



co-operative governance
& traditional affairs

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

PETTY CASH POLICY

2018/19



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1. INTRODUCTION AND BACKGROUND

This directive is intended to:

- 1.1 Define and provide for a framework for the management and usage of petty cash funds in line with sections 38,45 of the Public Finance Management Act, No 1 of 1999 (as amended) and chapter 8 of Treasury Regulations which are aimed at ensuring effective accountability and promoting good financial management practice.
- 1.2 Provide proper management controls and systems that will ensure effective, efficient economical and transparent use management of petty cash funds.
- 1.3 Define principles designed to assist with the use and management of petty cash funds.

2.OBJECTIVE

- 2.1 The main objective of petty cash policy is to enable the Department to procure goods and services below R2000 for operational and functional needs in the best possible means.
- 2.2 To provide proper controls, safeguarding and management of the petty cash to ensure effective reconciliations and reporting.
- 2.3 To establish accountability and delegations for authorization of petty cash requests.

3.LEGAL FRAMEWORK

3.1 In terms of the Public Finance Management Act (PFMA):-

- (a) The accounting officer must in writing delegate any of the powers entrusted or delegated to the Accounting officer in terms of this act to an official in that department as per section 44(1)(a);
- (b) An official in a department is responsible for effective, efficient and economical and transparent use of financial and other resources within that official's area of responsibility and per section 45(b);
- (c) The accounting officer must take effective and appropriate steps to prevent within that official's area of responsibility, any unauthorized, irregular and wasteful expenditure and under collection of revenue, as per section 45(c);

3.2 In terms of the Treasury Regulations,

- (a) Before approving expenditure or incurring a commitment to spend, the delegated or authorized official must ensure compliance with any other limitations or conditions attached to the delegation or authorization, as per section 8.2.2;
- (b) Sound cash management includes the separation of duties to minimize the incidence of fraud, as per section 15.10.2(1); and
- (c) All the transactions of an institution must be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation, as per section 17.1.1

4. ESTABLISHMENT OF A PETTY CASH ACCOUNT

- 4.1 Petty cash may be opened only where the need exists to have cash available for the immediate payment of sundry expenditure
- 4.2 The need must be supported in writing with sufficient motivation and signed off by the Accounting Officer and Chief Financial Officer
- 4.3 Motivation must include plans for the safeguarding of petty cash.
- 4.4 In terms of the National treasury Guidelines the petty cash limit is R2000
- 4.5 List of authorized officials to collect cash from the bank must be submitted with the following:
 - (a)Memorandum will the list signed by the Chief Financial Officer
 - (b)Certified copies of RSA identity documents
 - (c)Specimen signatures from the bank

5.RESTRICTIONS FOR THE USE OF PETTY CASH

- 5.1 The use of petty cash for goods and services is limited to emergency/ urgent cases where it is not economical to procure goods through the normal process of the department.
- 5.2 The following items are not permitted through petty cash;
 - (a)S&T advances
 - (b) Purchases of assets (minor/major) which are capitalized
 - (c)Travel and subsidy claims
 - (d)Repairs to labor saving devices
 - (e)Cellular phone accounts
 - (f)Entertainment, breakfast, snacks cannot be procured through petty cash, unless where the amount is less than R1000.00
 - (g)Registration fees
- 5.3 The department may close a petty cash account due to misuse of petty cash

6. MANAGEMENT FOR THE APPLICATION OF PETTY CASH

- a. Due to the nature and responsibilities attached to the administration and control of petty cash, this function must be entrusted to cashier in the office of the Chief financial officer.
- b. The official/s entrusted with the administration and control of petty cash must be appointed in writing in terms of the relevant prescripts.
- c. The official/s must be advised of the relevant prescripts in relation to the duties and responsibilities.
- d. The maintenance of petty cash register shall be entrusted to the responsible official/s in writing by the delegated official.
- e. All payments and replenishments must be entered into the petty cash register.
- f. A supporting voucher, i.e. the original receipt or cash register slip must be obtained for each petty cash payment.
- g. The petty cash register must be balanced and reconciled monthly and verified with the actual cash on hand by the cashier and checked by the immediate supervisor or the delegated official.

- h. Petty cash monies shall be maintained separately from other state monies within a locked safe.

7.REQUIREMENT FOR REQUESTING PETTY CASH

- a. A submission or an approved departmental form for the application of petty cash must be compiled and approved by the responsibility manager or delegated official of the applicable component and forwarded to the cashier
- b. The submission or departmental form must include the estimated value of the purchase, based on verbal or written quotations from the supplier.
- c. Petty cash must not be used if the provision of paragraph 7.1 and 7.2 has not been complied with.
- d. The application must complete all necessary forms and ensure that the cash is collected by the person who has signed the application form, in case the application is unable to collect, he/she can nominate another official to collect on his/her behalf. The applicant will remain responsible for the petty cash.
- e. The original invoice or cash register slip must be submitted to the cashier within 24 hours of receiving petty cash from the cashier, failure to comply with this clause will lead to full disciplinary action and/or deduction from salary as stipulated on the petty cash forms.
- f. In the event that the receipts are lost or not available, the official will be given additional 24 hours to motivate through an affidavit signed by the commissioner of oath.
- g. It is the duty of the person who has received the petty cash to inform the cashier about the lost or unavailable receipts within 24 hours of receipt of petty cash. Refer to 7.6.
- h. In the event that an official uses own money for acquiring goods and services, Petty cash will only be reimbursed if valid supporting documentations are provided as proof of purchase. Such a request must be made within 14 days of the actual transaction.

8.REPLENISHMENT OF PETTY CASH

- a. The delegated official must approve the replenishment of petty cash.
- b. Petty cash can be replenished any time when funds reach a specific amount to ensure availability of funds when the need arises to meet the demand of the users.
- c. A sundry payment will be issued, detailing the relevant expenditure allocation codes.

9.RECONCILLIATION OF PETTY CASH

a. Daily reconciliation

It is the responsibility of the supervisor to ensure that petty cash is reconciled daily before end of business day, such a daily certificate must be kept safe (not in the cashier's office) by the supervisor. This will assist in case of theft to determine the loss to the state as a result of theft.

b. Monthly reconciliation

Petty cash must be reconciled on a monthly basis.

The petty cash float, the amount reflected on the bank statement (bank account) must balance to the original issued amount. Any discrepancies must be reported immediately, investigated within reasonable time frame and corrective action taken.

10. SIGNATORIES FOR PETTY CASH

- a. Specimen signatures must be maintained by the cashier for all officials authorized to draw cash at the bank.
- b. A certified copy of the officials' identity documents must be maintained on file with the specimen signatures.
- c. The amendment and or inclusion of signatories must be updated as and when required using the prescribed form as determined by the bank from time to time.

11. REVIEW OF POLICY

This policy will be reviewed annually or as and when the need arises and it should be in line with legislations and prescripts.

12. CONTRAVENTIONS

Any person who contravenes or fails to comply with any provision of this policy may be subjected to disciplinary action.

13. EFFECTIVE DATE

This policy is effective from the date of signature

THUS DONE AND APPROVED BY THE ACCOUNTING OFFICER

APPROVED/ ~~NOT APPROVED~~



MR TP NYONI

HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

DATE

27/03/2018