

NTINGA OR TAMBO DEVELOPMENT AGENCY



SOC LTD

PETTY CASH POLICY

POLICY NUMBER	5/P
POLICY TYPE	Budget and Treasury
COMMENCEMENT DATE	19 January 2022
INITIAL APPROVAL DATE	03 August 2017
PREVIOUS REVIEWALS	03 August 2020
NEXT REVIEW DATE	19 January 2023
RESPONSIBLE MANAGER	Chief Financial Officer

Table of Contents

1. INTRODUCTION	3
2. DEFINITIONS.....	3
3. OBJECTIVES OF THE POLICY	4
4. CONTROL OF PETTY CASH	4
5. BANK CARDS CONTROLS.....	6
6. PETTY CASH REPLENISHMENT AND INTERNAL CONTROLS	6
7. DISBURSEMENT OF PETTY CASH.....	7
8. REPORTING	7
9. REVIEW	7
10. COMMUNICATION	8

1. INTRODUCTION

The accounting officer of Ntinga OR Tambo Development Agency (SOC) Ltd is responsible for the management of the expenditure of the Agency in an effective and controlled manner. Petty Cash is a small amount of discretionary funds that are minor in the form of cash used for expenditure where it is impractical to follow the official procurement process due to the nature and need of the goods and/or services required.

2. REGULATORY FRAMEWORK

The legislative framework governing petty cash are:

- 1.1 The Local Government Municipal Finance Management Act, Act 56 of 2003.
- 1.2 The Municipal Supply Chain Management Regulations, Regulation 868 published under government Gazette 27636, 30 May 2005
- 1.3 The Ntinga OR Tambo Development Agency Supply Chain Management Policy.

2. DEFINITIONS

Accounting Officer : The Chief Executive Officer of Ntinga O.R. Tambo Development Agency SOC LTD

Chief Financial Officer : The Employee designated and includes any person acting in that position or to whom authority is delegated.

Petty Cash : A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses. This includes money transferred to bank cards for the purposes of petty cash, issued by financial institutions.

Petty Cash Float : The total sum of Petty Cash which has been granted to a Petty Cash Officer.

Petty Cash Officer : An employee, made responsible for the day- to-day operating of the Petty Cash Float.

Reconciliation : Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

Sub- Advances : A relatively small amount of cash, made available by the Petty Cash Officer on request to buy miscellaneous small items.

3. OBJECTIVES OF THE POLICY

- 3.1. Ensure goods and services are procured by the Agency in accordance with authorized processes only.
- 3.2. Ensure that the Agency has and maintains an effective petty cash system of expenditure control.
- 3.3. Ensure that sufficient petty cash is available and kept safe at all times.
- 3.4. Ensure compliance with the regulatory framework in terms of the relevant legislation.
- 3.5. To ensure that Petty Cash is available and issued for valid expenses/purchases and transactions are accurate and complete.

4. CONTROL OF PETTY CASH

4.1. General

- a. The use of a petty cash (amount not exceeding R5000.00) is strictly confined to individual cash purchases of up to a maximum of R2000.00 for each transaction made. Petty Cash replenishment may not exceed 3 times i.e. R 15,000.00 in one month.
- b. A petty cash float is not to be used for any of the following:
 - (i) The cashing of cheques.
 - (ii) Loans to any person whatsoever
 - (iii) Payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages and travel allowance as part of remuneration, with the exclusion of casual labour.
 - (iv) For installment invoices such as rental of equipment and contracted items.
- c. The Accounting Officer, or delegated official may conduct checks to evaluate compliance with this policy.

4.2. Establishing and Security of a Petty Cash

- a. To establish a new petty cash float or increase an existing float, a written request must be made by the relevant Petty Cash Officer to relevant Senior Manager who will recommend to Chief Financial Officer for approval.
- b. A written request for the establishment of an advance will indicate the position of an employee to be held responsible for the control over the petty cash float within the relevant department.
- c. Each Senior Manager will be responsible for the security of the Petty Cash.
- d. During the absence of the Official responsible for Petty Cash, the relevant Senior Manager will make necessary arrangement.
- e. 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 Petty Cash amount approved for replenishment should be transferred from the main account to the petty cash bank card issued to the Petty Cash Officer.
- f. The cash on hand and used petty cash vouchers are to be kept in a locked box for which there will be two keys, one key is to be retained by the Petty Cash Officer and the other to be kept by the Manager Records and Administration. Petty cash bank cards should always remain in the sole custody of Petty Cash Officer.
- g. At no stage should staff other than the responsible staff member have access to the storage place of the petty cash box and Petty Cash Bank Cards.
- h. If the responsible person for petty cash is either going on leave or is leaving the Agency's employment, the petty cash is to be reconciled and signed by the departing officer as well as replacement staff member, to indicate their agreement as to its balance.

5. BANK CARDS CONTROLS

- 5.1 Limits in paragraph 4.1(a) of this policy apply to petty cash cards purchases.
- 5.2 An identifying number will be allocated to individuals authorized to conduct petty cash transactions.
- 5.3 All card transactions must be supported by a requisition authorized by a Head of Department or a delegated person.
- 5.4 Cash withdrawals are only permitted when it is impractical to make card payments or the recipient accepts payments exclusively in cash.
- 5.5 Any unauthorized use of petty cash cards is a punishable offence.

6. PETTY CASH REPLENISHMENT AND INTERNAL CONTROLS

- 6.1. Petty Cash replenishments will only be done when an amount used is at-least R4000.00.
- 6.2. A proper petty cash reconciliation must be kept where each disbursement of petty cash transaction is recorded.
- 6.3. The completed reconciliation must be prepared by the Official responsible for Petty Cash, at the end of the month checked by the Senior Manager for submission to the Budget and Treasury Office.
- 6.4. The minimum detail to be recorded in the petty cash reconciliation is:
 - Department Name
 - Cost Centre/Vote to allocate the petty cash transaction
 - Name of supplier
 - Date and
 - Amount issued.
 - Purposes for which petty cash payment is used for.
- 6.5. The petty cash vouchers, receipts or slips must be kept in a file with the reconciliation attached on top for each month.

6.6. Random petty cash audits are expected to be done by the Internal Audit throughout the financial year.

7. DISBURSEMENT OF PETTY CASH

7.1. Each Head of Department must ensure that budget is available for the required item/service and submit the memo requesting the purchase of an item or service.

7.2. The Petty Cash Official will issue a voucher to be signed by the requesting official.

7.3. An original receipt clearly indicating the amount paid must be submitted to the Petty Cash Official within 24 hours after the petty cash has been issued to support the Petty Cash voucher.

7.4. Where proof of expenditure could not be provided on petty cash voucher within the prescribed period, an acknowledgement of debt by the responsible employee must signed and attached to the relevant voucher for replenishment purposed. This amount will be deducted from the employee's salary in the next pay date.

7.5. The petty cash officer will be held accountable for losses and shortages unless there is physical evidence of breaking-in and no act or omission on the part of the petty officer contributed to the loss.

7.6. In the event of identified shortages and losses a relevant Senior Manager must immediately report to the Chief Financial Officer and an acknowledgement of debt be signed by the Petty Cash officer.

8. REPORTING

A monthly reconciliation report from the Petty Cash Officer must be submitted to the Budget and Treasury Officer including the total amount of petty cash purchases for that month.

9. REVIEW

This policy will be reviewed annually or when necessary to be in line with municipal practices and legislation.

10. COMMUNICATION

This policy will be communicated after the approval to the Staff. Each HOD will be provided with the copy for easy reference.

11. APPROVAL AND SIGNATURES

Formulated by: *[Signature]* Date: *19/01/22*

CEO Recommendation: *[Signature]* Date: *19/01/22*

