

MBIZANA LOCAL MUNICIPALITY



PETTY CASH POLICY AND PROCEDURE MANUAL

2017/2018

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1. Purpose of Policy

Where the need may arise in the department /division to have cash available for payments of a minor and recurring nature and it is impracticable to obtain cheque/eft payments for every expense, such payments (excluding remuneration for services rendered) may be handled by means of petty cash facilities.

Formal applications for petty cash facilities must be made to the Municipal Manager who is ultimately accountable for manager of a petty cash float.

The Municipal Manager may delegate control and management of the petty cash float to Chief Financial Officer or Finance Manager in which event reference to the municipal manager in this policy construed as reference Chief Financial Officer.

In the event of municipal manager designated petty cash officer for the entire municipality, such officer shall be a staff member of the finance department of the municipality and be independent of all other cash functions such as cashiering.

In the event of a department /division being authorised to keep the petty cash float, the head of department /division concerned shall designate a staff member as departmental or divisional petty cash officer.

The administration of petty cash facilities is regulated by the following procedures

2. Maximum Petty cash Float

The maximum amount which may be withdrawn from the banking account of the council for the purpose of the central petty cash float must be limited to R2000.00.

The maximum amount for each transaction requested for petty cash must be R200.00 per transaction.

3. Procedures for the handling of petty cash

- 3.1 The application for the petty cash facility or for increase of the operational amount any existing petty cash float may be made in writing to the municipal manager.
- 3.2 The application must state reasons for the need of a petty cash float and the amount required for its operation, as well as the cost centre from which funds are to be applied for the petty cash. The amount should be sufficient to cover expenses for approximately one month.
- 3.3 The responsibilities for operating petty cash and the safe keeping of petty cash funds in the department or division must be assigned to the designated petty cash officer only and head of the department/division shall be co responsible for the petty cash management in such department / division.

- 3.4 The keeping of a formal petty cash register is compulsory.
- 3.5 Payment to establish a petty cash float may only be by way of manual cheque made payable to the designated petty cash officer and upon submission of requisition signed by such petty cash officer and counter signed by the relevant head of department /division head.
- 3.6 The requisitioned amount should not exceed a maximum amount determined by the council
- 3.7 Petty cash payments may only be made the designated petty cash officer upon production of a cash requisition accompanied by proper supporting documents such as cash sale slips or receipt containing the supplier's name.
- 3.8 After a purchase is made, the supporting document (s) must be submitted to petty cash officer within a week from the date of such advance.
- 3.9 The petty cash officer must regularly pursue outstanding advances and long outstanding advances must be brought to the attention of the Chief Financial Officer or finance manager who must take the appropriate action to ensure the amount advanced has been properly spent and proof of expenditure is submitted.
- 3.10 Each petty cash requisition must be entered in the petty cash register.
- 3.11 When the cash in the petty cash float is almost exhausted, the petty cash must be balanced and reconciled.
- 3.12 Replenishment of the petty cash float is undertaken after the balancing and reconciliation of the petty cash register has been checked and approved by Chief Financial Officer or his delegate.
- 3.13 A cheque must be made out to the petty cash officer for the replenishment of the petty cash float and such a cheque must be encased by this officer who must record the amount received in petty cash register.
- 3.14 Petty cash fund and vouchers must at all times be secured in a lockable container suitable for securing the money or in a safe. If no safe available, a lockable cabinet provided for the purpose, must be used. Under no circumstances should money be kept in desk drawers, open filing cabinets or cupboards.
- 3.15 Reasonable precautions must be exercised for the safe keeping of the key to the petty cash container and room where it is kept. The keys must not be left at the premises after hours.
- 3.16 Petty cash fund are to be used exclusively for the payment of smaller official expenses (excluding any form of remuneration for the service rendered) and no "I O U's" representing private loans from the petty cash fund are permitted. No staff cheques may be cashed out of petty cash fund.

- 3.17 The petty cash is operated by means of imprest payments. The cash balance added to the total expenses at any stage, must be equal to the authorised imprest amount. The internal auditors of the municipality may, at any stage without prior notice, perform an audit of a petty cash to confirm the cash balance.
- 3.18 Shortages and surplus fund concerning petty cash must immediately be paid in at the cashier and reason for the shortage /surplus must be investigated by the head of department or division with a view to of rectification.
- 3.19 The total balance of petty cash fund must be paid in the Council's main cashier before 30 June in each year. A receipt must be issued by the cashier
- 3.20 The petty cash total on hand at financial year end must be reconciled to the petty cash requisition forms, voucher and other documentation.
- 3.21 The petty cash provision may be resumed at the beginning of the next financial year at the request of the department or division concerned in accordance with procedures outlined above.

4. Review of the Policy

This policy must be reviewed and updated:

- a) Annually in line with the budget cycle and submitted with the budget policies, or
- b) Earlier if new legislation, regulation or circulars are issued that will impact this policy.



MUNICIPAL MANAGER

Date

29 May 2017

Adopted by the Council of Mbizana Local Municipality

Effective Date

01 July 2017



PETTY CASH REQUEST FORM

DATE		DEPARTMENT	
AMOUNT REQUESTED		REQUESTED BY	
DESCRIPTION OF NEED			
VOTE NUMBER		DEPARTMENT	
REQUESTED BY : INITIALS & SURNAME		SIGNATURE	
		DATE	
APPROVED BY: USER HOD SIGNATURE			
<u>BUDGET AND TREASURY OFFICE (BTO)</u>			
AMOUNT	*R	CASH GIVEN BY	
AMOUNT APPROVED BY MANAGER BTO		SIGNATURE	
		DATE	
		CASH RECEIVED BY <i>(user department)</i>	
		DATE	
CAPTURED BY		DATE	
REVIEWED BY		DATE	

**Note: Requests for petty cash must not exceed R200.00*