

BA-PHALABORWA MUNICIPALITY



2015/2016

PETTY CASH POLICY

TABLE OF CONTENTS

1. DEFINITIONS
2. PETTY CASH LIMIT
3. RETURN OF RECEIPTS
4. OUTSTANDING RECEIPTS
5. AUTHORISATION BY MANAGEMENT
6. INTERNAL CONTROLS & PETTY CASH REFUND
7. QUOTATIONS
8. CLOSURE

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.

1.1. PETTY CASH CUSTODIAN

Is an employee of Finance department who has been authorized to make payments from a petty cash fund and who is also directly responsible for the administration thereof.

1.2. 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.

2. 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.

3. 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.

4. OUTSTANDING RECEIPTS

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

5. AUTHORISATION BY MANAGEMENT

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

Only departmental directors or their assistance can authorize the petty cash or make approval.

6. INTERNAL CONTROLS & PETTY CASH REFUND

Anyone whom the petty cash receipts was deducted from his/ her salary for more than two times he/she is banned 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.

7. QUOTATIONS

If purchases are more than R250, 00 quotations must be requested and attached to the petty cash request form.

8. CLOSURE

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

Only the finance assistant director or the CFO can make approval for petty cash.