



Policy on Petty Cash

Status:	Approved
Custodian:	Director: Finance and Administration
Date approved:	2011-09-21
Decision number:	SAQA 0893/11
Implementation date:	2011-09-21
Due for review:	2014-09-20
File Number:	

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1. Mega Process: Financial accounting

2. Major Process: Petty Cash

2.1 Objective

To ensure that cash disbursements of a minor nature are only permitted when the issuance of cheques or electronic fund transfers are impractical.

3. Sub-Process:

3.1 Establishment

3.1.1 A petty cash fund must be established at an appropriate level subject to proper justification and approval by the Chief Executive Officer.

3.1.2 A petty cash custodian in the Finance Directorate is responsible for petty cash funds.

3.1.3 Petty cash funds are based on the imprest system and must be reported on as and when the imprest amount is to be reimbursed, with the associated detailed expenditures being recorded in the cash book at that time.

3.1.4 Periodic petty cash counts and reviews are undertaken by appropriate staff independent of the petty cash function to ensure that the custodian is adhering to SAQA policy and procedures.

3.1.5 Petty cash should only be utilised in the event of general overhead expenditure and emergencies.

3.1.6 Loans or I.O.U's from petty cash are strictly prohibited.

- 3.1.7 Original and appropriately completed documentation must be obtained for all purchases, including, inter alia, tax invoices.



Procedure for Petty Cash

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1. The purpose of the Procedure for Petty Cash is:

- 1.1 To ensure that all expenses in respect of petty cash are fully controlled, recorded and accounted for.
- 1.2 To ensure that all monies allocated to petty cash are fully controlled and accounted for, and maintained in a petty cash box that is adequately safeguarded.

2. Documentation

The following documentation is needed to execute proper control and administration:

- 2.1 Petty cash advance request form (Refer SAQA Gateway for relevant form).
- 2.2 Petty cash refund request form (Refer SAQA Gateway for relevant form).
- 2.3 Invoices/supporting documentation
- 2.4 Receipts
- 2.5 Petty cash register
- 2.6 Cheque requisitions and cheque.

3. Internal Control

- 3.1 Petty cash reconciliations must be prepared as and when the imprest amounts are reimbursed.
- 3.2 Petty cash reconciliations must be reviewed by the AD: Finance and Administration and signed as having been reviewed.
- 3.3 The cash must be counted whenever the float is reimbursed.
- 3.4 The person signing the payment requisition for the re-imbursement must perform this count.
- 3.5 Surprise petty cash counts and spot checks must be done by the Director: Finance and Administration or a person delegated by him/her and noted in the petty cash register as having been performed.

4. Basis of the system

- 4.1 The re-imbursement of petty cash will only be made to the extent that vouchers are submitted to prove cash disbursed.
- 4.2 A float of R3000 is kept at the SAQA office.
- 4.3 There must not be an amount less than R50 on hand at any time.
- 4.4 The sum total of all expense slips, petty cash advance forms, petty cash refund forms and cash on hand should at all times equal R3000.
- 4.5 Any disbursements in excess of R500 must be effected via cheque payment or electronic fund transfer and not through petty cash.

- 4.6 The float will be maintained through cheque payments when required.
- 4.7 Petty cash must only be utilised in the event of general overhead expenditure and emergencies.

5. Authorisation of claims

- 5.1 The director of each of the relevant Directorates is responsible for the authorisation of all petty cash claims by members of staff in his/ her Directorate.
- 5.2 The petty cash custodian will have a signatory list of all the Directors of the relevant Directorates and will only accept claims which reflect the approved signature thereon.
- 5.3 The authorisation may be delegated, in writing, to a senior person in a department. This delegation letter which contains the Director of the relevant Directorate's signature must be submitted to the petty cash custodian.

6. Time granted for submission of petty cash claims

- 6.1 All claims must be submitted within two weeks from the date on which the expense was incurred.
- 6.2 Late claims will only be considered if fully motivated by the head of the relevant Directorate.

7. Accounting procedures

7.1 Petty cash advance

- 7.1.1 It often happens that when petty cash is required, the exact amount needed is not certain. In this case;
- 7.1.2 The person requiring the cash is required to complete a petty cash advance request form which is obtainable on the SAQA Gateway;
- 7.1.3 The amount needed to be advanced as well as the details of the expense to be incurred must be entered onto the petty cash advance request form that is duly authorised by the director of the relevant Directorate;
- 7.1.4 The authorised petty cash advance request form must then be forwarded to the petty cash custodian and when the cash is received, the authorised petty cash advance request form must be signed as receipt for the cash;
- 7.1.5 Once the purchase is made, the change and the receipt from the vendor must be returned to the petty cash custodian, who must enter the actual amount as well as the change received onto the petty cash advance request form and sign it to confirm that the change has been received;
- 7.1.6 The amount must then be recorded into the petty cash register by the petty cash custodian;

- 7.1.7 The petty cash advance request forms must be numerically recorded in the petty cash register;

7.2 Excess payments

- 7.2.1 Where an amount in excess of the advance is spent, the petty cash advance request form must be signed by the head of the relevant Directorate as approval of the excess prior to the excess being paid out.
- 7.2.2 The head of the relevant Directorate is under no compulsion to approve such an excess. Staff exceeding the approved amount must obtain prior approval, whenever possible.

7.3 Petty cash refund request

- 7.3.1 In certain instances, staff utilise their own funds to cover certain costs.
- 7.3.2 Where such costs can be reimbursed from petty cash, the person must complete a petty cash refund request form which is obtainable on the SAQA Gateway;
- 7.3.3 The amount spent, the details of the expense incurred as well as the supporting documentation and the receipt received from the vendor must be entered onto the petty cash refund request form that is duly authorised by the head of the relevant Directorate;
- 7.3.4 The authorised petty cash refund request form must then be forwarded to the petty cash custodian and when the cash is

received, the authorised petty cash refund request form must be signed as receipt for the cash;

7.3.5 The amount must then be recorded into the petty cash register by the petty cash custodian;

7.3.6 The petty cash refund request forms must be numerically recorded in the petty cash register;

7.4 Cash counting

7.4.1 The petty cash count must be performed when:

7.4.1.1 Cash float is reimbursed;

7.4.1.2 Cash float is handed over to another person; and

7.4.1.3 As a periodic review by a person independent of the petty cash function. (See par 3.5)

7.4.2 The petty cash custodian must reconcile the petty cash float by adding the total value of the petty cash request forms on hand to the actual cash on hand.

7.4.3 Refer to 7.6 below for procedures regarding any differences noted as a result of the cash count.

7.5 Reimbursing of float

- 7.5.1 Once the float reaches R50 or when the petty cash custodian decides that there is insufficient cash in the float, he/she must balance the float on the basis recorded in 7.4 above.
- 7.5.2 The balanced float must then be forwarded to the AD: Finance and Administration who must prepare a payment requisition;
- 7.5.3 All the petty cash requisition forms with the relevant attached supporting documentation must be forwarded to the Deputy Director: Finance and Administration together with the cash box.
- 7.5.4 For detailed procedures on payment refer to the payment policy and procedures manual.
- 7.5.5 Receipt of money from the payments cash book will be entered and a reference to the cheque number will be made.
- 7.5.6 The petty cash custodian must balance off the petty cash and all expenditure must be posted to the relevant accounts monthly.

7.6 Cash Shortfalls

- 7.6.1 Should the cash count reveal a shortfall, then the Deputy Director: Finance and Administration must immediately obtain a reason for this from the petty cash custodian.

- 7.6.2 Should the reason not be satisfactory the Deputy Director: Finance and Administration must take whatever action he/she deems appropriate. Usually this will be to require the petty cash custodian to pay in the shortfall.

8. Handover of petty cash

- 8.1 When the petty cash custodian is expected to be away from the office, the petty cash float must be handed to a person designated by the Director: Finance and Administration.
- 8.2 A petty cash count must be performed and signed by both the AD: Finance and Administration and the person designated to take over the function.
- 8.3 The petty cash custodian must only hand over the keys to the petty cash box once the signatures of both parties noted above have been obtained.
- 8.4 When the cash is returned to the petty cash custodian the same procedure must be followed.