

BA-PHALABORWA MUNICIPALITY



DRAFT PETTY CASH POLICY 2023/24

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1. DEFINITIONS

Petty cash refers to small amounts of cash kept on hand in a business. (The term "petty" comes from "petite or "small.") There are reasons to keep petty cash:

To pay for small purchases which require cash, such as food for the office lunch or coffee
supplies, or for parking? ETC

Every purchase using [petty cash must be documented](#) in the same way as other business income and expenses. Using a petty cash log or petty cash slips will help capture these expenses so they can be used to offset income for business tax purposes.

PETTY CASH CUSTODIAN: The employee in a department who has been authorized to make payments from a petty cash fund and who is directly responsible for the administration of the fund.

POLICY

A petty cash fund may be established in a department to improve the efficiency of departmental operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods.

These funds are subject to periodic audits. Recurring audit findings may result in the petty cash fund being revoked.

The custodian is responsible for ensuring the cash on hand and receipts equal the authorized amount of the fund at all times. Petty cash funds must be kept separate from change funds, cash drawers, personal funds, and any other collected revenue.

A petty cash float is not to be used for any of the following

- The cashing of Cheques;
- Loans to any person whatsoever
- Payment of personal remuneration to any person whatsoever, whether for fees, salaries wages, travel allowances as part of remuneration or honorarium, or other reasons unless authorized by the chief financial officer
- Any purchases violating the true meaning of petty cash transactions
- Petty cash from the same suppliers for more than 500 from the same department will be regarded as deviations from supply chain regulations and shall constitute a serious offence under the disciplinary code, unless authorized by the chief financial office
- The Accounting officer or delegated official may conduct internal audits to evaluate compliance with this policy

SECURITY OF PETTY CASH FLOATS AND DOCUMENTATION

- The petty cash on hand and used petty cash vouchers are to be kept in a locked box for which there should be two keys. one key to be retained by the petty cash officer normally the person responsible for petty cash and the other by the senior employee in a sealed envelope in the office safe or other secure place, to be used only in emergency
- The locked petty cash box must be kept in a secure place when not in use and should be removed and returned by the responsible staff member only.
- If the responsible petty cash officer is either going on leave or leaving the municipality 's employment, the petty cash float is to be reconciled and signed by the departing –as well as the replacement staff members to indicate their agreement as to its balance

PETTY CASH LIMITS

The limit for petty cash purchases is R500-00 any amount greater than 500, 01 does not qualify for petty cash.

Obtaining several receipts for less than R500, 00 each in order to avoid limitations is not allowable.

Purchases not qualifying for reimbursement through petty cash include travel expenses, any purchases made before approval of the petty cash receipts which are more than 5 days old are prohibited/will not be accepted, unless provided it is a refund for toll fees.

The petty cash float maximum of 10 000

Cash will be collected from the cashier at revenue not exceeding 10 000.

RETURN OF RECEIPTS

The receipts must be returned within 24 hours' failure to return the receipt the money will be deducted from your salary, and no refund will be given if such instances arise.

OUTSTANDING RECEIPTS

All outstanding receipts not returned by the given time should be submitted to payroll on or before 15 of each month.

AUTHORISATION BY MANAGEMENT

All the required signature provided on the petty cash form must be signed before any money can be issued.

Only departmental heads, Managers or their assistance can authorize the petty cash or make approval.

The petty cash request form must be verified by an official at supply chain to limit the use of petty cash to buy the stock items,

To ensure that the item bought are not available at stores

INTERNAL CONTROLS & PETTY CASH REFUND

Anyone whom the petty cash receipts were deducted from his/ her salary for more than two times he/she is prohibited from collecting any petty cash until such time management wish to reinstate him/her.

The one who request the petty cash must not be the one to collect the cash unless it is a refund.

The person who collected the money is reliable to return the receipts failure to do so the money will be deducted from his/her salary.

No refund will be made for purchases that are 5 days old, unless it is a toll fees claim or matters beyond our control.

Employees may only request petty cash once in a day and per vote

QUOTATIONS

If purchases are more than R250, 00 quotations must be requested and attached to the petty cash request form. Unless is refreshments, Petrol or any other item that is justified. Petty

SHORTAGES

- Any shortages in respect of a petty cash float must be re-imbursed immediately by the responsible petty cash officer
- Where petty cash float is stolen the incident must be reported promptly to the chief financial officer in the required format, after a case has to be logged at the SAPS

CLOSURE

Petty cash is only meant for emergency only not for stores item.

Only the finance Managers or the CFO can make the final approval for petty cash issue.