

Office of the Premier Northern Cape



Petty Cash Policy

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1 Introduction

Policy & Procedures		Reference
1.1	The purpose of a petty cash advance is to make cash immediately available for the payment of expenses to eliminate unnecessary administration costs and to economise and expedite purchases.	N/A
1.2	The Finance Unit: Office of the Premier is the sole custodian of the petty cash and it shall not be awarded to and/or administered by other Units.	

2 Utilisation of Petty Cash Advances Limited to an Amount of R2000.00

1	<p>Standing approval is given to utilise petty cash advances for the following purpose:</p> <ul style="list-style-type: none"> Logistical purchases and services for a once off amount equal or less than R2000.00. (Otherwise the normal procurement system through a Purchase Order must be made use of) <p>N.B. Logistical purchases may not be divided to get a purchase equal or less than R2 000.00, thus evading the completion of an order form.</p> <ul style="list-style-type: none"> Purchase of postage stamps (only if a franking machine is not available). 	SCM Manual
2.2	<p>The petty cash advances SHALL NOT be utilized for the following purposes:</p> <ul style="list-style-type: none"> S&T Claims (incl Parking fees, petrol etc.) S&T Advances (incl Parking fees, petrol etc.) Remuneration for casual employees. Compensation of Employees Cashing of private cheques <p>Note: Whenever a BAS payment voucher is completed, all original- or certified copies of the original source documents must be attached.</p>	<p>Treasury Regulations 17.1.1 and 17.1.2(a).</p> <p>Public Finance Management Act Section 40(1)(a)</p>

3 Appointments

Policy & Procedures		Reference
3.1	Who appoints?	N/A
3.1.1	The cashiers who are responsible for the petty cash and the petty cash register should be appointed in writing by the Chief Financial Officer.	
3.1.1.1	<p>Relief cashiers should be appointed to ensure continuous service delivery.</p> <p>NB: Petty cash is to be counted and supporting documentation checked, every time the cashier goes on leave.</p> <p>The hand-over of petty cash and keys must be properly documented and signed for by the cashier and the relief cashier, and this must be performed under the direct supervision of the petty cash supervisor.</p>	
3.2	Cashiers should also be appointed as custodian of a safe / strong room.	
3.3	<p>The checkers who are responsible to verify inputs by the cashiers should be appointed in writing by the Chief Financial Officer.</p> <ul style="list-style-type: none"> The checker should not be at the same level as the cashier, but instead at a supervisory level. 	N/A

4. General duties of Cashiers

Policy & Procedures		Reference
4.1	<p>The petty cash cashier shall adhere to the following duties:</p> <ul style="list-style-type: none"> • Safekeeping and issuing of petty cash • Ensuring that the limit of R 2 000-00 is not exceeded per purchase. In exceptional cases, where the limit of R2 000 per case is exceeded, a strong motivation must be sent to the CFO or delegated official for approval. • Ensure that all required forms are properly completed and authorised. The cashier must ensure that all the relevant supporting documentation is authentic and verifiable • Ensure that all outstanding advances have been settled by responsible employees before new cash can be given to them • Follow up to ensure that receipts and any change is timeously submitted by recipients of petty cash • Preparation o petty cash reconciliations and ensuring that all documents relating to the petty cash function are properly kept and filed for audit purposes. • Ensure that petty cash float is replenished timeously 	Treasury Regulations Chapter 17.1.1
	<p>The petty cashier MAY NOT:</p> <ul style="list-style-type: none"> • Authorise any petty cash expenditure • Borrow money from his/her petty cash float and he/she may not give any loans of any kind from the petty cash float. 	

5 General duties of the petty cashier's supervisor

Policy & Procedures		Reference
5.1	<p>The petty cash cashier's supervisor shall adhere to the following duties:</p> <ul style="list-style-type: none"> • Ensure overall supervision and proper administration of the petty cash function • Ensure adherence by all stakeholders the requirements of this procedure • Check and verify the petty cash reconciliations for correctness. The petty cash reconciliations shall be authorised by the Assistant Director: Financial Accounting • Ensure that the petty cash is properly counted and accounted for every time it changes hands and must supervise the hand-over process • Check and verify payment for replenishment of petty cash as evidence of having reviewed all supporting documentation. The payment must be authorised by the Assistant Director: Financial Accounting 	N/A

6. Requisitioning Money from Petty Cash

Policy & Procedures		Reference
6.1	Duties of applicant	
6.2	The official who requires money from petty cash must complete a Z23 – Requisition form petty cash.	N/A
6.2.1	<p>The Z23 must contain the following information:</p> <ul style="list-style-type: none"> • Responsibility. • Item. • Objective • Fund. • Project. • Net Assets • Regional Identifier • Purpose for which petty cash is required. • The Unit Head must certify (with signature and name printed) that funds are available on the Internal Requisition Form (P1 and P2) 	
	This Z23 form is then, together with at least one quotation and internal requisition form, taken to the petty cashier's supervisor.	
	<p>Petty cash monies received must be used that same day. If not possible, the petty cash money must be repaid the following day.</p> <p>The person who signs for receipt of the money will at all times be responsible for the handing in of receipts and change.</p>	
	Receipts and change must at all times be provided to the cashier the following working day. If an official neglects to hand in proof, disciplinary steps will be taken and the full amount will be recovered from his/her next month's salary.	
6.3	Duties of petty cashier's supervisor	
6.3.1	The petty cashier's supervisor checks the validity of the request and whether documentation complies with all requirements – correctness and completeness.	

Policy & Procedures		Reference
6.3.2	If the petty cashier's supervisor is satisfied with the request, he/she gives an endorsement (with signature) "Payment in order" on the Z23 and provides it to the cashier	
6.4	Duties of petty cash keeper	
6.4.1	The petty cash keeper allocates a numerical number and notes it at the top in the middle of the Z23. Voucher No.	
6.4.2	Petty cash keeper hands over the money to the applicant.	
6.4.3	The petty cash keeper must notify the applicant that receipts, etc. must be handed in the following working day.	
6.5	The following endorsement must be indicated at the bottom of the Z 23 where the applicant will sign: <ul style="list-style-type: none"> • "I acknowledge receipt of the correct amount and take note that I will be held accountable for the amount if I do not return the receipts / invoices within twenty four (24) hours." 	
6.5.1	Handing in of receipts/vouchers after spending	
6.5.2	The applicant and the petty cash keeper must sign the receipts/vouchers to confirm the amount.	
6.6	Change on a paid out amount	
6.6.1	If petty cash money has been handed over to an official and he/she brings change the following is noted on the relevant Z23: <ul style="list-style-type: none"> • Slips/receipts amount: R..... • Change received: R.....and both the applicant and petty cash keeper must sign with the endorsement. 	

7. Daily reconciliation and checking actions

Policy & Procedures		Reference
7.1	The daily reconciliations must on a daily basis be checked separately by the petty cash keeper and his/her supervisor.	

Policy & Procedures		Reference
7.2	The amounts paid out must be counted and subtracted from the allocated advance amount. The calculated amount must now correspond with the amount before hand in petty cash, (the physical cash).	
7.3	<p>After the petty cash keeper satisfied him-/herself that the amount is correct, the amount and date are noted on the reconciliation and confirmed with a signature.</p> <p>The petty cashier's supervisor checks the daily reconciliation in the presence of the petty cashier and if correct, signs there-on.</p> <p>The Assistant Manager: Financial Accounting authorises the daily reconciliations</p> <p>The Chief Financial Officer signs the monthly reconciliation as part of the financial management certificate submitted to Provincial Treasury.</p>	

8.. Replenishment of Petty Cash

Policy & Procedures		Reference
8.1	<p>Petty cash amounts paid out must immediately be replenished when spending has reached 50%. A petty cash advance of R1000 must, when R500 has been paid out, immediately be replenished by request.</p> <p>N.B. Replenishments can also be made before 50% spending have been reached. Petty cash must be replenished at least 5 working days before the close of the financial year.</p>	Treasury Regulations 17.1.1 and 17.1.2(a). Public Finance Management Act
8.2	Petty cash expenses are limited to 9 line allocations and this must be taken into consideration during replenishments.	
8.3	Replenishments cannot be made before all vouchers of proof have been received and accounted for.	
8.4	Replenishments must immediately be accounted for upon receipt.	
8.5	The accounting procedure for a replenishment is as follows:	
8.5.1	<p>A sundry payment is issued to the relevant responsibility.</p> <p>Note: Whenever a BAS payment is completed, all originals or certified copies of the original source documents need to be attached to it.</p>	

Policy & Procedures		Reference
	N.B. The beneficiary on the sundry payment advice must read as follows: Office of the Premier	Section 40(1)(a)

9. Controlling actions: Petty Cash

Policy & Procedures		Reference
9.1	<p>Controllers/ controlling officials should be appointed in writing, to daily, weekly, monthly check the petty cash daily reconciliations and the petty cash money.</p> <ul style="list-style-type: none"> <i>(Refer to par. 3.0 Appointments to see who appoints)</i> 	N/A
9.2	This controlling action must contain an element of surprise and should thus not always take place on the same time and/or day.	
9.3	<p>To ensure him/her that the responsible controllers execute their function satisfactorily, the Chief Financial Officer or delegated official should check petty cash monthly.</p> <ul style="list-style-type: none"> As proof of checking actions an initial and date must be clearly indicated on the applicable register. 	

10. Surpluses in Petty Cash Money

Policy & Procedures			Reference
10.1	Should a surplus arise, the petty cash keeper must report it to the petty cashier’s supervisor		N/A
10.2	If, after checking by the Supervisor a surplus is confirmed, the surplus is taken to the cashier who issues a Z371 receipt for the amount.		
10.3	Allocation:		
	Fund	Relevant	
	Responsibility	Own Responsibility	
	Objective	Own Objective	
	Item	Own Item	
	Projects	Relevant	
	Net Assets	Relevant	
	Regional Identifier	Relevant	
10.4	The surplus amount with the receipt date and number are noted in red ink in the payment column. The amount is noted between brackets.		

Policy & Procedures		Reference
	NB. It should be noted that the amount is not counted with amounts for vouchers.	

11. Shortages in Petty Cash

Policy & Procedures		Reference
11.1	When a shortage occurs it must immediately be reported in writing by the Assistant Director: Financial Accounting to the Chief Financial Officer.	N/A
11.2	Chief Financial Officer decides whether an internal or criminal investigation is to be held. His decision should not be based on an amount, but instead on the circumstances surrounding the matter.	
11.3	The Accounting Officer appoints the Director: Security & Records Services, who must investigate the shortage, in writing on advice from the Chief Financial Officer.	
11.4	These investigations should be finalised within one calendar month.	
11.5	A shortage must be noted in red ink in the payment column.	
11.6	<p>The shortage must be recorded on the Schedule: Petty Cash Shortages kept at the back of the petty cash daily reconciliations with the following headings:</p> <ul style="list-style-type: none"> • Date. • Amount. • Signature: Petty cash keeper. • Signature Checker. • Instruction (e.g. referred for criminal investigation). • Case number (when applicable). • Decision (e.g. must be recovered). 	

12. Repayment of a petty cash advance

Policy & Procedures		Reference
12.1	As soon as the need of the petty cash advance or part thereof no longer exists, the cashier must immediately deposit it.	

Policy & Procedures		Reference																
12.2	The following accounting procedure should be used:																	
12.2.1	Issue a Z371-BAS receipt to the Office of the Premier where the petty cash is kept for the specific amount.																	
12.2.1.1	Allocation: <table><tr><td>Fund</td><td>A + L Fund</td></tr><tr><td>Responsibility</td><td>Control Resp. (Post)</td></tr><tr><td>Objective</td><td>Assets</td></tr><tr><td>Item</td><td>Petty Cash Dom</td></tr><tr><td>Project</td><td>No Projects A+ L</td></tr><tr><td>Net Assets</td><td>Non-Asset Related</td></tr><tr><td>Regional Identifier</td><td>Non-exp: No Regional Identifier</td></tr><tr><td>Matching Field</td><td>Name of Responsibility</td></tr></table>		Fund	A + L Fund	Responsibility	Control Resp. (Post)	Objective	Assets	Item	Petty Cash Dom	Project	No Projects A+ L	Net Assets	Non-Asset Related	Regional Identifier	Non-exp: No Regional Identifier	Matching Field	Name of Responsibility
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Matching Field	Name of Responsibility																	

HANDY HINTS i.r.o BANKING

- Do not advertise that you are going to the bank. Always carry money as unnoticeable as possible.
- Under no circumstances may bank bags be used.
- Always use a vehicle that is in a good mechanical condition and with more than enough fuel.
- Lock all the vehicle doors and if necessary, only open a driver's window a fraction to ensure that no one can insert his/her hand through the gap.
- When someone indicates to you to stop or that your vehicle is faulty, drive to a busy area before you stop.
- Never stop unnecessarily along the route.
- Never offer someone a lift.
- Avoid routine by varying the routes, days and times of visits to the bank.
- Always use busy roads, avoid quiet, isolated roads and areas.
- Never park at the same place at the bank.
- Be suspicious of people that aimlessly hang around at street corners, street lights and near the bank.

Endorsed by SMT

DELEGATIONS

Petty cashier	: N Ojeng
Relief cashier	: W Smit
Assistant Director: Financial Accounting	: M Mogodie