



LEKWA TEEMANE LOCAL MUNICIPALITY

PETTY CASH POLICY

2021/22

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1 INTRODUCTION

Although Petty Cash forms a small part of the total cash function of the Municipality, it is important that certain guidelines be implemented for the effective management thereof. The officials responsible for the Petty Cash should read through this document to understand the function better.

2 BACKGROUND

The purpose of this policy is to ensure that petty cash funds is controlled and to ensure that prudent petty cash procedures are consistently applied.

3 LEGISLATIVE FRAMEWORK

The legislative framework governing petty cash are:

3.1 The Local Government Municipal Finance Management Act, Act 56 of 2003.

3.2 The Municipal Supply Chain Management Regulations, Regulation 868, published under Government Gazette 27636, 30 May 2005.

3.3 The municipal supply chain management policy.

4 DEFINITIONS

For the purpose of this policy, unless the context otherwise indicates:

“Chief Financial Officer” means the person appointed by the Council as Chief Financial Officer and includes any person acting in that position or to whom authority is delegated.

“Head of Department” means an official appointed by the Council to manage a directorate of the municipality.

“Municipality” means the LEKWA -TEEMANE Local Municipality.

“Municipal Manager” means the person appointed by the Council as Municipal Manager and includes any person acting in that position.

“Petty Cash” means a small fund of cash that is kept for the payment of incidental expenses.

5 PETTY CASH

- 5.1 The responsibilities of Petty cash are hereby delegated to the Chief Financial Officer. These duties may be delegated to an employee reporting directly to the Chief Financial Officer.
- 5.2 The custodian of the petty cash shall be within the Expenditure Section and be monitored by the Expenditure.
- 5.3 The petty cash is hereby set at a maximum of R 2,000.00.
- 5.4 When petty cash reach the minimum amount, the official responsible for petty cash should reconcile and request a replenishment from the Expenditure Manager.
- 5.5 When an employee requests cash, the Head of the Department for that employee must authorise the request in writing.
- 5.6 The amount requested may not exceed the maximum amount set as by the Chief Financial Officer, unless proper authorisation is obtained from the Chief Financial Officer himself.
- 5.7 The General Ledger account to be debited must be completed on the Petty cash requisition by the relevant Head of the Department.

- 5.8 Proper supporting documentation (quotations, receipts) with regard to the Petty cash requisition must be submitted upon requesting cash.
- 5.9 Each transaction shall be recorded in the Petty cash register for record keeping purposes.
- 5.10 When this minimum amount is reached, petty cash needs to be replenished. The official responsible for petty cash will complete a voucher for the replenishment.
- 5.11 A petty cash count will take place once a month at the months end.
- 5.12 Surprise inspections of petty cash should be conducted quarterly by Internal Audit
- 5.13 Cash advances will only be given once an advance authorisation form have been completed and signed by the relevant Head of Department.
- 5.14 Supporting vouchers for the advance must be submitted within 24 hours of receiving the advance.
- 5.15. When purchasing goods and services with petty cash, multiple quotations are not necessary. This should be read in line with the Supply Chain Management Policy (price ranges)

6 DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Council and the Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document must be recorded in writing

7. IMPLEMENTATION OF THIS POLICY

- 7.1 This policy will be effective from the date of approval by Council

7.2 The implementation of this policy cannot be backdated and all sections thereof will only be implemented from date of approval.

APPROVED BY COUNCIL ON2019 UNDER ITEM

MUNICIPAL MANAGER

MAYOR OBO COUNCIL