



**MANTSOPA LOCAL MUNICIPALITY**

<b>TITLE OF POLICY</b>	<b>PETTY CASH POLICY</b>
<b>DEPARTMENT</b>	<b>FINANCE</b>
<b>CUSTODIAN</b>	<b>CHIEF FINANCIAL OFFICER</b>
<b>DATE OF APPROVAL</b>	
<b>EFFECTIVE DATE</b>	<b>As from 1 July 2018</b>
<b>APPROVED BY</b>	<b>MANTSOPA MUNICIPAL COUNCIL</b>
<b>SIGNATURE BY SPEAKER</b>	
<b>VERSION</b>	<b>2018</b>

## **Definitions**

Petty Cash –: a petty cash fund that remains constant, containing cash or satisfactory evidence of disbursement (paid receipts) equal to the amount of the fund.

1. The following principles should apply to this type of petty cash fund.
  - Petty cash should be used to purchase small items
  - Petty cash should be used in emergency cases
  - Petty cash should be used for cash only suppliers
  
2. Custodian: a person who has ultimate responsibility for petty cash funds

The custodian which in this case is the Chief Financial Officer can delegate a cashier/manager to maintain the petty cash box and the Accountant Income and the Accountant Expenditure to supervise both the petty cash box and register. The Accountant Expenditure has the responsibility of ensuring that the Petty Cash is managed appropriately.

## **PROCEDURES**

The manager assigned is in charge of ensuring the security of petty cash money held by the respective department. All cash and vouchers for expenditures must be held in a locked cash safe box with access limited by a key held by the person responsible for managing the Petty Cash. The manager in charge is responsible for the petty cash, thus access to the funds should only be by the manager of the Petty Cash.

The petty cash fund will be reconciled on a monthly basis by the Accountant Income and audited occasionally by the Accountant Expenditure. The manager must ensure that the cash on hand plus vouchers with receipts are equivalent to the total amount disbursed to the petty cash account. The petty cash must always be maintained separately from other cash drawers, any other revenue and personal money.

A cash amount of R2000 for each town of Mantsopa Local Municipality which entails Ladybrand, Hobhouse, Excelsoir and Tweespruit/Thaba Patchoa will be available to deal with petty cash expenses.

## **PETTY CASH PURCHASES AND VOUCHERS**

An employee making a purchase with petty cash must follow this process

- 1) Obtain approval from department manager or supervisor
- 2) Complete a pre-numbered petty cash voucher issued by the department manager
- 3) Obtain petty cash funds for the equivalent amount of the petty cash voucher
- 4) Make the purchase and obtain a receipt
- 5) Provide the receipt to the department manager
- 6) The Department of finance will provide departments with pre-formatted, numerically sequenced Petty Cash Vouchers.

If an employee does not obtain petty cash funds prior to the purchase, the employee should complete voucher, submit receipts and receive reimbursement as soon as possible after purchase is made.

## **FORMAT OF PETTY CASH VOUCHERS**

The format will be determined by the Financial Department.

## **REIMBURSING PETTY CASH ACCOUNT**

Reimbursement of the petty cash fund must be completed as and when the available funds in the Petty Cash become less than R1000. Additionally, the petty cash fund must be reimbursed at year end. All reimbursement requests must be made by making a request to the expenditure division.

A reimbursement request must include the sum of the pre-numbered petty cash vouchers, the receipts from the suppliers, along with the corresponding vote number to be applied against. Reimbursement amounts will be in denominations of R100. Overs and shortages must be rectified immediately.

## **TRANSFERRING CUSTODIANS**

When responsibility of the petty cash fund is transferred to another person, the original custodian must replenish the fund to its original cash balance by requesting reimbursement for all vouchers and receipts. Upon doing this the management supervisor must be notified in writing of the change in custodianship.