



cogta

Department:
Co-operative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

PETTY CASH POLICY

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Heinz Waldemar Kuhn
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INTRODUCTION

1.(1) Establishment of the petty cash account is informed by the need that exist within the Department to have cash available for the immediate payment of sundry expenditure. Petty cash becomes essential as officials often require cash from time to time for unanticipated payments and purchases of once-off items of low value, a petty cash float facility is therefore established to address such a requirement within the Department.

(2) The Accounting Officer of the Department must ensure that internal procedures and control measures are in place for payment, approval and processing of petty cash.

(3) These internal controls must provide reasonable care that all petty cash related expenditure is–

- (a) necessary and appropriate;
- (b) paid and reimbursed promptly; and
- (c) adequately recorded and reported.

(4) In determining the content of this policy, cognisance was taken of the Treasury Regulations, promulgated in terms of Public Finance Management Act, 1999 (Act No. 1 of 1999), on 15 March 2005, and Provincial Treasury Instruction Note No. 18 of 2013.

DEFINITIONS

2. In this Policy, unless the context indicates otherwise–

- (a) a word or expression, to which a meaning has been assigned in the PFMA, has the same meaning;
- (b) clause headings are for convenience only and will not be used in its interpretation, and the following terminologies bear the meanings assigned to them and similar expressions bear corresponding meanings:

“**BAS**” means Basic Accounting System;

“**CFO**” means the Chief Financial Officer of the Department contemplated in Chapter 2 of the Treasury Regulations;

“**Department**” means the KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs;

“Paymaster General Account” means the main bank account for the Department;

“petty cash” means a relatively small amount of cash kept on hand for sundry expenses;

“petty cash float” means the total sum of petty cash, which has been granted to the petty cash officer;

“Petty Cash Officer” means an official, entrusted in writing, for the day to day administration and management of petty cash;

“PFMA” means the Public Finance Management Act, 1999 (Act No. 1 of 1999), and includes the Treasury Regulations, promulgated in terms thereof on 15 March 2005, where appropriate;

“Relief Petty Cash Officer” means an official, entrusted in writing to relieve the Petty Cash Officer temporarily from the administration and management of petty cash;

“replenishment” means the process of making funds available again in the petty cash float for petty cash purchases and re-imbursments;

“reconciliation” means the process of comparing and matching figures on the petty cash register and on the petty cash bank statement;

“SCOA” means Standard Chart of Accounts, which is the structure of government accounts; and

“Treasury Regulations” means the Treasury Regulations promulgated in terms of the PFMA on 15 March 2005.

APPLICATION

3. This Policy applies to all officials in the Department, with specific reference to officials who are responsible for supply chain management and related functions within the Department.

LEGAL FRAMEWORK

4. This policy must be read together with the Provincial Treasury Instruction Note No. 18 of 2013, and sections 38(1)(a)(iii); 44(1)(a) and 45(b) and (c) of the PFMA.

OBJECTIVE

5.(1) The petty cash policy seeks to provide guidelines for all officials who need petty cash from the Department for the procurement of goods and services within the petty cash threshold.

(2) The main objective of this policy is to–

- (a) provide guidance on the effective and efficient control of petty cash;
- (b) ensure management of petty cash in a transparent manner that is in keeping with departmental supply chain management procedures;
- (c) set the timeframes for the submission of cash receipts by users and thereby ensuring availability of cash at all times;
- (d) establish an efficient manner of conducting petty cash reconciliation;
- (e) ensure that vouchers are supported by a corroborative audit trail that supports the expenditure; and
- (f) outline the procedural framework for the requisitioning and management of petty cash as reflected in Annexure A.

ESTABLISHMENT OF A PETTY CASH FLOAT

6. As a sufficient need exists for the Department to establish and maintain a petty cash account, the following requirements must be observed on matters relating to petty cash–

- (a) the petty cash system may not be abused and items in regular use must be bought in bulk through the normal procurement process;
- (b) the procurement of items on petty cash must at all times be within the threshold as determined by the Provincial Treasury Supply Chain Management Delegation and Financial Delegation;
- (c) the Accounting Officer must appoint the Petty Cash Officer or Relief Petty Cash Officer in writing to manage petty cash in the Department;
- (d) the petty cash float determined by the CFO is R 30,200.00, provided that this amount may be amended from time to time in writing by the CFO, and must be reviewed at least once every year;

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- (e) any increase in the petty cash float must be motivated for in writing and approved by the CFO;
- (f) once the approval has been obtained the funds must be transferred from the Paymaster General Account to the petty cash account;
- (g) authority to procure goods by means of petty cash is hereby delegated to each Responsibility Manager in line with the departmental financial delegations of authority;
- (h) the Departmental limit or monetary value for petty cash purchases is R 1,000.00 per case or per request; and
- (i) the Department may close a petty cash account by withdrawing the funds from the petty cash account and re-depositing the funds into the Paymaster General bank account, by submitting a request to the Provincial Treasury: Banking section to transfer the funds by way of an electronic transfer of funds.

MANAGEMENT OF PETTY CASH

7.(1) The duly appointed Petty Cash Officer or Relief Petty Cash Officer, within the post establishment of the Supply Chain Management Unit, must administer and manage the petty cash, provided that—

- (a) in the event that the Petty Cash Officer is temporarily relieved from his or her duties, the petty cash register, the cash on hand, receipts, supporting documents and the balance as reflected on the petty cash bank statement, must be reconciled and balanced utilising the petty cash reconciliation form, attached hereto as Annexure D; and
- (b) a handing-over certificate must be completed and certified with the signatures of the Petty Cash Officer being relieved, the Relief Petty cash Officer, and the Supervisor, utilising Annexure E hereto.

(2) Petty cash must at all times remain locked in the safe allocated for this purpose, and the petty cash office must always be locked and the keys must always be kept in the safe place, known only to the Petty Cash Officer or Relief Petty Cash Officer, and his or her Supervisor.

(3) Petty cash must be replenished four times a month and may only be replenished twice a week in the event that requests for petty cash, has exceeded normal standards.

(4) The Petty Cash Officer or Relief Petty Cash Officer must ensure the safekeeping and regular updating of the petty cash register, and all payments and replenishments must immediately be recorded in the petty cash register.

(5) Petty cash reconciliations must be performed on a monthly basis by the Petty Cash Officer or Relief Petty Cash Officer and audited by the Assistant Manager or Deputy Manager within the Supply Chain Management Unit, whereafter the relevant reconciliation must be submitted to the Senior Manager: Supply Chain Management for review.

GENERAL CONDITIONS FOR PETTY CASH USE

8. All requests for petty cash must be in the prescribed petty cash request form, signed by the Responsibility Manager, provided that—

- (a) purchases exceeding R 1,000.00 may not be split in order to circumvent the petty cash threshold;
- (b) departmental Supply Chain Management delegations of authority must be followed for all purchases exceeding R 1,000.00;
- (c) any requests for petty cash exceeding R 1,000.00, but not exceeding R 2,000.00 may be approved by the Senior Manager: Supply Chain Management, upon submission of written motivation in support of such a request;
- (d) receipts or cash slips must be returned within 24 hours after a petty cash advance was issued; and
- (e) under no circumstances may the official who applied for petty cash purchase any goods or services that have not been authorised on the voucher.

MONITORING THE MANAGEMENT OF PETTY CASH

9.(a) Cash counts must be conducted every time a petty cash account reimbursement or replenishment is performed, and all discrepancies must immediately be recorded and reported to the Senior Manager: Supply Chain Management in writing.

(b) The Assistant or Deputy Manager: Supply Chain Management must assess the trends of the errors and prepare training sessions with Petty Cash Officers and Relief Petty Cash Officers in order to mitigate the recurrence of the errors, provided that continuous shortages or surpluses must be investigated, and corrective action must be instituted against the relevant Petty Cash Officers and Relief Petty Cash Officers.

(c) Random visits or spot checks must be conducted regularly by the Internal Control Unit of the Department.

(e) All shortfalls identified during reconciliations and random visit cash counts, must be recorded and the relevant amounts must be recovered from the Petty Cash Officer or Relief Petty Cash Officer.

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(f) A receipt must be issued in respect of all surpluses identified, whereafter it must be recorded as revenue and banked accordingly.

(g) All the steps contemplated in Annexure A, must be observed.

RESTRICTIONS ASSOCIATED WITH THE USE OF PETTY CASH

10.(1) The following items are excluded from procurement through petty cash:

- (a) any Registration fees;
- (b) re-imburement for cellular phone expenditure;
- (c) subsistence and travel claims;
- (d) entertainment as defined in terms of SCOA classification 2 of 2008/9;
- (e) assets as defined and classified by the Departmental Asset Policy;
- (f) any items of low value, including, but not limited to, coffee, tea or milk for meetings, which items must be consolidated, quantified and procured through normal supply chain management processes; and
- (g) stationery, which is on the stores item list.

(2) Petty cash advance may not be issued to business units, which have not returned cash slips or receipts in respect of previous petty cash advances.

(3) Petty cash will not be issued after 12H00 on a Friday, to allow the Petty Cash Officer to conduct petty cash replenishment.

(4) Petty cash may not be utilised by employees for purchases of any item or service for personal use.

(5) Any deviations from this policy must be motivated by the requester and approved by the Senior Manager: Supply Chain Management.

(6) The Petty Cash Officer may not authorise a cash purchase claim where she or he is the purchaser.

PETTY CASH REPLENISHMENT

11. Petty cash replenishment and cash counts must be conducted every Friday by the Petty Cash Officer utilising Annexure C, which must be witnessed by the relevant Supervisor.

MONTHLY STATEMENT RECONCILIATION

12.(a) The Petty Cash Officer or Relief Petty Cash Officer is responsible for downloading a detailed BAS report for the suspense account: Petty Cash: DOM at every month end.

(b) Monthly petty cash reconciliations must be completed, signed by the Petty Cash Officer or Relief Petty Cash Officer, and submitted to the Senior Manager: Supply Chain Management utilising Annexure D.

(c) A compliance certificate must be completed monthly by the Petty Cash Officer and the Assistant Manager: Creditors Management or Deputy Manager: Procurement and submitted to the Senior Manager: Supply Chain Management utilising Annexure F.

NON-COMPLIANCE WITH THE POLICY


13. Any failure to comply with this Policy and its provisions may constitute financial misconduct and any employee found to be transgressing this Policy will be subject to a disciplinary enquiry in terms of the Public Service Act, 1994 (Proclamation 103 of 1994).

MONITORING AND EVALUATION

14. The CFO and the Senior Manager: Supply Chain Management must monitor the implementation of this Policy on a regular basis, provided that this Policy may be reviewed and amended from time to time as and when the need arises.

EFFECTIVE DATE

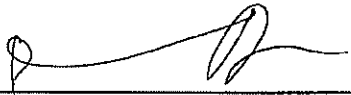
15. This Policy comes into effect on date of signature hereof by the Accounting Officer.



CHIEF FINANCIAL OFFICER

15/11/2013

DATE



APPROVED BY:
HEAD OF DEPARTMENT

14/11/13

DATE

ANNEXURE A

**PROCEDURAL FRAMEWORK FOR THE REQUISITIONING
AND MANAGEMENT OF PETTY CASH**

Step	Procedure	Responsibility
1	Complete and sign the petty cash request form (Annexure D Petty cash request voucher) or voucher including amount and description of goods/services being requested	Applicant
2	Approve the expenditure by certifying that the goods/services are required	Responsibility Manager
3	Complete the SCOA allocations and certify that funds are available	Budget Controller
4	Forward the completed petty cash request form/voucher to the Petty Cash Officer at least two days before the date on which petty cash is required	Applicant
5	Issue cash required to the applicant	Petty Cash Officer
6	Register amounts paid from petty cash in the register	Petty Cash Officer
7	Return original cash sales slips/cash receipts and change within 24 hours after receiving cash as proof that goods were received or service was rendered	Applicant
8	Acknowledge receipt of original cash slips/receipts and change by signing on the appropriate field on the voucher	Petty Cash Officer
9	Sign cash slip/receipts and reconciling goods/services requested against the actual purchases	Responsibility Manager
10	Conduct petty cash replenishments in order to reimburse petty cash float	Petty Cash Officer
11	Capture and authorise for reimbursement through Basic Accounting System (BAS)	Delegated officials with authorisation rights on BAS
12	Perform petty cash counts and reconciliation whenever reimbursement is taking place and at the end of each month	Petty Cash Officer and Supervisor
13	Check petty cash monthly reconciliations and submit to Senior Manager: Supply Chain Management for review	Assistant/Deputy Manager: Supply Chain Management

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ANNEXURE B

Petty Cash Request

Voucher No. _____

Note: Requests for petty cash may not exceed R1000.00.

PETTY CASH REQUEST DETAILS			
Requesting Official		Amount Requested	
Rank		Signature	
Contact Number		Date	Click here to enter a date.
Description of Good/Service to be purchased			
RESPONSIBILITY MANAGER APPROVAL FOR THE USE OF PETTY CASH			
APPROVED BY			
Signature		Date	Click here to enter a date.
BUDGET AVAILABILITY CONFIRMATION: BUDGET CONTROLLER			
Budget confirmed by			
Signature		Date	
SCOA BUDGET ALLOCATIONS			
1. Infrastructure		5. Fund	
2. Item		6. Project	
3. Objective		7. Asset	
4. Responsibility		8. Regional ID.	

Petty Cash Control

Amount Issued			
Received by			
Signature ¹		Date	
Issued by			
Signature		Date	
Petty Cash Voucher Reconciliation			
Amount Issued	Amount/s on Slips	Change	Date slips returned
R	R	R	

¹By signing for and receiving petty cash, I acknowledge and accept the responsibilities outlined in the Departments Petty Cash Policy. I undertake to return all cash slips/receipts within 24 hours from time of issue of petty cash.

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ANNEXURE C

PETTY CASH COUNT		
DENOMINATIONS	QUANTITY	AMOUNT
R 200.00		R 0.00
R 100.00		R 0.00
R 50.00		R 0.00
R 20.00		R 0.00
R 10.00		R 0.00
R 5.00		R 0.00
R 2.00		R 0.00
R 1.00		R 0.00
R 0.50		R 0.00
R 0.20		R 0.00
R 0.10		R 0.00
R 0.05		R 0.00
R 0.02		R 0.00
R 0.01		R 0.00
CASH ON HAND		R 0.00

REQUISITIONS WITHOUT RECEIPTS	
REQUISITIONS WITH RECEIPTS	
REQUISITIONS REPLENISHED BUT NOT YET CAPTURED	
REQUISITIONS REPLENISHED BUT NOT YET DISBURSED	
CASH IN THE BANK AS PER BANK STATEMENT	
TOTAL	R 0.00
PETTY CASH FLOAT	R 30 200.00
VARIANCE	R 30 200.00

ACCOUNT OWNER: NAME AND SIGNATURE	DATE:
WITNESS: NAME AND SIGNATURE	DATE:

DW

ANNEXURE D

PETTY CASH RECONCILIATION

MONTH: MAY 2013

BANK ACCOUNT NUMBER		9212939175
ACCOUNT NAME		KZN LGTA SUPPLY CHAIN MAN PMB
APPROVED PETTY CASH FLOAT		R 30 200

Date	Details	Voucher Number	Amount	Balance
				0
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				R 0.00
				0
				R 0.00
				0
				R 0.00
				0
				R 0.00
				0
				R 0.00
				0
				R 0.00
31-May-13	Closing Balance (Cash on hand)			

DATE	DETAILS	AMOUNT	BALANCE
	VOUCHERS WITHOUT RECEIPTS		
	VOUCHERS WITH RECEIPTS		
	VOUCHERS REPLENISHED BUT NOT YET CAPTURED		
	VOUCHERS REPLENISHED BUT NOT YET DISBURSED		
	CASH IN THE BANK AS PER BANK STATEMENT		
	TOTAL		R 0.00
	PETTY CASH FLOAT		R 30 200.00
	VARIANCE		R 30 200.00

ANNEXURE E



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**HANDING AND TAKING OVER CERTIFICATE
 FOR PETTY CASH**

The aim of this certificate is to facilitate the handing and taking over process, whenever the responsibility in handling Petty Cash changes.

1. The following was thoroughly checked by both the outgoing and incoming persons, in the presence of a witness:

a. CASH ON HAND

NOTES & COINS:

- R200.00 x ___ R _____
- R100.00 x ___ R _____
- R 50.00 x ___ R _____
- R 20.00 x ___ R _____
- R 10.00 x ___ R _____
- BR 5.00 x ___ R _____
- R 2.00 x ___ R _____
- R 1.00 x ___ R _____
- R 0.50 x ___ R _____
- R 0.20 x ___ R _____
- R 0.10 x ___ R _____
- R 0.05 x ___ R _____
- R 0.02 x ___ R _____
- R 0.01 x ___ R _____

TOTAL R

- b. Total amount of requisitions without receipts R _____
- c. Total amount of requisitions with receipts ready for replenishment R _____
- d. The total amount of requisitions already replenished including those not captured on BAS and those not yet disbursed R _____
- e. Total cash in the bank as per bank statement attached R _____

GRAND

TOTAL

OUTGOING PERSON

I _____ hereby certify that all the items reflected above, which are under my control and supervision are correct at handing over except for the following discrepancies reflected above.

Signature _____ Rank _____ Date _____

INCOMING PERSON

I _____ certify that all the items reflected above have been checked by me on taking over and have been found to be correct in all respects, with the exception of discrepancies reflected above.

Signature _____ Rank _____ Date _____

WITNESS

I _____ hereby certify that I have supervised the handing and taking over process and found it in order or the following discrepancies occurred _____

Signature _____ Rank _____ Date _____

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NOTE: Original and copies to be filed on appropriate files for record and auditing purposes.



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CERTIFICATE OF COMPLIANCE - PETTY CASH ACCOUNTS

TO: The Chief Financial Officer **NAME OF ACCOUNT: PETTY CASH: Dom**
From (Account Owner): _____
MONTH ENDING: _____

I hereby certify that the undermentioned financial management performance indicators have been complied with as specified by as

TREASURY REGULATION REQUIREMENT	COMPLIANCE: STATE YES/NO	COMMENTS
TR 17.1.1 all transactions are supported by authentic verifiable source documents	YES	
TR17.1.2(a) the sources of transactions are readily identifiable	YES	
TR17.1.2(b) amounts which were in this suspense account are cleared and correctly allocated to the relevant cost centre on a monthly basis	YES	
TR 17.1.2(c) monthly reconciliations are performed to confirm the balance of the account	YES	
TR 17.1.2(d) reports are provided about uncleared items on the monthly basis	YES	
Age analysis of all uncleared items in suspense/control accounts is attached	YES	

NB: Should a compliance reflect a NO, please attach reason/comments for non-compliance

Signatures:

.....
Account Owner

.....
Date

.....
Supervisor

.....
Date

Comments by Senior Manager: Supply Chain Management

.....

.....

.....

Signature

Date