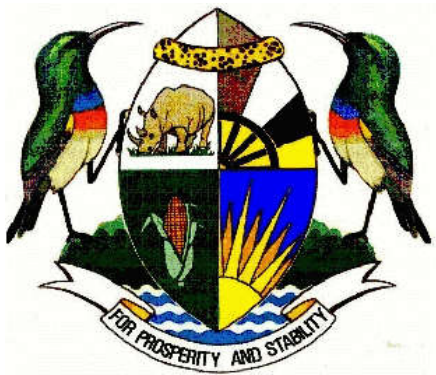


WATERBERG DISTRICT MUNICIPALITY



PETTY CASH POLICY

23 May 2024

1. Preamble

This policy is issued under the authority of SCM Regulation 15 issued in terms of MFMA. It complements the SCM Policy and establishes a control framework for petty cash as an acquisition and payment instrument.

A petty cash float is used to facilitate and accelerate the processing of low value transactions with minor official expenditures. Minor expenditures are defined as less than R 500 unless authorised by the CFO. Due to inherent costs and time required to process financial transactions, it becomes practical, economical and recommended to use petty cash to process low value payments where the transaction cost (e.g. electronic transfer or cheque costs) is high.

2. Definitions

BTO	Budget & Treasury Office
Cashier	is the WDM cashier in the BTO or any other BTO official delegated in writing to manage petty cash.
CFO	Chief Financial Officer
HOD	Head of Department / S57 manager
Petty cash float	is an authorized cash advance issued to an official or Councilor of the WDM who will be responsible for the security of the fund and the control of disbursements made from the fund.
WDM	Waterberg District Municipality
WDM Head Office	WDM Building in Harry Gwala Street

3. Scope of Application

3.1 This policy is applicable to all employees and Councillors of WDM.

4. Policy Objective

4.1 To ensure the cost-effective and efficient use of petty cash funds while maintaining the required level of control.

5. Policy Statement

5.1 It is WDM's policy to use petty cash funds for making small miscellaneous payments herein called minor expenditure when immediate settlement is required or when this method of payment is more cost-effective.

- 5.2 A petty cash float shall not exceed R 5,000 and no single expenditure from that fund shall exceed R 500 per transaction without the prior approval of the CFO. The expenditure shall not be deliberately split to avoid the said limit.
- 5.3 The total amount of petty cash, in the form vouchers or cash, shall be counted (physical verification) in full at year end before closure of Revenue for the financial year and there should always be an amount equal to R 5,000. This is in line with the accrual basis of accounting.
- 5.4 All cash from tripe sales should be submitted daily to the BTO cashier at the Head Office and all payments to clients should be made at the BTO at the Head Office.
- 5.5 All cash receipts shall be done and cash payments for tripe be made at the cashier at the WDM Head Office for payment.
- 5.6 If 5.5 become effective, the abattoir petty cash float can be increased to R 6,000.
- 5.7 Daily reconciliation of the abattoir receipts and payments (including tripe sales) with the cash amount should be submitted to BTO on a daily basis for checking, processing and banking.

6. Prohibited Petty Cash Payments

- 6.1 This policy must still be read in conjunction with other relevant policies and petty cash purchases should still adhere to the conditions of these other policies.
- 6.2 Petty cash advances must not be used to provide change, to give salary advances to employees or to cash cheques.
- 6.3 No personal use or check cashing from these funds is allowed. It shall be deemed an offense to use Petty Cash for private matters even if the intention is to repay.
- 6.4 Petty cash shall not pay for installment invoices such as rental or equipment or open orders even if the amount falls within the limit specified.
- 6.5 Departments are not allowed to have more than 5 petty cash purchases per month.

Petty cash shall not be used for:

- 6.6 Energy drinks (e.g. Red Bull)
- 6.7 Petrol charges
- 6.8 Toll gate slips
- 6.9 Travel or any other salary claims

6.10 Assets

7. Authority and Reporting

- 7.1 The CFO or the delegated person must ensure the control and safekeeping of petty cash funds (including suitable locks, keys or combinations in accordance with the suitable cash handling regulations and policies.
- 7.2 Excesses, shortages, losses and thefts must be recorded and reported promptly to the CFO.
- 7.3 Reporting on the utilization of the petty cash shall be reported to the CFO / delegate on a monthly basis.
- 7.4 The custodian of a petty cash fund shall give a reconciliation to the CFO / delegate within 5 working days or float replenishment of the end of each month in which expenditures are incurred showing that the cash on hand plus receipts, less paid vouchers equals the amount of the advance.
- 7.5 In certain cases it is not possible or economically viable to procure goods and services through written quotation or competitive bidding processes. This situation will arise where the total costs of engaging in written quotations or competitive bidding far outweighs the value of the item(s) or services been sought. This situation is envisaged for items or services below R 500 VAT inclusive only. Only Heads of the departments may authorise petty cash processes and payments. This mechanism might also be utilised in an emergency situation where the total value of the goods or services is below R 2 000, subject to authorised process being followed in which case only the MM may authorise such a transaction.

8. Monitoring

- 8.1 The Municipal Manager may conduct internal audits to evaluate compliance with this policy.
- 8.2 Periodic unannounced verifications of the petty cash advances should be made by internal audit to determine whether the funds are being used properly and to ensure that they are adequately protected against loss or misuse and are properly accounted for.
- 8.3 The Municipal Manager will monitor the effectiveness of this policy by reviewing internal audit reports.

9. Accounting and control

- 9.1 Petty cash must be used when it is more cost-effective than other payment methods such as electronic transfer or cheques within the ambit of this policy.
- 9.2 Before establishing or increasing petty cash funds, the Divisional Manager: Expenditure must ensure that the security and safekeeping arrangements are commensurate with the risk of theft and the size of the petty cash fund.

- 9.3 There must be only one official, with one backup, delegated by the CFO responsible for a petty cash fund at any given time. Only these two persons should be allowed access to the cash in this fund. When the official is being changed, an acknowledgement must be obtained.
- 9.4 When disbursements are not made frequently, the custodian should check the petty cash fund at least once a week to ascertain that no theft has taken place.
- 9.5 If a shortage is discovered, it must be reported promptly to the CFO who, after reviewing the circumstances of the case, shall, in consultation with the Municipal Manager, take whatever corrective or recovery action is necessary.
- 9.6 The custodian is required to reimburse losses and shortages unless the prescribed procedures were followed and the petty cash was properly secured; there is physical evidence of breaking-in and no act or omission on the part of the custodian contributed to the loss, as stipulated by the policy.

10. Safekeeping and advancing of the Petty Cash

- 10.1 The petty cash fund should be kept separately from other funds and to be safeguarded in lockable cash box which should be kept locked not only after hours but also during normal business hours in a safe or a filing cabinet approved by the CFO. Keys and combinations should be kept in a secure place by the custodian.
- 10.2 All purchase requirements utilizing petty cash shall be approved by the relevant Senior Manager on the petty cash expenditure voucher and advance voucher.
- 10.3 An official to whom a petty cash advance is issued is personally responsible and any loss or shortage in respect of that advance may be recovered from that individual.
- 10.4 A Petty Cash Advance Voucher will be required before issuing an advance indicating the amount requested and the reason for the purchase, items to be purchased and authorized by the departmental HOD (the template is attached to this policy).
- 10.5 A Petty Cash Expenditure Voucher will be required to finalize the procurement indicating the amount and items purchased the vote number to be paid from and authorization by the departmental HOD and BTO (the template is attached to this policy).
- 10.6 All expenditures must have a properly filled out petty cash expenditure voucher with original invoices or receipts attached. Once paid, these supporting documents must be stamped "paid" to prevent re-use. No payment will be made for lost receipts or invoices.
- 10.7 The voucher and proof of expenditure has to be submitted to cashier within 3 working days of incurring the actual expenditure or receiving the advance. Failure to claim within this period will result in the expenditure being forfeited. If the money was advanced and the claim expires, the amount will be recovered from the responsible individual's salary.

- 10.8 Repayment of all or part of a petty cash advance that has to be reimbursed must be made in full by the custodian in a single payment.
- 10.9 When the official delegated by the CFO issues a petty cash advance, he or she may at any time, by written notice to the official to whom the advance has been made, require an accounting and repayment of any unexpended balance. The custodian shall, not later than 2 days after receiving such notice, provide an accounting and repay the advance.
- 10.10 Petty cash will be issued Mondays to Fridays between the hours of 8h00 to 15h00 and reconciliation of petty cash will take place every Friday afternoon.
- 10.11 Replenishment of the petty cash fund can be done by the delegated official when the fund balance reaches the minimum of R 500.

11. Legislation

This policy is issued under the authority of section 15 of SCM Regulations and should be read in conjunction with the Supply Chain Management Policy.

Section 15 of the Supply Chain Regulations requires the following:

A supply chain management policy must stipulate the conditions for the procurement of goods by means of petty cash purchases referred to in regulation 12 (1)(a), which must include conditions -

- (a) determining the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;*

This responsibility is not delegated at WDM and remains with the S57 manager.

- (b) limiting the number of petty cash purchases or the maximum amounts per month for each manager;*

Refer to section 6.4 of this policy - Departments are not allowed to have more than 5 petty cash purchases per month.

- (c) excluding any types of expenditure from petty cash purchases, where this is considered necessary; and*

Refer to section 6 of this policy for list of prohibited petty cash expenditure.

- (d) requiring monthly reconciliation reports from each manager to the chief financial officer, including -*
 - (i) the total amount of petty cash purchases for that month; and*
 - (ii) receipts and appropriate documents for each purchase.*

This exercise is currently performed by the cashier, but may be delegated to HODs by the Municipal Manager.

12. Implementation

This policy must be implemented by all employees and Councillors of WDM, but managers and supervisors should ensure that this policy is implemented effectively.

Deviation from the accepted accounting practices in the use of Petty Cash shall constitute a serious offense under the Disciplinary Code. Any employee who breaches this policy shall be liable for disciplinary measures.

13. Policy review

This policy will be reviewed annually and revised when necessary.

Adopted by Council at its meeting held on _____ 2024

per Council Resolution Number _____

Signed at _____ on _____ 2024

MUNICIPAL MANAGER



PETTY CASH EXPENDITURE VOUCHER

DATE : _____ DOC NO : _____

I, _____ hereby request a reimbursement from
Budget and Treasury.

AMOUNT

R _____ (_____)

For the purchasing of the following items: (Cash Slips Attached).

ITEM	VOTE NO	FOR OFFICE USE ONLY	TAX
		AMOUNT	
TOTAL			

Approved by Manager: _____
Signature _____ Date _____

Approved by Fin Services: _____
Signature _____ Date _____

Received by: _____
Signature _____ Date _____

PETTY CASH ADVANCE VOUCHER

REQUEST FOR PETTY CASH ADVANCE



NAME: _____

DEPT: _____

ITEM: _____

DATE: _____

R _____

HOD APPROVAL: _____