

# BA-PHALABORWA LOCAL MUNICIPALITY



## PETTY CASH POLICY

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### PROCEDURES AND PRINCIPLES ON PETTY CASH

2026-2027

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## **DEFINITIONS**

- Petty cash refers to a limited amount of cash kept by the Municipality for minor, urgent official purchases where normal SCM processes are impractical. (The term "petty" comes from "petite or "small.") There are reasons to keep petty cash:
- Petty cash may only be used for minor official purchases approved in terms of this policy and must not be used to bypass SCM or cost containment requirements.
- 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
- Petty cash may not be used for payment remuneration, allowances, honoraria or personal advances
- Any purchases violating the true meaning of petty cash transactions
- Splitting purchases or using repeated petty cash transactions to avoid SCM threshold is prohibited and may constitute misconduct

- 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 R1000-00 any amount greater than 1000, 01 does not qualify for petty cash.
- Quotation will be sourced from the service providers nearby for speed processing
- 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.
- Petty cash will be paid directly through the bank transfer.
- No cash will be made available to any service provider or official requesting a refund.

### **RETURN OF RECEIPTS**

- The receipts must be returned within 24 hours. Failure to submit receipts within the prescribed period may result in recovery from the employee in accordance with applicable legislation and payroll procedures.

### **OUTSTANDING RECEIPTS the**

- 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, or 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 person who collected the petty cash is responsible for submitting the required receipts.
- 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 R1000.0000, quotations must be requested and attached to the petty cash request form. Except where properly motivated and approved in terms of this policy.
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### **CLOSURE**

- Petty cash is intended only for urgent minor purchases and must not be used for items available through stores or normal SCM processes.
- CFO can make the final approval for petty cash issue.

### **POLICY APPROVAL**

- This policy was formulated by Budget and treasury Management in consultation with the Treasury.
- Review and amendment of the Policy
- This Policy must be reviewed periodically in order to ensure continued alignment with the MFMA, applicable regulations, National Treasury guidance, audit findings and the operational needs of the municipality.
- In addition to periodic review, the municipality must review this Policy where:
- Legislative or regulatory amendments affect assets Management processes;
- Audit findings or oversight recommendations indicate weaknesses in assets management;

- Institutional changes require clarification of roles, procedures or reporting lines; or
- Practical implementation challenges reveal gaps or ambiguities in the Policy.
- The Council must approve any amendment to this Policy following consideration of a formal submission setting out the reasons for the amendment, the proposed changes and the implications for financial governance and oversight.
- Until amendments are approved by Council, the existing provisions of this Policy remain binding on all officials and councillors.

**ADOPTION BY THE COUNCIL**

Resolution NO: <b>461/26</b>	Approved date: <b>27 May 2027</b>
Effective Date <b>01 July 2026</b>	Review date: <b>Annually</b>

**AUTHORITY**

MUNICIPAL MANAGER  
MS MOKOBI ST

COUNCIL SPEAKER  
MR. NO MABUNDA