

MATATIELE LOCAL MUNICIPALITY



MATATIELE
LOCAL MUNICIPALITY

PETTY CASH POLICY

| <u>POLICY INFORMATION</u> | |
|-----------------------------------|-------------------|
| <u>DATE OF COUNCIL ADOPTION:</u> | 27/03/2024 |
| <u>COUNCIL RESOLUTION NUMBER:</u> | CR 588/27/03/2024 |
| <u>POLICY NUMBER:</u> | MLM/BTO/P23 |

Where Nature, Agriculture, Tourism are Investments of Choice.

Electrical Services: 079 522 9770 Prepaid Sales: 079 523 322 Finance Office: 039 737 3565 Disaster and Fire: 039-2560610/079 523 2223

Police(SAPS): 039-7379904/9905 Waters: 082 520 1476 Ambulance: 10177 Traffic: 079 522 9774

MR. LMATIWANE
MUNICIPAL MANAGER

CLLR. S. MNGENELA
MAYOR

CLLR N NGWANYA
SPEAKER COUNCIL

DATE

DATE

DATE

Policy on Petty Cash effective 01 July 2024

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| Authority | Date |
|---------------------|------|
| HOD Approval | |
| MM Approval | |
| Council Approval | |
| Date of next Review | |

Approval of Policy

Please note that the implementation of the policy contained in this document is subject to approval and signing off by all relevant Heads and/or Committees, including but not limited to:

- Municipal Manager; and
- Municipal Council.

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1. INTRODUCTION

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner.

2. POLICY ON PETTY CASH

This Policy serves to regulate the methodology in administering the Petty Cash Fund of the Matatiele Local Municipality.

3. PURPOSE OF PETTY CASH FUND

The purpose of this document is to provide users with detailed procedures regarding the establishment and administration of Petty Cash.

"Petty cash disbursements should be used only for small incidental expenditures and not as a method to bypass the Municipality's Supply Chain Procedures.

Thus, the purpose of a petty cash fund is to provide departments with ready cash for the payment of various small expenditures.

4. RESTRICTIONS ON USE OF PETTY CASH

The petty cash fund cannot be used to:

- Purchase goods currently covered by a Municipality's negotiated contract except in the case of dire or critical need and the item is not available from the contracted suppliers.
- Pay personal services (i.e., typing, photography, entertainers, caterers, etc.) that would be considered either wages (salary) or Independent Contractor payments. All payments for personal services must be paid through either:
 - a. The Payroll System as wages, or
 - b. The Accounts Payable System on a Payment Voucher (PV), if payment is being made to an independent contractor.

- Reimburse expenditure greater than one thousand rands (R1000.00). Depending on the item purchased, one of the following should be used for that expenditure exceeding R1000.00 per item
 - a. Purchase Requisition Form.
 - b. Purchase Order.
 - c. Payment Voucher (PV). Refer to the Supply Chain Procedures for items that can be processed on an Order.
- Pay travel expenditures.
- Make salary advances or to serve as a cheque cashing fund.

5. GENERAL REQUIREMENTS AND OPERATIONS

- Petty cash is limited to R5000.00 for each department per month; the petty cash custodian must perform monthly reconciliations detailing the total amount of petty cash purchases for the department during that particular month and attaching receipt and appropriate documents for each purchase.
- Urgent and emergency cases will **only** be accommodated where immediate action is required to avoid a dangerous or life threatening situation, misery or want or any other cases which may require immediate action to be taken to proactively avoid a negative impact on service delivery.
- Original invoices or cash slips must be submitted to the Creditors office after such purchases have taken place.
- Failure by any official to submit the invoices or cash slips within the period of two (2) days from the date when petty cash was issued (This period will exclude public holidays and weekends that fall within it) will result in such total amount of purchases being recovered from the salary of the requisitioner. Where slips/invoices have been lost, an affidavit must be obtained.
- The receipts, plus cash on hand, should equal the total amount of the fund at all times.
- The fund is subject to audit at any time without prior notice.

6. UTILISATION OF PETTY CASH

- A petty cash requisition form must be used for all petty cash purchases, and this form must be completed in full before submitted to Creditors section.
- Disbursements of cash without proper support **will not be allowed**.
- For reimbursement of entertainment expenditure the names of the individuals in attendance, the business purpose, date, and place of meeting must be clearly stated on either the Petty Cash request form or the supporting documentation.
- The individual receiving the payment must sign the petty cash requisition form, to acknowledge the receipt of cash.

7. ARRANGEMENT FOR SUBMISSIONS WITH REGARD TO THE REQUESTS TO UTILISE PETTY CASH

All submissions regarding the request to utilize petty cash must be forwarded to the Creditors Section preferably two days before the date on which the petty cash is required. Poor planning will not be justifiable reason to deviate from this provision. **NB** Petty cash will only be issued on Wednesdays and Fridays.

8. ACCESS TO THE PETTY CASH

The use of petty cash should be freely accessible by all staff members. The Creditors Officer is the only staff member, authorized, to issue petty cash.

9. REPLENISHMENT OF PETTY CASH

Petty cash will only be replenished if the petty cash has reached a minimum amount of two thousand rands per department (R2 000.00) a maximum amount of twenty five thousand rands (R25 000.00) will be kept in the petty cash office.

10. INCREASE IN PETTY CASH FUND

An increase to the fund requires a written report to the Executive Council of the Matatiele Local Municipality stating the reason for the increase.

11. CUSTODY AND SAFEKEEPING OF PETTY CASH

The office and the safe where Petty Cash is maintained must always be locked and the keys must be kept in a safe place which is known by the custodian of the petty cash. If petty cash is lost, the official responsible for petty cash will be held liable.

12. IMPLICATION OF NON COMPLIANCE TO THE MUNICIPAL PETTY CASH POLICY

It should be noted that failure to comply with this municipal petty cash policy constitutes financial misconduct and any employee found guilty will be subject to disciplinary procedures.

13. REVIEW OF POLICY

This policy is to be reviewed annually.

14. RESPONSIBILITY FOR IMPLEMENTATION

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate such other powers as he or she may deem fit to any member of the Municipality.

15. COMMENCEMENT

This policy shall come into force on approval by Council.