

EDUMBE LOCAL MUNICIPALITY



PETTY CASH POLICY

2023/24

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1. Definitions

“**Chief Financial Officer**” shall mean the Chief Financial Officer (CFO) of eDumbe Local Municipality;

“**Petty Cash officer**” refers to the person appointed by the Chief Financial Officer for the management of petty cash for the Municipality.

“**Municipality**” Means the eDumbe Local Municipality

“**Supply Chain Management**” shall mean Supply Chain Management (SCM) of eDumbe Municipality.

2. Objective Of The Policy

The objective of this Policy is to regulate the management, administration and control of Petty Cash within the Municipality and to ensure that in disbursing Petty Cash funds the Municipality is within the ambit of Municipal Finance Management Act (MFMA), 56 of 2003.

3. Scope of the Policy

This Policy applies to all officials and Councilors of eDumbe Municipality

4. Responsibilities of the Petty Cash Officer

4.1 The Petty Cash Officer shall be responsible for:

- a) The safekeeping of petty cash.
- b) The receiving and processing of requisitions for petty cash.
- c) The disbursing of petty cash.
- d) The replenishing of petty cash.
- e) The maintaining of a petty cash register.
- f) The daily and monthly reconciliation of the Petty Cash.

5. Methodology of operation

5.1 The petty cash policy float is approved by the Council and kept by a designate of the Chief Financial Officer (CFO) in the Finance Department.

5.2 The custodian of petty cash is the CFO designate in the Budget and Treasury office who keeps the cash under lock and key all the time.

5.3 The original issuance of petty cash shall be approved by the Chief Financial Officer (CFO), who will also approve any increase, for whatever reason, in the float of petty cash.

- 5.4 Quotation may be requested but not compulsory, it is not compulsory for the selected supplier to be registered in the municipal suppliers' database.
- 5.5 All submission regarding the request to utilize petty cash must be forwarded to the CFO at least one day before the date in which petty cash is required. Poor planning will not be a justifiable reason to deviate from this provision.
- 5.6 The CFO may make surprise inspections of the petty cash as he/she deems fit at least once per quarterly and perform the following procedures:
- a) Inspect the petty cash vouchers to ensure that all items on the voucher are items usually used by the Municipality in the performance of duties and that no purchase was made for personal use;
 - b) Perform a cash count in the presence of the official responsible for petty cash.

6. SAFEKEEPING OF PETTY CASH

- 6.1 Petty cash shall at all times be kept in a suitable petty cash box under the control of the petty cash officer.
- 6.2 The petty cash box shall at all times be kept locked, and the keys thereof shall be safely kept by the petty cash officer.
- 6.3 The petty cash box shall at all times be kept either:
- a) At the work station of the petty cash officer, under the constant scrutiny of the petty cash officer, when he or she is at the work station; or
 - b) At all other times in the Municipalities safe.
- 6.4 No person other than the petty cash officer, or a person designated by the CFO may have access to or open the petty cash box.

7. Petty cash advance and request form

- 7.1 A petty cash requisition form must be used for all petty cash requisitions. Petty cash used shall be accounted for (e.g. slips) within five days (5) from the day when petty cash was issued. This period will exclude public holidays and weekends that fall within it. Failure to do so would result in the amount being deducted from the salary of the requester. An affidavit must be obtained where slips have been lost. These requisition forms must be pre-numbered and recorded accordingly in the petty cash register.

- 7.2 The petty cash requisition form must include:
- a) Reason for petty cash;
 - b) Amount requested (not exceeding R400.00);
 - c) Vote number;
 - d) Person requesting an item; and
 - e) Authorised by HOD or responsibility manager; and
 - f) Person authorizing (CFO).

8. Authorisation of petty cash issuance

When a section/unit needs petty cash, a petty cash requisition form must be completed and supported by the Responsibility Manager or Head of Department (HOD) and approved by the Chief Financial Officer. No purchase of goods and services may take place before the approval to use petty cash is granted by the CFO or delegated official, except in the situation of urgent and emergency in which case the Responsibility Manager or HOD would have to give permission to proceed with the transaction.

9. Authorised limit for petty cash

- 9.1 The petty cash float will be maintained at R500 per directorate, per month as outlined in the Municipal Supply Chain Management Policy.
- 9.2 The requisitioned amount must not exceed a maximum amount of R400 per transaction set by the Council.

10. Replenishment of Petty Cash Float

- 10.1 When the petty cash float reaches the minimum amount as determined from time to time by the Chief Financial Officer, the Petty Cash Officer shall prepare a replenishment voucher and submit it together with the petty cash register to the Accountant - Expenditure which will be verified by the Chief Financial Officer.
- 10.2 If the Chief Financial Officer is satisfied with the voucher, the voucher shall be referred to the Accountant-Expenditure who shall make out a cheque to the Petty Cash Officer who shall in turn cash it and immediately place the cash in the petty cash box.
- 10.3 The Petty Cash Officer shall balance the petty cash at every replenishment.

11. Prohibited expenses for the use of petty cash

11.1 Use of petty cash is prohibited for the following expenses:

- a) No item which is available on contract basis may be purchased by using petty cash, except in the case of dire or critical need, and such item is not available from the contracted supplier
- b) For the purchase of a stock item (item that should be kept in stores), except in the case of dire or critical need, and such item is not available from the contracted supplier
- c) Certain types of transactions will be excluded from the petty cash purchases in the case where it is considered necessary to do so e.g. day to day maintenance, stationery, subsistence and travelling claims, airtime, etc.
- d) The related low valued items which are required to be purchased repetitively on a daily, weekly and monthly basis may not each time be purchased by means of petty cash. These requirements have to be consolidated, quantified and therefore procured through the normal procurement process, e.g. coffee and milk for the boardrooms committee meetings if these items are required on a daily, weekly and monthly.
- e) It shall be deemed an offence to use the Petty Cash Float for private matters despite even the good intentions to repay at the appropriate time.

12. Reconciliation of Petty Cash Float

12.1 When the cash in the Petty Cash Float is almost exhausted, the Petty Cash register must be balanced and reconciled by the Petty Cash officer as follows:

- a) Counts the Petty Cash money at hand and confirm the monthly closing balance of cash at hand as reflected in the Petty Cash register.
- b) Adds up all the receipts submitted as proof of payment and agrees the total to the total reflected in the Petty Cash register.
- c) Verifies that the total Petty Cash as at the beginning of the month plus receipts less payments for the month equals the Petty Cash on hand at the end of month.

12.2 Reconciles the Petty Cash total on hand with the requisition forms, vouchers and other supporting documentation.

12.3 Such reconciliation procedure as stated above should be performed at the end of each month and it should be ensured that the Petty Cash Float balances to the closing ledger balance.

- 12.4 The Petty Cash officer responsible for the review of the Petty Cash funds and petty cash register, signs as proof of the review.
- 12.5 The Chief Financial Officer, internal or external auditors of the Municipality may at any stage without prior notice, perform an audit of petty cash to confirm the cash balance.
- 12.6 Any shortages or surplus funds concerning Petty Cash must immediately be paid in at the cashier and the reason for the shortage/ surplus must be investigated by the senior official appointed by Municipal Manager or Chief Financial Officer for rectification.
- 12.7 At year-end a cash count should be performed on all advances to ensure that the cash on hand agrees with the general ledger account. A cash count working paper should be prepared as evidence of the cash count by (preferably an Internal Auditor), the Petty Cash Officer and the Accountant – Expenditure and they should sign the working paper as evidence of the cash count.

13. COMMENCEMENT OF THIS POLICY

This Policy will come into effect on the date of adoption by Council.

14. INTERPRETATION OF THIS POLICY

All words contained in this Policy shall have an ordinary meaning attached thereto, unless the definition or context indicates otherwise.

Any dispute on interpretation of this Policy shall be declared in writing by any party concerned.

The Office of the Municipal Manager shall give a final interpretation of this Policy in case of a written dispute.

If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council/ or Arbitration

15. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY

This Policy may be partly or wholly waived or suspended by the Municipal Council on a temporary or permanent basis after consultation with Management and Trade Unions.

Notwithstanding clause No. 10.1 the Municipal Manager may under circumstances of emergency temporarily waive or suspend this Policy subject to reporting of such waiver or suspension to Council and Trade Unions.

16. AMENDMENT AND/OR ABOLITION OF THIS POLICY

This Policy may be amended or repealed by the Council after consultation with Management and Trade Unions.

17. COMPLIANCE AND ENFORCEMENT

17.1 Violation of or non-compliance with this Policy shall give a just cause for disciplinary steps to be taken.

17.2 It will be the responsibility of all Managers, Supervisors, Executive Committee and Council to enforce compliance with this policy.

18. ADOPTION AND APPROVAL OF POLICY BY COUNCIL

This Policy is adopted and approved by the full Council of eDumbe Municipality for implementation as follows:

Resolution No.....

Approval Date:.....

Approved by Resolution Number _____ on the _____ day of

_____ 2019 Signed on the _____ day of _____ 2019

SAMWU REPRESENTATIVE

IMATU REPRESENTATIVE

MUNICIPAL MANAGER

CHAIRPERSON OF COUNCIL

ANNEXURE XXXXX

eDumbe Local Municipality

RECOMMENDED BY: CHIEF FINANCIAL OFFICER

APPROVED BY: MUNICIPAL MANAGER

DATE: _____

PETTY CASH VOUCHER

Date: _____

Reason for Petty Cash Requisition	Amount

Department: _____ Vote No. _____

I, the undersigned, hereby authorise the CFO to deduct from my salary double the amount received by me if the invoice and change is not received by the Admin Officer, Financial Services Department within 24 hours of receiving the above Petty Cash.

Cash received by:

Name: _____

Signature: _____ Date: _____

Authorised by: MM / HOD _____ Date: _____

FOR BUDGET AND TREASURY OFFICE USE ONLY

Invoice Details	Amount
Cash Change Received:	
Total:	

Admin Officer: _____ Date: _____

Approved: _____ Date: _____

CFO: Budget & Treasury Office