

CEDERBERG MUNICIPALITY

Petty Cash Policy 2024/2025



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POLICY AND PROCEDURES FOR HANDLING OF PETTY CASH

A. INTRODUCTION

1. POLICY PRINCIPLES

Petty Cash means a small amount of cash kept on hand for incidental purchases of low value goods and services (i.e. Postages, office supplies, reimbursement out-of-pocket expenditure) which cannot be accommodated through normal purchasing procedures.

It is **not** the intention of petty cash to circumvent the existing acquisition procedures and payment of creditors or the provision of the Supply Chain Management Policy.

No payment of cash advance (IOU) will be done seeing that petty cash funds are **not** meant to grant short-term loans for acquisitions of any nature whatsoever to officials.

2. PROVISIONS

Supply Chain Management Regulation 12(1)(a) provide for the procurement of goods and services by way of petty cash purchases, up to a transaction value of R2,000 (VAT included); however the Accounting Officer decided in terms of his delegated powers that the maximum permissible amount for financing from petty cash will be limited to R 300.00 per transaction.

The limit can be increased to R1000.00 per transaction, for transactions that are authorized by the Executive Director: Financial Services.

The total amount that may be purchased from petty cash during one specific month shall not exceed one twelfth of the budgeted amount for that budget vote / line item.

The policy for provision of funds for petty cash expenditure, procedures for the administration thereof and control of the eventual allocation of costs against the various Ledger Votes is and remains the responsibility of the Executive Director: Finance and his / her nominee(s).

Additions to and / or amendments of this policy may be effected by the above with or without prior notice, without prejudice.

B. PROCEDURES

1. NON PERMISSIBLE & PERMISSIBLE ACQUISITIONS

- 1.1. The acquisition of items that will be financed from “Capital or inventory Votes” does not qualify for payment from Petty Cash – such items are purchased according to normal procedures.
- 1.2. No salary-, wage- or entertainment cost will qualify for payment through petty cash – such payments will be handled through the normal payroll procedures.
- 1.3. Registration fees for the attendance of courses / congresses will not qualify for payment through petty cash – a requisition for payment per cheque, accompanied by the nomination must be submitted.
- 1.4. No funds for payment of travelling and subsistence or other personal obligations will be financed through petty cash – these costs will be claimed in the normal way and paid with the applicant’s salary or by cheque.
- 1.5. Purchasing of shoed, uniforms and protective clothing will not qualify for payment through petty cash – such acquisitions must be acquired per requisition / invoice and paid by cheque.
- 1.6. The acquisition of items or the delivery of services other than those referred to in points B 1.1. to B 1.5. does qualify for payment from Petty Cash, provided that:
 - The transaction is not contrary to the purpose as defined in Section A,

- A fully completed and approved Petty Cash voucher is submitted for each transaction,
 - An invoice or till slip that complies with generally accepted minimum requirements is attached to the Petty Cash voucher.
- 1.7. Only personnel who received the necessary delegations may approve purchases. (No Councillor has, in terms of section 79(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, any authority to incur expenditure).

2. PAYMENT

- 2.1. Payment off Petty Cash by approved Petty Cash voucher will only be done at the Cederberg Municipality's cash offices in Clanwilliam, Lamberts Bay, Graafwater, Citrusdal and Elands Bay only.
- 2.2. Cashiers / Petty Cash Officials will not do any payments if the Petty Cash vouchers are not completed, approved and authorized in the prescribed manner.

3. REGISTERS

- 3.1. All transactions must be recorded in a separate register, which is kept at each cash office of the Cederberg Municipality.
- 3.2. The registers with concomitant Petty Cash vouchers must be checked by a senior official and kept for audit purposes.

4. REPLENISHMENT OF FUNDS

- 4.1. The above-mentioned registers will be made up each Monday (or if the Monday is a public holiday, the next working day) in order to be balanced against the paid petty cash vouchers plus the cash on hand. (This arrangement is obligatory and may only be deviated from if mutually arranged with the Executive Director: Financial Services).

- 4.2. A sundry voucher to the value of the issued petty cash vouchers will be prepared, the appropriate petty cash vouchers attached to it and forwarded to the Expenditure section where a cheque for the replenishment of the funds will issued.

5. ALLOCATION OF COSTS

- 5.1. On receipt of such sundry voucher the costs of the transactions concerned will be recorded against the various Ledger Votes and a cheque for the replenishment of funds will be issued.
- 5.2. However, should a specific Ledger Vote be over-spent when the value of a batch of petty cash vouchers is captured, the amount of the transaction affected will summarily be posted against the Sunday Expenditure vote of the cost centre concerned – it will then be the responsibility of the head of the concerned department to ensure that the funds are reallocated to provide for future allocations.

C. CONTROL

1. OFFICIAL DOCUMENTS

- 1.1. Only the official petty cash voucher of the Cederberg Municipality (example attached) will be accepted as valid document for the payment of purchases from the petty cash.
- 1.2. The official petty cash voucher must be completed in full using capital letters and the ITEM DESCRIPTION or REASON FOR EXPENDITURE must be clearly defined.
- 1.3. A separate petty cash voucher must be prepared for purchases from different suppliers.

2. APPROVAL OF EXPENDITURE

Executive Directors of departments or their nominees approve the incurring of specific costs, as indicated on the petty cash voucher concerned, and the responsibility for ensuring that if votes are over-spent, funds are transferred to provide for this.

3. AUTHORISATION FOR PAYMENT

The Executive Director: Finance or his / her nominee checks that the petty cash voucher is properly completed and whether sufficient funds are, at that stage available for payment on the indicated vote/s.

D. LIABILITY

1. Executive Directors of departments or their nominee(s) who approve the incurring of costs thereby also accept responsibility for:
 - ❖ future enquiries and/or explanations regarding the desirability of the expenditure concerned;
 - ❖ any irregularities regarding a specific transaction that may be revealed during an audit of the petty cash;
 - ❖ transfer of funds in respect of votes that may be overspent due to some unavoidable reason, e.g. the circumstances as indicated in Section B, point 5.2.
2. The Executive Director: Financial Services and his / her nominee(s) who authorize the payment of petty cash expenditure thereby also accept responsibility for compliance with all financial provisions and delegations that are applicable in the normal performance of their duties.
3. The Cashier / Petty Cash Officials who does petty cash payouts thereby also accept responsibility for compliance with all financial provisions that are applicable in the normal performance of their duties.

E. DEVIATION FROM THE PROVISION(S) OF THIS POLICY

The municipal Manager or his / her delegated assignee(s), may, deviate from the provision(s) of this policy, where there is an existence of bona fide organizational or operational requirements.

F. IMPLEMENTATION OF THE POLICY

The policy shall be implemented after it has tabled and approved by a duly council meeting.

Signed at on this day of

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MUNICIPAL MANAGER

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SPEAKER