Petty Cash is required. Poor planning is not a justifiable reason to deviate from this provision

6. LEGAL REQUIREMENTS

This Policy has been drafted in terms of the Supply Chain Management Policy of the Alfred Nzo District Municipality.

7. INTERPRETATION OF THE POLICY

- 7.1 All words contained in this policy shall have the ordinary meaning attached thereto, unless the definition or context indicates otherwise.
- 7.2 Any dispute on interpretation of this policy shall be declared in writing by any party concerned.
- 7.3 The Municipal Manager shall give a final interpretation of this policy in case of written dispute.

8. COMPLIANCE AND ENFORCEMENT

- 8.1 Violation of or non-compliance with this policy will give a just cause for disciplinary steps to be taken.
- 8.2 It will be the responsibility of Council to enforce compliance with this policy.

9. AMENDMENT AND/OR ABOLITION OF THIS POLICY

9.1 This policy may be amended or repealed by Council as it may deem necessary.

10. ADOPTION AND SIGN OFF

The policy will come into effect on the date of adoption by Council and be signed off by the following:-