



DIKGATLONG LOCAL MUNICIPALITY

PETTY CASH POLICY

Date of implementation:

PETTY CASH POLICY

1. INTRODUCTION

The management of expenditure of the municipality in an effective and controlled manner is the responsibility of the Accounting Officer of the municipality. Therefore the following petty cash policy is adopted by the Dikgatlong Local Municipality.

2. OBJECTIVES

To comply with regulatory framework in terms of the relevant legislation.

3. REGULATORY FRAMEWORK

- a) The Municipal Finance Management Act (56 of 2003)
- b) Paragraph 15 of the Municipal Supply Chain Management Regulations of 2005
- c) Paragraph 15 of the Municipal Supply Chain Management Policy

4. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are:

- (1) The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.
- (2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure-
 - (a) That the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
 - (b) That the municipality has and maintains a management, accounting and information system which –
 - (i) Recognises expenditure when it incurred;
 - (ii) Accounts for creditors of the municipality; and
 - (iii) Accounts for payments made by the municipality;
 - (c) That the municipality has and maintains a system of internal control in respect of creditors and payments;

That payments by the municipality are made-

- (i) Directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
- (ii) Either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager hereby delegates authority to the Chief Financial Officer.

5. PETTY CASH PURCHASES

Petty cash requests will be made to the designated Petty Cash Officer in writing. The applicant must ensure that the items requested must be approved Petty Cash items. Petty cash officers will be held accountable for the safe guarding of the petty cash.

Petty Cash is strictly restricted to cash purchases:

- (i) Up to a transaction value of R 500 (VAT included)

Approved list of Petty Cash purchases are as follows:

- (i) Condolences, well wish cards, bouquets and flowers; keys for offices;
- (ii) Temporary vehicle licensing and public driver permits;
- (iii) Tollgate fees when an employee is driving with an official vehicle registered in the name of the municipality;
- (iv) Refunds (Library book fees);
- (v) Refreshments and catering;
- (vi) Purchase other than that specified in (i) and (iv) above, may be approved by the CFO in exceptional cases where it is impractical or impossible to follow the official procurement processes provided that:
 - a. No approved store item may be purchased by means of a petty cash transaction;
 - b. No fixed asset may be purchased by means of a petty cash transaction;
 - c. No travel and subsistence claims or disbursements may be paid via petty cash;
 - d. Purchases are not split over two or more petty cash claims.

6. MAXIMUM AMOUNT OF PETTY CASH PER MONTH

The maximum amounts of petty cash purchases per month are limited to the following amount-

Dikgatlong - R 2000

7. REPORTING

A monthly reconciliation report must be provided within 5 working days after month end to the chief financial officer, including:

- i. The total amount of petty cash purchases for that month; and
- j. Receipts and appropriate documents for each purchase

PETTY CASH PROCEDURES

1. Background

The purpose of the petty cash is to fund small emergency expenses without the process of obtaining formal requisitions. The Petty Cash must perpetually be kept under strict lock and key. The maximum amount of petty cash on hand, at any given time, will not exceed R 2 000, 00. The requisitioned amount should not exceed R500.

The Manager Expenditure is the custodian of the petty cash and must ensure that the following procedures are executed:

2. Petty Cash Requisitions

Official requesting petty cash

- When a Section/Department needs petty cash, a pre - numbered petty cash requisition form is completed in duplicate.
- The prescribed requisition form must contain at least the following:
 - Amount requested
 - Date
 - Vote number
 - Name of the department requesting the petty cash
 - Name and individual requesting the petty cash
 - Brief description of expense
 - Name of supplier
- Upon completion the requisition must be signed and submitted to the Departmental Head for approval.
- The requisition form must be given to the Manager Expenditure.
- The Manager Expenditure is responsible for facilitating the cash withdrawal from the bank.
- The department/official requesting petty cash must sign upon receipt of cash.
- Purchase or pay for items or services needed and obtain an original invoice/receipt from supplier.
- Ensure that the invoice / receipt has at least the company name or stamp – especially in the case of cash register slips.
- Ensure that the item or service bought is also indicated on the invoice / receipt as well as the date of the transaction.