

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY



PETTY CASH POLICY

DATE APPROVED BY COUNCIL :

COUNCIL RESOLUTION NUMBER :

PETTY CASH POLICY

Purpose of Policy

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

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

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

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

Maximum Petty Cash Float

The maximum amount is **R2 500,00** withdrawn from the banking account of the Council for purposes of the Ngaka Modiri Molema petty cash float or department/divisional cash floats.

Procedures for the handling of petty Cash

The application for a petty cash facility or for increase of the operational amount of an existing petty cash float must be made in writing to the Municipal Manager.

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.

The responsibility for operating petty cash and the safe keeping of petty cash ands in a department of division must be assigned to the designated Petty Cash Officer only and the head of the department/division shall be co-responsible for petty cash management in such Department or Division.

The keeping of a formal petty cash register is compulsory.

Payments 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 a

requisition signed by such Petty Cash Officer and countersigned by the relevant Head of Department or Divisional Head.

The requisitioned amount should not exceed a maximum amount determined by the Council.

Petty Cash payments may only be made by the designated Petty Cash Officer upon production of a cash requisition accompanied by proper supporting documents such as cash sale slips or receipts containing the supplier's name.

If cash is advanced without supporting documents, it should be on the basis of an advance or I.O.U. authorized by the Head of Department or Divisional Head.

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.

The petty cash officer must regularly pursue outstanding advances and long outstanding advances must be brought to the attention of the Chief Financial Officer who must take the appropriate action to ensure that the amount advanced has been properly spent and proof of expenditure is submitted.

Each petty cash requisition must be entered in the Petty Cash Register.

When the cash in the petty cash float is almost exhausted, the petty cash register must be balanced and reconciled.

Replenishment of the petty cash float is undertaken after the balancing and reconciliation of the petty cash register has been checked and approved by the Chief Financial Officer or his delegatee.

A cheque must be made out to the Petty Cash Officer for the replenishment of the petty cash float and such cheque must be encashed by this officer who must record the amount received in the Petty Cash Register.

Petty cash funds and vouchers must at all times be secured in a lockable container suitable for securing the money or in a safe. If no safe is available, a lockable cabinet provided for this purpose, must be used. Under no circumstances should money be kept in desk drawers, open filing cabinets or cupboards.

Reasonable precautions must be exercised for the safe keeping of keys to the petty cash container and the room where it is kept. The keys must not be left at the premises after hours.

Petty cash funds are to be used exclusively for the payment of smaller official expenses (excluding any form of remuneration for services rendered) and no "I O

U's" representing private loans from petty cash funds are permitted. No staff cheques must be cashed out of petty cash funds.

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 authorized 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. (s)Shortages and 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 head of department or division with a view to rectification.

The total balance of petty cash funds must be paid in the Council's main Cashier before 30 June in each year. A receipt for the payment must be issued by the Cashier.

The Petty Cash total on hand at financial year end must be reconciled to the petty cash requisition forms, voucher and other documents.

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 the procedures outlined above.

Amendment

This policy shall be reviewed annually

