

MTUBATUBA LOCAL MUNICIPALITY



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PETTY CASH POLICY

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1. Definitions

The following words and phrases shall, when used in this policy, have the following meanings:

- 1.1. "Custodian" shall mean the person appointed as custodian under section 4 below;
- 1.2 "CFO" shall mean the Chief Financial Officer of the Municipality;
- 1.3 "SCM" shall mean Supply Chain Management

2. Object of Policy

The object of this policy is to regulate the management, administration and control of petty cash in the municipality.

3. Scope of Policy

This policy applies to all councilors and staff of the municipality.

4. Custodian, for Petty Cash

- 4.1 The CFO shall appoint a member of the Finance Department of the municipality as custodian for petty cash.
- 4.2 The custodian shall be responsible for:
 - 4.2.1 the safekeeping of petty cash in accordance with section 5;
 - 4.2.2 the receiving and processing of requisition for petty cash;
 - 4.2.3 the disbursing of petty cash;
 - 4.2.4 the replenishing of petty cash;
 - 4.2.5 the maintaining of a petty register.

5. Safekeeping of Petty Cash

- 5.1 Petty cash shall at all times be kept in a suitable petty cash box under the control of the cashier. (The CFO or MM must decide who will be responsible for the above function).
- 5.2 The petty cash box shall at all times be kept locked, and the keys thereof shall be safely kept by the custodian.
- 5.3 The petty cash box shall at all times be kept either:
 - 5.3.1 at the work station of the custodian, under his/her constant scrutiny.
 - 5.3.2 at all other time in the municipality's safe.

5.3.3 No person other the custodian, or a person designated by the CFO may have access to or open petty cash box.

6. Requisition for Petty Cash

6.1 If a section within a department requires petty cash, a petty cash requisition form must be completed and signed by the section head. The requisition must be counter-signed by the CFO. The requisition form must state the name of the relevant section, the amount of requisitioned the purpose for which it requisitioned, and the vote number to be debited.

6.2 Such form must be supported by an official invoice or receipt which states the name of the supplier issuing it, the date, and the nature of the goods and services provided. The till slip will be accepted with a petty cash form signed by Head of Department, Municipal Manager or designated official. Therefore if cash is advanced without supporting document it should be on the basis of an advance until the purchase is made and supporting document is submitted within 3 days.

6.3 The requisition form and supporting invoice must be submitted to the custodian who shall check to ensure that all the details are in order, and who shall thereafter pay over the amount of the requisitioned to the person submitting it. The receipt shall sign an acknowledgement of receipt for the cash, which the acknowledgement shall be co-signed by the custodian.

6.4 The custodian shall enter the details of each petty cash requisition in the petty cash book/register.

6.5 The maximum amount which may be requisitioned as petty cash for any transaction shall be **R2000.00** (One Thousand Rand) per person per day limited to **R2000.00** per department.

7. Replenish of Petty Cash

7.1 When the petty cash float reaches the minimum amount as determined from time to time by the CFO, the custodian shall prepare a replenish voucher and submit same with the petty cash register to the CFO or the person delegated by the CFO.

7.2 If the CFO is satisfied with the voucher, the voucher shall be referred to the designated official who shall make out a cheque to the custodian who shall in turn cash it and immediately place the cash in the petty cash box.

7.3 The custodian shall balance the petty cash at every replenishment.

8. Petty Cash Limits

8.1 Maximum petty cash (float) shall be **R20, 000.00** which can be reviewed by the Chief Financial Officer from time to time.

8.2 The maximum limits shall comply with the limit prescribed in the SCM Regulation and the Municipal SCM Policy.

9. Petty Cash Audits

9.1 The SCM Manager or other designated official shall make surprise inspections of petty cash and when she deems fit, but at least quarterly.

9.2 A count of petty cash on hand shall be carried out at every replenishment and financial year end. The total shall be reconciled to the petty cash requisition forms, vouchers and other supporting documents.

9.3 If this should be necessary, a proper balancing of petty cash shall be performed by a person designated by the CFO.

10. Petty Cash Transfers

10.1 Petty cash shall not be transferred for whatever reasons from the custodian to anyone else, other than in accordance with this policy.

10.2 Should there a need to transfer petty cash; the CFO shall be the one who approved such transfer.

11. General

11.1 No **IOU's** (I OWE YOU) shall be paid out from petty cash.

11.2 The municipality's Supply Chain Management Policy and any regulations relating to the Supply Chain Management must be observed and adhered to at all time in the application of this policy.

11.3 Supporting documentation must be submitted to the attention of the CFO to deal with appropriately.

12. Amendments and Review of the Policy

12.1 The petty cash policy shall be reviewed once a year or at the discretion of the CFO due to changing circumstances as a result of the legislation or otherwise.

13. Council approval and effective date

This policy will be effective from _____(The date in which it is adopted by Council of Mtubatuba Local Municipality) in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, and the Municipal Supply Chain Management Regulations.