



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

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Norms and Standards
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PROVINCIAL TREASURY
STANDARD OPERATING
PROCEDURE GUIDELINE ON
MANAGEMENT OF PETTY CASH

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1. PURPOSE

- 1.1 The purpose of this Provincial Treasury Standard Operating Procedure Guideline is to define processes and procedures relating to the Management of Petty Cash and ensure compliance with regulatory prescripts and uniformity in application of financial norms and standards.
- 1.2 This Provincial Treasury Standard Operating Procedure Guideline must be read in conjunction with Provincial Treasury Instruction Note No. 18: Management of Petty Cash.
- 1.3 In the event of any inconsistency between this Provincial Treasury Standard Operating Procedure Guideline and related government legislation, such legislation prevails.

2. DEFINITIONS

In this Provincial Treasury Standard Operating Procedure Guideline, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the PFMA and the National Treasury Regulations, has the same meaning; and

“Accounting Officer” means a person mentioned in section 36 of the PFMA;

“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;

“Delegated official” means an official who has been delegated powers or being instructed to perform any duties assigned by the Accounting Officer;

“Petty Cash” means a small amount of cash kept on hand for sundry expenses;

“PFMA” means the Public Financial Management Act (Act 1 of 1999);

“Standard Operating Procedure (SOP)” means the method of functioning that has been established over time to execute a specific task or react to a specific set of circumstances or situation or process. Standard operating procedures document the normal or accepted methodology and help form the basis for evaluating conformance with the regulatory framework; and

“Treasury Regulations” means the regulations issued by National Treasury in terms of Section 76 of the PFMA.

3. LEGISLATIVE FRAMEWORK

3.1 In terms of the 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); and
- c) An official must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorised, irregular and fruitless and wasteful expenditure and any under collection of revenue due, as per section 45(c).

3.2 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 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 15.10.1.2(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.

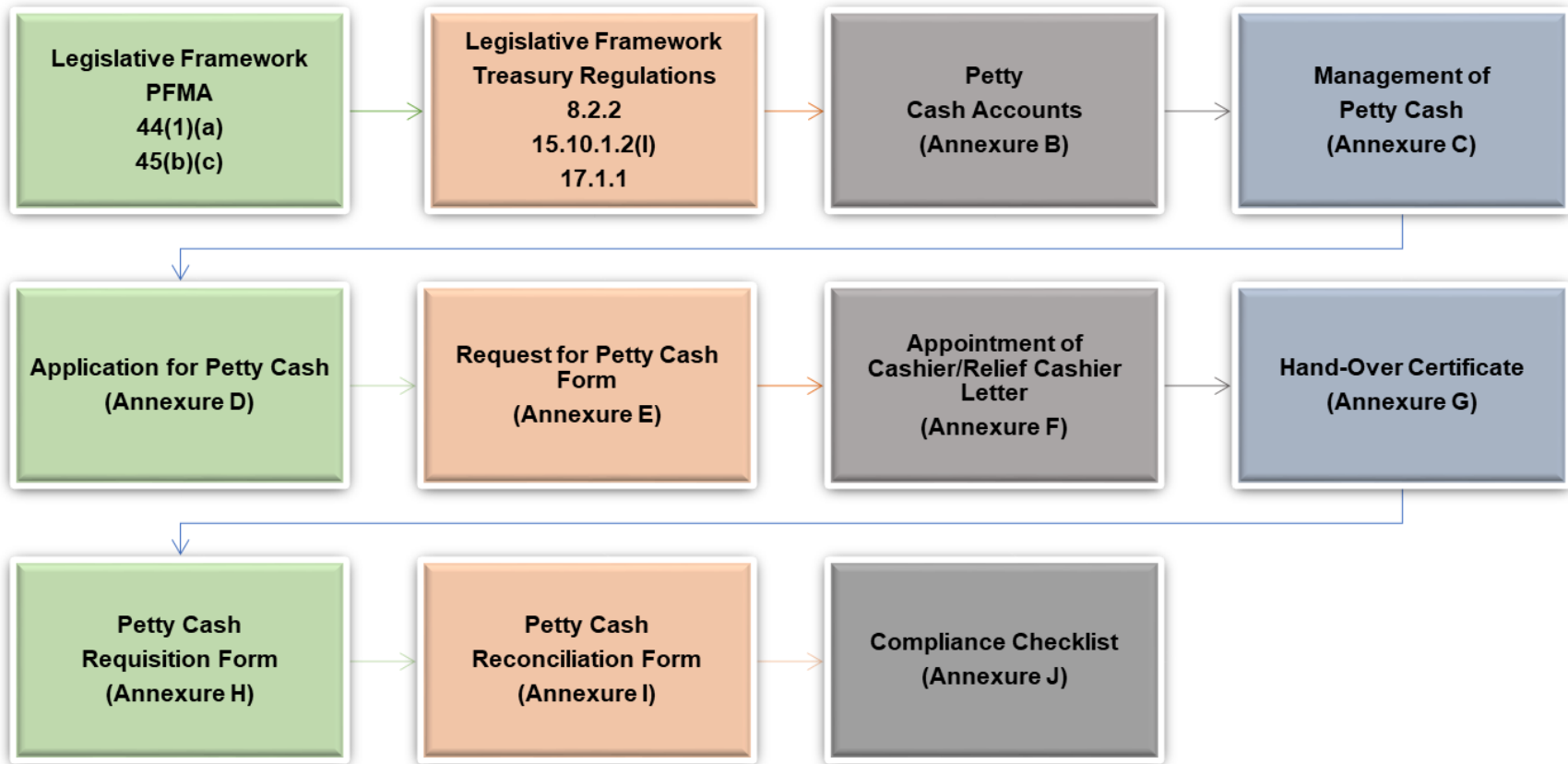
4. COMPLIANCE CHECKLIST

4.1 Compliance checklists ensure consistency in application of procedural requirements and financial norms and standards and facilitate compliance monitoring with regulatory requirements, policy and procedural frameworks.

4.2 The compliance checklist, attached as Annexure J should be implemented or adapted, where applicable, to support departmental requirements.

ANNEXURE A

PROCESS FLOW: MANAGEMENT OF PETTY CASH



ANNEXURE B

PETTY CASH ACCOUNTS			
	Task	Process	Responsibility
1.	Opening of Petty Cash Account.	<ul style="list-style-type: none"> ▪ The written approval of the Chief Financial Officer is required for the establishment of a petty cash facility, where sufficient need exists in a department to have cash available for the immediate payment of sundry expenditure. ▪ The delegated official must submit a request to Provincial Treasury: Banking Section to open a petty cash account, as authorised by the Chief Financial Officer (Annexure E: Request for Application of Petty Cash Account). ▪ Specimen signatures and certified copies of identity documents of the applicable officials must be attached to the request. ▪ The Provincial Treasury: Banking Section will notify the department once the petty cash bank account is opened. ▪ The delegated official within the designated component must issue a BAS payment using the suspense account allocation “<i>Petty Cash: Dom</i>” to transfer the funds from the department’s Paymaster-General Account (PMG) to the Petty Cash Account. 	<p>Chief Financial Officer.</p> <p>Delegated official in designated component.</p> <p>Provincial Treasury: Banking Section.</p> <p>Delegated official in designated component.</p>
2.	Maintain Petty Cash Signatories.	<ul style="list-style-type: none"> ▪ The delegated official must maintain specimen signatures of the cashier and the immediate supervisor or delegated official. ▪ A certified copy of the applicable officials’ identity document must be maintained on file with the specimen signatures. ▪ The amendment and/or inclusion of signatories must be updated 	<p>Delegated official in designated component.</p>

		<p>as and when required.</p> <ul style="list-style-type: none"> ▪ A copy of the specimen signatures and a certified copy of the applicable official's identity book must be forwarded to the provincial banker for reference and validation purposes. 	
3.	Regulation of Petty Cash.	<ul style="list-style-type: none"> ▪ In order to regulate the use of petty cash for permitted petty cash expenditure and ensure sound financial management of funds, the petty cash facility must be restricted to a maximum value of R5000. ▪ The Chief Financial Officer may approve an amount of up to R5000 for petty cash and has the authority to lower but not increase the approved petty cash limit. ▪ The department's petty cash limit may not under any circumstances be increased from the current limit to the approved petty cash limit of R5000, unless circumstances necessitate the review and update of the petty cash limit for legitimate and essential purposes, as approved by the CFO. ▪ The petty cash facility should be reviewed annually. 	Chief Financial Officer.
4.	Increase in Petty Cash Limit.	<ul style="list-style-type: none"> ▪ If a department needs to increase the petty cash amount above the approved limit of R5000, a fully motivated written application under signature of the Accounting Officer must be submitted to Provincial Treasury: Banking Section for approval. ▪ The motivation must include the following: <ul style="list-style-type: none"> ▪ The proposed increased petty cash amount; ▪ Evidence of the need for the increased limit; and ▪ The specific items to be procured in line with the department's 	Accounting Officer.

		<p>mandate, taking into account restrictions imposed as per section 3 of Annexure D.</p> <ul style="list-style-type: none"> ▪ Any applications not meeting the permitted requirements will not be approved. ▪ Once approval has been obtained from Provincial Treasury: Banking Section, the funds must be transferred from the department's Paymaster-General Account (PMG) to the Petty Cash Account. ▪ A department who increases the petty cash limit over and above the prescribed threshold value of R5000 without the prior written approval of Provincial Treasury, could be subjected to disciplinary measures, including the withdrawal, where appropriate, of the petty cash facility. 	Delegated official in designated component.
5.	Closure of Petty Cash Account.	<ul style="list-style-type: none"> ▪ The petty cash facility may be closed by either: <ul style="list-style-type: none"> ▪ Withdrawing the funds from the petty cash account and re-depositing the funds into the department's Paymaster-General Bank Account; <u>or</u> ▪ Submitting a request to Provincial Treasury: Banking Section to transfer the funds online. ▪ The Provincial Treasury: Banking Section must be advised in writing to close the petty cash bank account. 	Delegated official in designated component.

ANNEXURE C

MANAGEMENT OF PETTY CASH			
	Task	Process	Responsibility
1.	Management of Petty Cash Funds.	<ul style="list-style-type: none"> ▪ The petty cash function must be entrusted to the Cashier within the Chief Financial Office or designated component. ▪ The duties relating to the administration and control of petty cash must be assigned in writing, inclusive of duties and responsibilities relative to the collection, receipting and banking of State monies, as prescribed (Annexure F: Appointment of Cashier/Relief Cashier). ▪ The Cashier or delegated official responsible for the receipt and/or disbursement of State money are responsible for the safe custody of all such money under their control. ▪ Petty cash money must be maintained separately from other State moneys within a locked safe. 	<p>Chief Financial Officer.</p> <p>Cashier or delegated official.</p>
2.	Replenishment of Petty Cash Accounts.	<ul style="list-style-type: none"> ▪ The Chief Financial officer or delegated official must approve the replenishment of petty cash. ▪ Petty cash should be replenished when funds reach a specified amount, as determined by the Chief Financial Officer. ▪ A sundry payment with all supporting documentation attached must be issued, detailing the relevant expenditure allocation codes. ▪ The replenishment of petty cash must be updated in the petty 	<p>Chief Financial Officer or delegated official.</p> <p>Cashier or delegated official.</p>

		cash register.	
3.	Maintain Petty Cash Register.	<ul style="list-style-type: none"> ▪ A petty cash register must be maintained by the Cashier or delegated official, as assigned in writing by the Chief Financial Officer. ▪ All payments and replenishments must be entered into the petty cash register. ▪ A supporting voucher; i.e. original receipt or cash register slip must be obtained for each petty cash payment. ▪ The Cashier must balance and reconcile the petty cash register and verify this with the actual cash on hand. ▪ This must be checked by the immediate supervisor or delegated official. 	<p>Cashier or delegated official.</p> <p>Supervisor or delegated official.</p>
4.	Relief of Duties.	<ul style="list-style-type: none"> ▪ When an official entrusted with the administration and control of petty cash is temporarily or permanently relieved of petty cash duties, the petty cash register, cash on hand, receipts and supporting documentation and the balance reflected on the petty cash bank statement must be reconciled and balanced. ▪ This process must be certified with the signatures of the official being relieved, the official assuming the duties and the Supervisor (Annexure G: Hand-Over Certificate). 	<p>Cashier or delegated officials in designated component.</p>

ANNEXURE D

APPLICATION FOR PETTY CASH			
	Task	Process	Responsibility
1.	Application and Approval of Petty Cash.	<ul style="list-style-type: none"> ▪ The Responsibility Manager or delegated official of the applicable component must compile a submission or the approved departmental form for the application of petty cash (Annexure H: Petty Cash Requisition Form). ▪ The submission/departmental form must include the value of the purchase based on verbal or written quotations from the supplier. ▪ The submission/departmental form must be submitted to the Chief Financial Officer or delegated official for final approval. ▪ Petty cash may not be issued if the above-mentioned provisos have not been complied with. ▪ Restrictions on the value per case may be determined by the Responsibility Manager, Chief Financial Officer or delegated official to exercise control over the use of petty cash. ▪ Approval must be granted for the use of petty cash prior to the purchase of goods. <p><u>The following exclusions will apply:</u></p> <ul style="list-style-type: none"> ▪ Cases of urgency or emergencies where the Responsibility Manager or delegated official of the component is responsible for granting permission to proceed with the transaction. ▪ To avoid a dangerous or life threatening situation. 	<p>Responsibility Manager or delegated official in designated component.</p> <p>Chief Financial Officer or delegated official.</p> <p>Responsibility Manager, Chief Financial Officer or delegated official.</p>

		<ul style="list-style-type: none"> ▪ Any other case where immediate action is required to avoid a situation that will impact negatively on service delivery. 	
2.	Procuring goods by means of Petty Cash	<ul style="list-style-type: none"> ▪ The authority to procure goods by means of petty cash must be delegated to the Responsibility Manager or delegated official. ▪ An appropriate limit, as determined by the Chief Financial Officer, should be placed on the total number and/or monetary value of petty cash purchases. ▪ Certain types of expenditure in line with departmental requirements may be excluded from petty cash purchases, when considered necessary. ▪ The petty cash facility may only be utilised to purchase goods for official operational requirements in support of the department’s mandate. ▪ Petty cash may be used to procure goods up to a transaction value of R2000 (VAT included) without inviting competitive bids or price quotations. ▪ The Chief Financial officer may however direct that verbal or written quotations be obtained for any procurement transaction value lower than R2000. ▪ Any goods exceeding the transaction value of R2000 must be procured through prescribed Supply Chain Management and procurement requirements. ▪ Goods may not be deliberately split into parts, or items of lesser value to avoid procuring goods through prescribed procurement processes. 	<p>Responsibility Manager or delegated official. Chief Financial Officer.</p>

3.	Non-permitted petty cash items	<ul style="list-style-type: none"> ▪ <u>Petty cash is not permitted for the following items:</u> <ul style="list-style-type: none"> ▪ Subsistence and Travel Advances. ▪ Transport and Subsistence Claims. ▪ Repairs to labour saving devices. ▪ Cellular phone accounts. ▪ Entertainment as defined in terms of SCOA Classification Circular 2 of 2008/09. ▪ Registration Fees. ▪ Any goods not in support of operational requirements. ▪ Any goods for personal use of any nature whatsoever; i.e. food, curtains, furniture, clothing, flowers, etc. ▪ Items available on contract or maintained within Central Provincial Stores, except in the case of a dire or critical need where the item is not available from contracted suppliers. ▪ Any low-valued items; e.g. coffee, tea, milk, etc. for boardroom committee meetings which are required to be purchased frequently on a daily, weekly or monthly basis. ▪ Such requirements must be consolidated and quantified and procured through normal procurement processes. 	
4.	Issuing of Petty Cash.	<ul style="list-style-type: none"> ▪ The Cashier must ensure that all specified conditions are met prior to issuing petty cash. ▪ The official requiring the petty cash must personally collect the money and sign for the receipt thereof in the petty cash register. ▪ The responsible official must submit the original invoice or cash register slip to the Cashier within five days from the date of 	<p>Cashier.</p> <p>Applicable official.</p>

		<p>purchase and sign the petty cash register as acknowledgment thereof.</p> <ul style="list-style-type: none"> ▪ The failure to submit the required documentation within five days will result in the total amount being recovered from the responsible official and possible disciplinary action. 	
5.	Private Money for Official Purposes.	<ul style="list-style-type: none"> ▪ Any official utilising their own money for official purposes must obtain authority from the Responsibility Manager or delegated official prior to the purchase of any goods. ▪ Petty cash must only be reimbursed if valid supporting documentation is provided as proof of purchase. ▪ Any official failing to comply with the above two provisos will not be entitled to a refund. 	Responsibility Manager or delegated official.
6.	Reconciliation of Petty Cash	<ul style="list-style-type: none"> ▪ Weekly reconciliation of Petty Cash ▪ The cashier must ensure that all requests for petty cash are reconciled with the relevant documentation; i.e. invoices and cash register slips. ▪ The documentation must be attached to the original submission/departmental form for record and audit purposes. ▪ The requests for petty cash must match the information recorded in the petty cash register. ▪ Any discrepancies must be investigated and resolved. ▪ Monthly reconciliation of Petty Cash ▪ The cashier must ensure that the petty cash float; the amount of funds to be replenished (total invoices and cash register slips) and the amount reflected on the bank statement (bank account) 	Cashier.

		<p>balances to the original amount issued.</p> <ul style="list-style-type: none">▪ The reconciliation must be reviewed and approved by the Supervisor.▪ Any discrepancies must be immediately investigated and resolved.	Supervisor of cashier.
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ANNEXURE E

REQUEST FOR APPLICATION OF PETTY CASH ACCOUNT

(DEPARTMENTAL LETTERHEAD)

Reference: **PETTY CASH ACC**

Enquiries:

Telephone:

Date:

Provincial Treasury
P O Box 3613
Pietermaritzburg
3200

Attention:

OPENING OF PETTY CASH BANKING ACCOUNT

NAME OF ACCOUNT: _____

LIMIT: R _____

It would be appreciated if you could open a bank account in the above-mentioned name. The following officials are hereby authorised to sign on the above-mentioned account.

NAME

IDENTITY NUMBER

(List Initials and surnames

(Corresponding identity number of all officials)

Of all approved signatories)

Provincial department/institution details

Address :

Telephone number :

Fax Number :

Contact person :

This office has elected to bank at the following ABSA Bank branch:

(Name of Branch and area)

Attached is the following documentation:

Specimen signatures of the applicable officials; and
Certified copies of the identity documents

Kindly inform the writer of the bank account number and branch code.

Your co-operation in this regard is appreciated.

HEAD: (Department)

DATE: _____

ANNEXURE F

APPOINTMENT OF CASHIER/RELIEF CASHIER

To:

From:

Date:

**Subject: APPOINTMENT OF CASHIER/RELIEF CASHIER FOR MANAGEMENT OF
PETTY CASH IN THE (OFFICE/COMPONENT): EFFECTIVE DATE:**

This serves to confirm your appointment as a Cashier/Relief Cashier in the (Office/component). You will be responsible for the management, receipt, disbursement, reconciliation and safeguarding of petty cash. You will furthermore be responsible for the management of petty cash in terms of making it available to be utilised for incidental expenses provided that written authority is obtained from the Chief Financial Officer in this regard. It will be your responsibility to maintain a petty cash register and supporting documents for all petty cash transactions and ensuring that petty cash utilised is replenished on a weekly basis or as and when necessary.

CHIEF FINANCIAL OFFICER

DATE: _____

ANNEXURE G

Department of HANDOVER CERTIFICATE

I
Surname and Initials

hereby handover the content of the petty cash to

Surname and Initials

in the presence of

Surname and Initials

on:

Date (dd/mm/yyyy)

The Following Monies are Handed Over

Description	Amount											
	Rand						Cents					
Cash												
Coins												
Total amount												

Signature of Person Handing Over	Signature of Person Receiving Petty Cash	Signature of Supervisor
Print Name	Print Name	Print Name
Rank	Rank	Rank
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
Date (dd/mm/yyyy)	Date (dd/mm/yyyy)	Date (dd/mm/yyyy)

ANNEXURE H

**DEPARTMENT OF
PETTY CASH REQUISITION FORM**

TO: _____

FROM: _____

CONTACT: _____

DATE: _____

SUBJECT: _____

AMOUNT: R_____

DESCRIPTION: _____

BAS ALLOCATIONS (The onus is on the department to update the BAS allocations as required)

INFRASTRUCTURE : Non-Infra/Stand Alone: Cur
ITEM : As applicable
OBJECTIVE : As applicable
RESPONSIBILITY : As applicable
FUND : Voted Funds
PROJECT : No Projects
ASSETS : Non Assets Related
REGIONAL IDENTIFIER : KZN Whole Province

SIGNATURE OF RESPONSIBILITY MANAGER: **DATE**

APPROVED BY CHIEF FINANCIAL OFFICER **DATE**

ACKNOWLEDGE RECEIPT OF CASH **DATE**

ORIGINAL RECEIPT RETURNED **DATE**

ANNEXURE I

PETTY CASH RECONCILIATION

DEPARTMENT/REGION/INSTITUTION: _____

DATE: _____

BANK ACCOUNT NUMBER: _____

APPROVED PETTY CASH LIMIT: R _____

BALANCE AS PER BANK STATEMENT R _____

CASH ON HAND (FLOAT)

Cash R _____

Coins R _____

Sub-total cash on hand R _____

RECEIPTS

Receipt number/cash register slip

_____ R _____

_____ R _____

_____ R _____

Sub-total receipts/cash register slip R _____

TOTAL OF PETTY CASH R _____

(Balance as per bank statement add
Sub-total cash on hand add sub-total receipts/
Cash register slips)

COMPILED BY: _____

APPROVED BY: _____

RANK: _____

RANK: _____

DATE: _____

DATE: _____

ANNEXURE J

COMPLIANCE CHECKLIST: MANAGEMENT OF PETTY CASH

PROCESS		Y/N	REMEDIAL ACTION
1.	Approval for establishment of petty cash facility.		
2.	Departmental petty cash limit determined by CFO in line with maximum approved limit.		
3.	Petty cash duties assigned in writing.		
4.	Specimen signatures maintained.		
5.	Petty cash register maintained.		
6.	Requests for petty cash as per submission or approved departmental form.		
7.	Requests for petty cash approved by appropriate authority.		
8.	Supporting documentation for all petty cash transactions.		
9.	Payments and replenishments recorded in petty cash register.		
10.	Petty cash balanced, reconciled and reviewed weekly/monthly.		