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Department:
Environment & Nature Conservation
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

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DEPARTMENT OF ENVIRONMENT AND NATURE CONSERVATION

PETTY CASH POLICY

A PROSPEROUS AND EQUITABLE SOCIETY LIVING IN HARMONY WITH OUR NATURAL RESOURCES

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1. Introduction

This document has been compiled for the use by the Department of Tourism, Environment and Conservation and provides guidelines regarding policies and procedures related to the control over Petty Cash. It outlines the procedures to be followed in each of the activities relating to the request, transfer and managing of the Petty Cash. Deviations from these procedures need to be approved by the Head of the Department.

2. Objectives

To ensure that Petty Cash is not misused and the transactions are valid and supported by valid documentation. Also to ensure that employees are made aware of their responsibilities towards the safe keeping of the Petty Cash funds under their control.

3. Policy

Petty Cash can be used to buy goods and services for official use that are considered essential for the functioning of the business unit, limited to R300 per transaction.

- Requests can be in the form of claims or advances.
- It is the responsibility of the Financial Management Unit to provide for a Petty Cash facility.
- The employee responsible for the Petty Cash bears the responsibility for the safeguarding of cash while it is in his/her possession. If money gets stolen the employee will have to refund the money within 24 hours.
- The petty cash funds should be kept locked at all times and only authorised officials should have access to the cash.
- On a weekly basis reconciliation should be performed between the cash on hand and the supporting document. The reconciliation should be performed by the responsible official and approved by the financial unit head.
- Prior to replenishment of the petty cash float the finance unit head should ensure that all reconciliations are up to date and approved.

4. Documents

The following documentation pertains to the use of Petty Cash and should be utilised by each unit.

- Petty Cash request form(advance or claim form)
- Request for transfer of Petty Cash funds;
- Petty Cash book;



5. Procedures

The following guidelines should be followed when requesting, withdrawing and managing Petty Cash:

Requesting Petty Cash

5.1 General

- Petty Cash can be used for buying goods and services for official use that are considered essential for the functioning of the business unit;
- Items held in stock cannot be purchased through the Petty Cash system.
- Cash received may not be paid into Petty Cash unless it arose as a result of a Petty Cash advance;
- Non consumables are not allowed; and
- Petty Cash request should be in the form of claims or advances.

5.2 Claims

Claims are requests for monies already expended to purchase essential goods for official use. The following applies:

- The business unit official in charge must have prior knowledge of the purchase and agreed to the intended purchase. This should be indicated on the petty cash request form;
- The claim must be accompanied by the original legitimate proof of purchase and/ or cash receipt;
- To prevent duplicate payments, payment will not be done on copies or any other document other than the original;
- The claim amount cannot exceed the amount in the proof of purchase and must not exceed R300; and
- Claims must be submitted within one (2) working day or else they will be rejected; unless circumstances dictate otherwise.

5.3 Advances

Advances are requests for money to be spent for the purchase of essential goods and services for official use. The following applies:

- The amount requested must be a fair and equitable estimate of the price of the item;
- The business unit person in charge must have knowledge of the intended purchase and agreed to the purchase by signing the request form;
- The recipient must clear the advance within one (1) working day by providing proof that the amount was used for the purchase intended;
- If any surplus or shortage occurs this amount must be cleared within one (1) working day;

- Proof of payment must correspond strictly with the intended purpose of the advance;
- Any amount advanced, as Petty Cash must be spent in a single transaction, not as separate transactions over a period of time; and
- If supporting documentation has not been cleared within one (1) working day, or the proof of payment does not correspond with the intended purposes for the original request, the official will be held liable for the recovery of the advance.

5.4 Authorisation of Petty Cash claims

- The Petty Cash claim form must include a budget approval indicating the account that will be debited and signed by the program manager;
- The authorising signatory indicates that the official agreed that the purchase is for essential goods or services for official use;
- The relevant timeframes have been adhered to, regarding the frequency of request
- The Petty Cash form will then be checked by the Assistant Director Finance ensuring that the request is in accordance with prescribed procedures;

5.5 Transfer of funds

The transfer of funds: a Petty Cash form must be completed and transmitted to the Department of Finance by the Assistant Director: Finance requesting the transfer of funds to the Petty Cash account.

An amount will be requested each time the Petty Cash is less than R300.00 and will bring the total Petty Cash balance to R3000.00 for the provincial office. The regional offices shall submit a request each time the petty cash is less than R300.00 and will bring the total petty cash balance to R1500.00

6. Safeguarding of Petty Cash

6.1 Safeguarding during the day

Petty Cash must be kept in a lockable safety box during the day. The box must be kept locked away at all times in a fireproof safe.

The Petty Cash clerk must ensure that the box is not left unattended. The petty clerk must keep the key in his/her personal control at all times.

6.2 Overnight

The Petty Cash safety box must be locked and placed in a safe overnight. The Petty Cash clerk must keep the safety deposit box key overnight.

7. Managing Petty Cash

7.1 Day to day control

It is the responsibility of the Petty Cash clerk to receive and distribute cash and ensure that the following controls are in place:

- Maintain a Petty Cash book;
- The Petty Cash register is signed by both the Petty Cash clerk and the receiving official when Petty Cash is received and distributed, as evidence that the cash was counted and that both parties agreed to the transaction and amount;
- The Petty Cash clerk must review the Petty Cash and if Petty Cash is requested for the same item repeatedly, the item must be converted to a stock item by means of the procurement process.
- Petty Cash will only be issued between 08H00 and 15H00 on a daily basis. After this the books will be balanced for the day.

7.2 Recording of Petty Cash

- The Petty Cash clerk shall record the cash requested and received on a daily basis in the Petty Cash book;
- Requests must be checked and authorised by their supervisor;
- Requests will then be batched and captured on the system
- The Petty Cash clerk must obtain the total Petty Cash requested per day and reconcile it to the total transferred by the treasury and reflected on FMS/BAS; and
- The Petty Cash book must be checked on a weekly basis by the supervisor and Head of Finance and signed as proof that it was reviewed.

7.3 Monthly and weekly controls with regards to Petty Cash

- Weekly Petty Cash bank reconciliations must be performed by the petty cash clerk ensuring that all moneys withdrawn agree to the cash book and that all bank charges and interest charges are properly documented. The reconciliation must be reviewed by the Assistant/Deputy Director: Finance and signed as proof of review;
- The Assistant/Deputy Director: Finance must perform adhoc cash counts and checks reconcile Petty Cash vouchers to the Petty Cash book and sign as proof of the review.



8. Liability for Petty Cash losses

- If there is proof that an official did not take the necessary steps to safeguard Petty Cash or that he/she has not complied with the Petty Cash policy and procedure and that this action has resulted in a loss, the official will be obliged to replace the cash on his/her own account.

Failure to comply with the policy and procedure will constitute negligence and financial misconduct by the above-mentioned officials

9. Management of Petty Cash at Regional Offices

Regional offices making use of the petty cash system should follow all procedures outlined above. Additional to the above procedures the following are applicable to the regional offices:

- A designated official shall be given the responsibility of managing the petty cash for that particular office. The petty cash should be reviewed and approved by the supervisor of the official.
- Weekly reconciliations should be performed and approved accordingly.
- Petty cash will only be requested from the provincial office at the end of each month or when the cash on hand amounts to R300. 00.
- Supporting documentation, approved reconciliation and the petty cash request form should be submitted prior to the transfer of funds to the regional offices.
- The petty cash amount at regional offices is limited R1500.00

6 Policy effective date

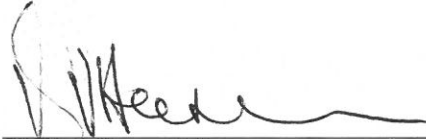
This policy becomes effective as on 1 October 2013.

7 Policy implementers

The adequate implementation and monitoring of this policy will rest with the finance unit.

8 Endorsement of policy

This policy has been endorsed by:



D Van Heerden
Head Of Department

01/10/2013

