

PRINCE ALBERT MUNICIPALITY



PETTY CASH POLICY

Draft Policy

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1. PURPOSE

The purpose of this document is to provide departmental prescripts and guidelines employees should abide by when administering and requesting money from a petty cash facility.

2. APPROVAL TO ESTABLISH A PETTY CASH FACILITY

2.1) Where sufficient need exists in an office or section to have cash available for the immediate payment of urgent and petty items, the written approval of the Chief Financial Officer must be obtained for the establishment of a cash facility. Should the amount of the petty cash advance prove to be insufficient, a request to increase the limit should also be approved by the Chief Financial Officer.

2.2) Cash made available for a petty cash facility shall be deemed to be an advance, which shall be accounted for monthly until such an advance has been recorded as an expense or has been re-deposited into the cashier.

3. DESIGNATED PETTY CASH CASHIER

- 3.1) The petty cash facility shall be entrusted to a responsible employee who:
- 3.1.1) Shall enter all payments and replenishments in the petty cash register;
 - 3.1.2) Shall obtain supporting vouchers for each payment;
 - 3.1.3) May not cash private cheques from petty cash;
 - 3.1.4) Shall keep petty cash monies apart from other monies;
 - 3.1.5) Must safeguard petty cash monies from theft;
 - 3.1.6) Must reconcile the petty cash register with the actual cash on hand; and
 - 3.1.7) Must ensure that the petty cash facility is replenished on a timely basis.
- 3.2) The Senior Cashier shall be responsible to ensure management of the facility.

4. ADVANCES GRANTED TO EMPLOYEES FROM A PETTY CASH FACILITY

- 4.1) An advance made from a petty cash facility shall be treated as an advance until such time the transaction can be supported by an actual acquisition.
- 4.2) Advance from a petty cash facility may only be granted:
 - 4.2.1) After receipt of a duly completed and approved petty cash advance form;
 - 4.2.2) After assurance has been obtained the applicant has no outstanding advances; and
 - 4.2.3) For items not exceeding the stated amount as per clause 5.1.
- 4.3) Petty cash advances must be settled within five working days after taking receipt of an advance amount, which includes the return of any unspent money and submitting all substantiating documentation. Failure to provide the relevant documentation will result in the official having to repay the advance.

5. MAXIMUM AND ALLOWANCE AMOUNT PAYABLE FROM A PETTY CASH FACILITY

- 5.1) Payments may be made from a petty cash facility for urgent and petty items provided the amount does not exceed R200.00 per transaction.
- 5.2) The splitting of payments to circumvent the above provision is not permissible.
- 5.3) The under-mentioned items may not be paid from a petty cash facility:
 - 5.3.1) Subsistence and travel advances or claims;
 - 5.3.2) Parking expenses for private vehicles;
 - 5.3.3) General or special services; and
 - 5.3.4) Donations or sponsorships.

6. SAFEGUARDING

- 6.1) The petty cash is to be safeguarded in a lockable cash safe and should be locked away when not in use during normal business hours.

- 6.2) After normal business hours, the official responsible for the safekeeping of all the keys of the cash safe and a register thereof must be kept.
- 6.3) For proper segregation of duties, the Manager: Expenditure Services or duly authorised delegated authority (delegated in writing) must be in possession of a spare key or combinations for the safe only.
- 6.4) In the event that the individual responsible for petty cash goes on leave, the official to relieve him/her must take over and balance the cash available and both parties must sign as agreement that the petty cash balances.

7. LIMITATION

- 7.1) The maximum amount allocated per petty cash bin will be reviewed on an annual basis, and as part of the annual budgetary processes, by the Chief Financial Officer based on the operational requirements of the municipality and the risk of safeguarding petty cash bins.
- 7.2) The responsible official must sign for the acceptance of the increased cash amount together with the Manager: Expenditure Services.
- 7.3) When the petty cash bins are transferred to another delegated official, the petty cash amount must first be reconciled and reviewed by the Manager: Expenditure before it is handed over.
- 7.4) The Manager: Expenditure must ensure that the new holder of the petty cash bin is aware of his/her responsibilities relating to the petty cash transactions.

8. PETTY CASH REPLENISHMENT

- 8.1) Petty cash replenishments will only be done after having fully exhausted the available cash, or there is less than 10% of the cash available.

9. INTERNAL CONTROLS

9.1) Surprise petty cash audits will be conducted throughout the financial year.

9.2) A report on each surprise audit conducted will be drafted and communicated to the Chief Financial Officer.

10. REPORTING

10.1) A monthly reconciliation petty cash report of a must be submitted by the Senior Cashier, to the Manager: Expenditure for review and approval.

11. SHORT TITLE AND COMMENCEMENT

This policy is called the Draft Municipal Petty Cash Policy and shall come into effect on 01 July 2026.