

DANNHAUSER **MUNICIPALITY**



PETTY CASH POLICY 2024/2025

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1. Preface

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner. Therefore, Dannhauser Municipality adopts the following.

2. Regulatory framework

The objective of this policy is to regulate the management, administration and control of petty cash in the municipality. The Municipal Finance Management Act (56 of 2003) • Section 15 of the Municipal Supply Chain Regulations

3. POLICY OBJECTIVES

The aim of the policy is to ensure that the petty cash funds of the municipality are managed and controlled effectively, efficiently, economically and transparent in accordance with the procurement processes of the municipality and the prescribed legislation. The SCM policy provides for the procurement of goods and services by way of petty cash purchases, up to a transaction value of R2000 (VAT included) This policy applies to all councilors and staff of the municipality.

4. ESTABLISHING AND OPERATING A PETTY CASH FLOAT

- To establish a new petty cash float or increase an existing advance, a written application must be made to the Chief Financial Officer and Municipal Manager.
- A request for the establishment of an advance will indicate the position of a senior administrative employee to be held responsible for the control over the petty cash float within the relevant department;
- The senior administrative employee will be responsible for the security and safe custody of the float;
- The minimal security arrangement that will be acceptable is that the float will be kept in a locked box which will be kept in a locked filing cabinet or safe;
- The initial capturing of the Petty Cash will be charged against a control vote in the General Ledger and not against expenditure votes

5. REQUEST FOR PETTY CASH

- Request for Petty Cash reimbursement must be authorized by the delegated official, Head of Department or Section Head, as approved by council, in allotted space, on a requisition form. The recipient must sign the Petty cash form as proof of receipt and to verify that the amount is correct.
- The official signatory must ensure that funds are available on the budget, prior to submitting claims.
- An applicable vote number must be supplied on the requisition form.
- Reason for purchase must be supplied.
- An official petty cash form must be used for all the above.
- If a section within a department requires petty cash, a petty cash requisition in a form approved by the CFO must be completed and signed by the Head of Department, section head, and counter-signed by the CFO. Such form must state the name of the relevant section, the amount requisitioned, the purpose for which it requisitioned, and the vote to be debited.
- Such form must be supported by an **official** invoice which states the name of the supplier issuing it, the date, and the nature of the goods or services provided. That till slips be accepted with a petty cash form signed by Head of Department, Municipal Manager or designated official. Therefore if cash is advanced without supporting documents it should be on the basis of an advance until the purchase is made and the supporting document is submitted within the week.
- The requisition form and supporting invoice must be submitted to expenditure section, who shall check same to ensure that all the details are in order, and who shall thereafter pay over the amount requisitioned to the person submitting it. The recipient shall sign an acknowledgement of receipt for the cash.
- The maximum amount which may be requisitioned as petty cash for any transaction shall be **R 300-00** (Three hundred rand only) per Department.

6. Replenishing of Petty Cash

- 6.1 When the petty cash float reaches the minimum amount as determined from time to time, the expenditure official will request petty cash by preparing memo and complete bank withdrawal form which is signed by signatories.
- 6.2 The expenditure section shall balance and reconcile the petty cash at every replenishment.

7. Petty Cash Limits

- 7.1 Maximum petty cash shall be R3000 which can be reviewed by the Accounting Officer and CFO from time to time.
- 7.2 The maximum limits shall comply with the limit prescribed in the SCM Regulation and the municipal SCM policy,

8. Petty Cash Audits

- 8.1 The internal auditor or accountant or other designated official shall make surprise inspections of petty cash as and when he deems fit, but at least quarterly.
- 8.2 A count of petty cash on hand shall be carried out at every replenishment and financial year end. The total shall be reconciled to the petty cash requisition forms, vouchers and other supporting documents.
- 8.3 If this should be necessary, a proper balancing of petty cash shall be performed by a person designated by the CFO.

9. General

- 9.1 The municipality's Supply Chain Policy and any regulations relating the Supply Chain Management must be observed and adhered to at all times in the application of this policy.
- 9.2 Supporting documentation for petty cash like invoice must be submitted to the petty cashier within 72 hours of the advance. If supporting document did not submit it will be deducted from payroll's recipient salary.

10. Amendment and Review of the policy

- The petty cash policy shall be reviewed once a year or at the discretion of the CFO due to changing circumstances as a result of the legislation or otherwise.

11. POLICY ADOPTION

This policy has been considered and approved by the Council of **Dannhauser Municipality** on this day..... of 2024 and will be implemented as from 1 July 2024.