

# ***LEPELLE-NKUMPI MUNICIPALITY***

## **MUNICIPAL POLICY:**

### **PETTY CASH**

The objectives of the petty cash is to fund small emergency expenses without going through the whole process of obtaining cheques.

1. Payments from the petty cash is limited to R 200 per payment.
2. The balance of the petty cash on hand is limited to R 1 000.
3. Payments from the petty cash must be substantiated by original external documentation.
4. A pre-numbered duplicate petty cash voucher should be completed for all petty cash requisitions.
5. The Chief Financial Officer, or a delegated finance official, must approve all expenses.
6. Third parties with whom the Council trades with, should as far as possible be registered for V.A.T.
7. All payments must be captured into a petty cash register on a weekly basis. This register must be reconciled with the cash on hand and the information must be captured to the financial system on a weekly basis, or as soon as cash funds are exhausted
8. The petty cash register must be verified for correctness by the Deputy Manager - Expenditure on a weekly basis. The register will be signed as proof of the verifying function performed.
9. Substantiating documentation to payments from the petty cash must be marked as processed the moment that cash is paid out or when invoices or receipts are submitted.
10. Invoices or receipts must be submitted before 12h00 every Friday, failing which the total amount of the petty cash will be deducted from the employee's salary.
11. The petty cash box must at all times be kept in a fireproof lockable safe when not under control of the employee responsible for the petty cash.
12. The Deputy Manager - Expenditure or the delegated employee must conduct regular surprise cash counts whereby cash on hand is reconciled to substantiating documentation and the petty cash register. The person responsible for the petty cash must pay in surpluses as well as shortages. The person conducting the cash count must sign the register as proof of the functions performed.
13. The Chief Financial Officer or the delegated employee must ensure that the balance of the petty cash register reconciles to the petty cash general ledger account at the end of each financial year.

14. The balance of the petty cash on hand must be disclosed in the financial statements according to G.A.M.A.P., G.A.A.P. or any other accounting policy ruling the accounting functions of the Council.