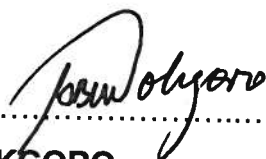




public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

DIRECTIVE: PETTY CASH POLICY



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1. INTRODUCTION AND BACKGROUND

This Directive is intended to:-

- 1.1 Define and provide for a framework for the management and usage of petty cash funds in line with sections 38, 45 of the Public Finance Management Act, No 1 of 99 (as amended) (PFMA) and chapter 8 of Treasury Regulations which are aimed to ensuring effective accountability thus promoting good financial management practices.
- 1.2 Provide proper management controls and systems that will ensure effective, efficient, economical and transparent use of the petty cash funds.
- 1.3 Define principals designed to assist with the use and management of petty cash funds.
- 1.4 This Directive must be read in conjunction with the Entertainment Policy and Supply Chain Management Policy.

2. OBJECTIVE

- 2.1 The Main objective of the petty cash policy is to enable the Department to procure goods and services below R2000 for operational and functional needs in the best possible means.
- 2.2 To provide proper controls, safeguarding and management of the petty cash to ensure effective reconciliations and reporting.
- 2.3 To establish accountability and delegations for authorisation of petty cash requests.

3. DEFINITIONS

- "DPW"** National Department of Public Works
- "Cashier"** Means an official, entrusted in writing, with the administration and control of petty cash
- "CFO"** Means the Chief Financial Officer referred to in chapter 2 of the National Treasury Regulations
- "Petty Cash"** Means a small amount of cash kept on hand for sundry expenses
- "Emergence"** Means where immediate action is necessary in order to avoid a dangerous or risky situation or misery
- "Urgent"** Are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. (However a lack of proper planning should not be constituted as an urgent case)
- "Head of Finance"** Means head of finance & SCM in regional offices
- "Director Finance"** Means director financial accounting in Head Office
- "RM"** Means the regional manager in the regional office
- "CD Finance"** Means the chief director finance in head office



4. LEGAL FRAMEWORK

- 4.1 In terms of the Public Finance Management Act (PFMA):-
- (a) The Accounting Officer must in writing delegate any of the powers entrusted or delegated to the Accounting officer in terms of this act to an official in that department as per section 44(1)(a);
 - (b) An official in a department is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility, as per section 45(b);
 - (c) The Accounting Officer must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorised, irregular and fruitless and wasteful expenditure and under collection of revenue due, as per section 45(c)
- 4.2 In terms of the National Treasury Regulations:-
- (a) Before approving expenditure or incurring a commitment to spend, the delegated or authorised official must ensure compliance with any other limitations or conditions attached to the delegation or authorisation, as per section 8.2.2;
 - (b) Sound cash management includes the separation of duties to minimise the incidence of fraud, as per section 15.10.2(l); and
 - (c) All the transactions of an institution must be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation, as per section 17.1.1

5. ESTABLISHMENT OF A PETTY CASH ACCOUNT

- 5.1 Petty Cash accounts may be opened only where the need exists in a regional / head office to have cash available for the immediate payment of sundry expenditure.
- 5.2 The need must be supported in writing with sufficient motivation and signed off by the Regional Manager for Regions and Branch head for head office.
- 5.3 The motivation must include plans for safeguarding of the petty cash.
- 5.4 In terms of the National Treasury Guidelines the petty cash limit is R2000.00, however, for risk management purposes the department's approved limit is R1000.00.
- 5.5 Any deviation from the above threshold of R1000 must be motivated in writing and approved according to the delegations (refer to clause 13).
- 5.6 List of authorised officials to collect cash from the bank must be submitted with the followings:
- (a) Memom with the list signed by the Head of Finance/Director Finance
 - (b) Certified copies of RSA identity documents
 - (c) Speciment signatures from the bank



6. RESTRICTIONS FOR THE USE OF PETTY CASH

- 6.1 The use of Petty Cash for goods and services is limited to emergency / urgent cases or where it is not economical to procure goods through the normal processes of the department.
- 6.2 The following items are not permitted through petty cash:
- (a) S&T advances
 - (b) Purchases of assets (minor and major) which are capitalised
 - (c) Transport & Subsistence Claims
 - (d) Repairs to labour saving devices
 - (e) Cellular phone accounts
 - (f) Entertainment, as defined in the entertainment policy Lunch, Breakfast, snacks are not allowed to be procured through petty cash, unless where the amount is less than R1000.00.
 - (g) Registration fees
 - (h) Items available on contract or maintained within stores, except in the case of a dire or critical need where the item is not available from contracted suppliers.
- 6.3 Any deviation in terms of 6.2 must be approved as per the delegations (refer to clause 13).
- 6.4 The department may close a petty cash bank account for any office by either:
- (a) A request from the office;
 - (b) Due to mismanagement of the petty cash.

7. MANAGEMENT FOR THE APPLICATION OF PETTY CASH

- 7.1 Due to the nature and responsibilities attached to the administration and control of petty cash, this function must be entrusted to the cashier within the Branch Finance and SCM.
- 7.2 The official/s entrusted with the administration and control of petty cash must be appointed in writing in terms of the relevant prescripts.
- 7.3 The official/s must be advised of the relevant prescripts in terms of duties and responsibilities.
- 7.4 The maintaining of a petty cash register shall be entrusted to the responsible official/s in writing by the delegated official.
- 7.5 All payments and replenishments must be entered into the petty cash register.
- 7.6 A supporting voucher, i.e the original receipt or cash register slip must be obtained for each petty cash payment.
- 7.7 The petty cash register must be balanced and reconciled monthly and verified with the actual cash on hand by the Cashier and checked by the immediate supervisor or the delegated official.



- 7.8 Petty cash monies shall be maintained separately from other state monies within a locked safe.

8. REQUIREMENTS FOR REQUESTING PETTY CASH

- 8.1 A submission or an approved departmental form for the application of petty cash must be compiled and approved by the responsibility manager or delegated official of the applicable component and forwarded to the cashier.
- 8.2 The submission or departmental form must include the estimated value of the purchase, based on verbal or written quotations from the supplier.
- 8.3 Petty cash must not be used if the provisions of paragraph 8.1 and 8.2 have not been complied with.
- 8.4 The applicant must complete all necessary forms and ensure the cash is collected by the person who has signed the application form, in case the applicant is unable to collect, he/she can nominate official to collect on his/her behalf. The applicant will remain responsible for the petty cash request.
- 8.5 The original invoice or cash register slips must be submitted to the cashier within 24 hours of receiving petty cash from the cashier, failure to comply with this clause will lead to full disciplinary action and/or deduction from salary as stipulated on the petty cash forms.
- 8.6 In the event that the receipts are lost or not available, the official will be given additional 24 hours to motivate through an affidavit signed by the commissioner of oaths.
- 8.7 It is the duty of the person who have received the petty cash to inform the cashier about the lost or unavailable receipts within 24 hours of receipt of petty cash. Refer to 8.6
- 8.8 In the event that an official uses own money for acquiring goods and services, Petty cash will only be reimbursed if valid supporting documentations are provided as proof of purchase. Such a request must be made within 14 days of the actual transaction.

9. REPLENISHMENT OF PETTY CASH

- 9.1 The delegated official must approve the replenishment of petty cash;
- 9.2 Petty cash can be replenished any time when funds reach a specific amount to ensure availability of funds when the need arises to meet the demand of the users.
- 9.3 A sundry payment will be issued, detailing the relevant expenditure allocation codes.



10. RECONCILIATION OF PETTY CASH

10.1 Daily reconciliation

It is the responsibility of the supervisor to ensure petty cash is reconciled daily before end of business day, such a daily certificate must be kept safe (not in the cashier's office) by the supervisor. This will assist in case of theft to determine loss to the state as a result of theft.

10.2 Monthly reconciliation

Petty cash must be reconciled on a monthly basis.

The petty cash float, the amount reflected on the bank statement (bank account) must balance to the original issued amount.

Any discrepancies must be reported immediately, investigated within reasonable time frame and corrective action taken.

11. SIGNATORIES FOR PETTY CASH

11.1 Specimen signatures must be maintained by the cashier for all officials authorised to draw cash at the bank.

11.2 A certified copy of the official's identity documents must be maintained on file with the specimen signatures.

11.3 The amendment and or inclusion of signatories must be updated as and when required using the prescribed as determined by the bank form time to time.

11.4 The specimen signatures and certified copy of identity book must be forwarded to Head Office for their reference and validation purpose and be signed by delegated official (bank signatory form)

12. EFFECTIVE DATE

12.1 This policy is effective from the date of signature.



13. DELEGATIONS

DEPARTMENT OF PUBLIC WORKS

BRANCH – FINANCE AND SUPPLY CHAIN

PETTY CASH POLICY

POWERS AND DUTIES WITH THE DIRECTOR GENERAL

AS DELEGATED TO THE DEPARTMENT IN LINE WITH SECTION 44 OF THE PFMA

ITEM	PROVISION	AUTHORITY FOR DELEGATION	LOWEST RANK OF DELEGATION	BRANCH/ CHIEF DIRECTOR/DIRECTORATE/OFFICE	REMARKS
1.1	Provide proper management and control systems for petty cash management.	PFMA	D: Financial Accounting Regional Finance Managers	Finance & Supply Chain	In consultation with the CFO
1.3	Define Principles designed to assist with the use and management of Petty Cash	PFMA	D: Financial Accounting	Finance & Supply Chain	In consultation with the CFO
	Ensuring compliance with the National Treasury Regulations and the PFMA	PFMA	D: Financial Accounting Regional Finance Managers	Finance & Supply Chain	All staff responsible for petty cash are equally accountable and responsible
5.1&5.2	Approval for opening of petty cash accounts & petty cash limits	PFMA	Chief Financial Officer	Finance & Supply Chain	With the recommendations of the Director: Financial Accounting
5.5	Approval for deviations to the approved threshold	PFMA	Deviations from R1000 to R2000-Regional Finance Managers and D: Financial Accounting at Head Office Deviations > R2000	Finance & Supply Chain National Treasury	 Deviations must be reported to NT
6.3	Approval for deviations to the restricted items	PFMA	Regional Finance Manager CD: SCM	Finance & Supply Chain	Deviations exceeding R2000 must be approved by NT
6.4	Approval for closure of petty cash account	PFMA	Chief Financial Officer	Finance & Supply Chain	With the recommendations of the Director: Financial Accounting
7.2&7.4	Appointment of officials entrusted with Petty Cash	PFMA	Regional Finance Managers D: Financial Accounting at Head Office	Finance & Supply Chain	
8	Safe guarding of Petty Cash	PFMA	Officials entrusted with the petty cash	Finance & Supply Chain	Regional Finance Managers and D: Financial Accounting at Head Office must ensure that 6.8 is effectively monitored
8.1	Approval of Petty Cash request	PFMA	All managers from ASD level	All branches	
8.7	Approval for refund after using own funds for official purposes	PFMA	All responsibility managers	All branches	In concurrence with the Head of Finance in regions of Director: Financial Accounting at Head Office
9.1	Approval for replenishment of petty cash	PFMA	According to the Finance delegations : Sec 40 of the PFMA	Finance & Supply Chain	
10.1 & 10.2	Daily petty cash reconciliation	PFMA	All responsible supervisors	Finance & Supply Chain	The reasons must be reviewed monthly by the D: Financial Accounting at head office and Regional Finance Managers
11	Maintaining of specimen signatures	PFMA	All responsible supervisors	Finance & Supply Chain	

