



UGU DISTRICT MUNICIPALITY

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Petty Cash Policy

Table of Content

PREAMBLE	3
1. INTRODUCTION	3
2. DEFINITIONS	4-5
3. POLICY OBJECTIVES	4
4. PRESCRIPTIVE/LEGAL FRAMEWORK	4
5. POLICY APPLICATION	5
6. POLICY PRINCIPLES	5-5
7. ROLES AND RESPONSIBILITIES	5-6
8. MONITORING AND EVALUATION	6
9. COMMENCEMENT OF THE POLICY	7
10. AMENDMENT OF THE POLICY	7
11. COMPLIANCE AND ENFORCEMENT	7
12. POLICY REVIEWAL	7
13. RECORDS OF APPROVAL.....	7



PREAMBLE

Section 65 of the Municipal Management Finance Act, Act 56 of 2003, the Accounting Officer of the Municipality is responsible for the management of Expenditure of the Municipality in an effective and controlled manner. Therefore, the Municipality adopts the following Petty Cash Policy.

1. INTRODUCTION

In terms of the Municipality's Supply chain Management Policy, emergency expenditure or purchases from 0- R2000 (Vat inclusive) can be procured using petty cash.

2. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

"Accounting Officer" means the Municipal Manager of Ugu District Municipality.

"Act" means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.

"Accounting Principles" mean stipulated guidelines to be followed.

"Cash" means money, such as bank notes and coin, or cash equivalents.

"Chief Financial Officer" means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Accounting Officer in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

"Constitution of the Republic of South Africa, Act No. 108 of 1996" means the Supreme Law of the Republic of South Africa.

"Cash Management" means efficient and effective management of funds.



Petty Cash Policy

“Petty Cash” means a relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.

‘Petty Cash Float’ means the total sum of Petty Cash which has been granted to a Petty Cash official

“Petty Cash Official” means an employee made responsible for the day to day operating of Petty Cash float

“Reconciliation” means a process of comparing information, relating to cash spent compared with the relevant documentation and receipts.

3. **OBJECTIVE OF THE POLICY**

The purpose and objective of this policy is

- To ensure the cost effective and efficient use of petty cash funds.
- Maintaining the required levels of control.
- To provide a source of funds for low value risk and infrequent purchases.

4. **PRESCRIPTIVE/LEGAL FRAMEWORK**

Ugu District Municipality’s Cash Management Policy has been developed in line with:

- The Municipal Finance Management Act, Act 56 of 2003
- Section 15 of the Municipal Supply Chain Regulations
- Ugu District Municipality Supply Chain Management Policy
- Constitution of the Republic of South Africa, Act No. 108 of 1996
- Municipal Systems Act No. 32 of 2000
- Ugu District Municipality Expenditure Policy
- Supply Chain Management Policy



5. POLICY APPLICATION

The policy applies to Ugu District Municipality officials and office bearers (both future and present), that may be affected by use of Petty cash.

6. POLICY PRINCIPLES

6.1 Safeguarding of Petty Cash

- 6.1.1 The Municipal petty cash fund must be safeguarded in a lockable cash box, which should be locked, not only after hours, but also during normal business hours in a fire- and thief resistant safe.
- 6.1.2 There must be a designated official (Accountant) from the Expenditure section that will fulfil the function Petty Cash Control.
- 6.1.3 Petty cash/ Petty Cash float may also be held at other offices by Petty Cash officials under the supervision of a manager. Requests for petty cash will be approved by the section Manager and Manager Cash Management and may not exceed the stipulated thresholds.

6.2 Limitation on the use of Petty Cash funds

- 6.2.1 The maximum amount allocated to the Petty Cash Official's box will not exceed R 650
- 6.2.2 In line with the Municipality's Supply Chain Policy, Petty Cash is used for procurement of items to the value of R2000. This may include office supplies, and other small purchases within the authorised threshold.
- 6.2.3 An individual claim may not exceed R2000, with a limit of R8000 per department in a space of a month, effected through the financial system.
- 6.2.4 A Petty cash request must be processed through an approved budgeted vote. Each request will undergo a budget process, whereby the Budget office will confirm availability of funds.
- 6.2.5 Loans or advances to employees for personal use from Petty Cash funds are forbidden.

7. ROLES AND RESPONSIBILITIES

The Petty Cash official/(s) is responsible for the safekeeping of the keys of the cashbox, namely: Accountant- Expenditure and Accountant- Income, with Manager: Cash Management in possession of a spare key for the safe only.

7.1 Control and Verification of proper receipt for Petty Cash reimbursement

- 7.1.1 An original receipt, signed by the requestor to be reimbursed and by the relevant section Manager must support the Petty Cash voucher.
- 7.1.2 Receipts must set forth the complete description of the purchase. If not identified on the receipt or cash register slip, the purchase must be itemised on the separate document, signed by the salesperson and attached to the receipt.
- 7.1.3 When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid, containing the vendor's name and signed by the salesperson.
- 7.1.4 Receipt that bears evidence of alteration cannot be accepted or



processed.

- 7.1.5 In the event that a receipt or invoice will only be available after issuing of Petty cash, a memorandum signed by the Head of department should be attached to the Petty cash request.

7.2 Petty Cash documentation control

- 7.2.1 All documentation i.e., Petty Cash voucher and receipts, and / memorandum which are applicable for the period between replenishments, must be kept in the lockable cash box which will always be kept in a locked, fire- and thief resistant safe.

7.3 Shortages / Losses

- 7.3.1 The Petty Cash official will be held accountable for losses and shortages unless:
- 7.3.1.1 Prescribed procedures were followed.
 - 7.3.1.2 Petty Cash was properly secured.
 - 7.3.1.3 There is physical evidence of breaking-in and no act or omission, on the part of the Petty Cash official, contributed to loss.
 - 7.3.1.4 Failure to adhere to the above after investigation will lead to the Petty Cash official having to reimburse the losses and shortages.

8. Monitoring and Evaluation

8.1 Petty Cash/Cash Float Reconciliation

- 8.1.1 A request for replenishment must be supported by a reconciliation sheet compiled by the Petty Cash official.
- 8.1.2 The above-mentioned sheet must be signed by the Petty Cash official, which is Accountant Expenditure and (or) Cashier supervisor, where applicable and reviewed by Manager and (or) Accountant Income in the case of cashiers.
- 8.1.3 Such reconciliation must be done at least once a month.
- 8.1.4 A year-end reconciliation and replenishment must be done, at 30 June.

8.2 Transferral of function by Petty Cash Official

- 8.2.1 The Petty Cash official must perform reconciliation and a summary report compiled, before possession of Petty Cash, can be handed over.
- 8.2.2 The summary report must be signed by both the Petty Cash official and the recipient, in order to verify that the amount in cash, correspond with the balance on the summary report.
- 8.2.3 When the Petty Cash is returned to the Petty Cash official, the same processes must be taken.
- 8.2.4 In cases where the Petty Cash official is on leave for more than 5 (five)



business days, the responsibility of safeguarding, as well as procedures set out by this policy, may be transferred to the next level official appointed by the respective Manager, Manager Expenditure.

9. COMMENCEMENT OF THE POLICY

9.1 This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

10. AMENDMENT AND/OR ABOLITION

10.1 This policy may be amended or repealed by the Municipality through a Council Resolution.

11. COMPLIANCE AND ENFORCEMENT

11.1 Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

12. POLICY REVIEW

12.1 This Policy will be reviewed annually to ensure applicability and relevance.



Petty Cash Policy

Records of Approval

Meeting	Date	Resolution
Review 2021/2022		
Policy Review Committee	20 January 2022	Recommended to MANCO
MANCO	24 January 2022	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	03 February 2022	Recommended to EXCO
EXCO	06 March 2022	Recommended to Council
Council	26 May 2022	Approved
Review 2022/2023		
Policy Review Committee	10 February 2023	Recommended to MANCO
MANCO	24 April 2023	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	16 May 2023	Recommended to EXCO
EXCO	17 May 2023	Recommended to Council
Council	25 May 2023	Approved
Review 2023/2024		
Policy Review Committee	14 February 2024	Recommended to MANCO
MANCO		
Portfolio Committee on Finance		
EXCO		
Council		
Review 2024/2025		
Policy Review Committee	14 February 2025	Recommended to MANCO
MANCO	10 March 2025	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	13 March 2025	Recommended to Exco
EXCO	19 March 2025	Recommended to Council
Council	29 May 2025	Approved

