



## PETTY CASH POLICY

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<b>Policy Category</b>	<b>FINANCE</b>
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<b>Policy Manager</b>	<b>Chief Executive Officer</b>

## DISCLAIMER

This Petty Cash Policy is intended to provide guidance for the proper use and management of petty cash funds within Port St Johns Development Agency. The organization reserves the right to amend, suspend, or terminate this policy at any time without prior notice. Misuse or misappropriation of petty cash funds may result in disciplinary action, up to and including termination of employment and/or legal action. All employees are responsible for understanding and complying with this policy as it applies to their duties.

While Agency believes that this information will be of assistance to you, it is provided on the basis that you will not rely on this information without first making your own enquiries and obtaining your own professional advice specific to your circumstances.

Agency expressly disclaims all liability (including but not limited to liability for negligence) for errors or omissions of any kind or for any loss (including direct and indirect losses), damage or other consequence which may arise from your reliance on the information contained in this Petty cash policy.

This information has been prepared on the understanding that Agency is not, through the issuance of this information, engaging in rendering to you any legal advice or other professional service. Recipients are encouraged to seek their own professional advice prior to relying on any of the information contained in this policy.

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## 1. INTRODUCTION

The Accounting Officer of Port St Johns Development Agency (SOC) Ltd is responsible for ensuring that the Agency's expenditure is managed in an effective, efficient, and controlled manner.

Petty Cash refers to a small amount of discretionary funds kept in cash form, intended for minor expenditures where it is impractical or inefficient to follow the formal procurement process due to the urgent nature or low value of the goods and/or services required.

### SCOPE OF THE POLICY

This Petty Cash Policy applies to all departments, employees, and units of Port St Johns Development Agency that utilize petty cash funds for small, incidental, and immediate business-related expenses. The policy covers the establishment, disbursement, reimbursement, documentation, and reconciliation of petty cash funds.

It does not apply to larger expenditures that should be processed through standard purchasing or reimbursement procedures. Only authorized custodians and approved personnel may handle or access petty cash funds in accordance with this policy.

### OBJECTIVES OF THE POLICY

The objectives of a petty cash policy are to provide clear guidelines for managing and controlling small cash expenses within an organization. Here are the main objectives:

1. **Control and Accountability:**  
Ensure proper control over petty cash funds and assign responsibility to a designated custodian to prevent misuse or theft.
2. **Efficiency in Operations:**  
Allow for quick and convenient payment of minor, day-to-day expenses (e.g., office supplies, transport fares) without going through the full procurement process.

3. **Transparency and Record Keeping:**

Maintain accurate documentation (receipts, vouchers) for all petty cash transactions to support financial reporting and audits.

4. **Budgetary Control:**

Help monitor and limit the use of cash for small expenses, ensuring spending stays within approved limits.

5. **Internal Control and Reconciliation:**

Establish procedures for regular replenishment and reconciliation of the petty cash fund to detect and correct discrepancies promptly.

6. **Compliance:**

Ensure petty cash transactions comply with the organization's financial policies and relevant accounting standards.

## **REGULATORY FRAMEWORK**

The legislative framework governing petty cash is:

- 1.1 The Local Government Municipal Finance Management Act, Act 56 of 2003 as amended
- 1.2 The Municipal Supply Chain Management Regulations, Regulation 868 published under government Gazette 27636, 30 May 2005 as amended
- 1.3 The Port St Johns Development Agency Supply Chain Management Policy.

## **2. DEFINITIONS**

**Accounting Officer** : The Chief Executive Officer of Port St Johns Development Agency SOC LTD

**Chief Financial Officer:** The Employee designated and includes any person acting in that position or to whom authority is delegated.

**Petty Cash** : A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.

**Petty Cash Float** : The total sum of Petty Cash which has been granted to a SCM Officer.

- SCM Officer** : An employee made responsible for the day-to-day operating of the Petty Cash Float.
- Reconciliation** : Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.
- Sub- Advances** : A relatively small amount of cash made available by the SCM Officer on request to buy miscellaneous small items.

### 3. OBJECTIVES OF THE POLICY

- 3.1. Ensure goods and services are procured by the Agency in accordance with authorized processes only.
- 3.2. Ensure that the Agency has and maintains an effective petty cash system of expenditure control.
- 3.3. Ensure that sufficient petty cash is available and always kept safe.
- 3.4. Ensure compliance with the regulatory framework in terms of the relevant legislation.
- 3.5. To ensure that Petty Cash is available and issued for valid expenses/purchases and transactions are valid, accurate and complete.

### 4. CONTROL OF PETTY CASH

#### 4.1. General

- a. The use of petty cash, limited to a maximum of **R5,000.00** and is strictly confined to the Agency for minor cash purchases. The total petty cash replacement shall **not exceed two times per month, with a monthly cap of R10,000.00.**
- b. A petty cash float is not to be used for any of the following:
  - (i) The cashing of cheques.
  - (ii) Loans to any person whatsoever
  - (iii) Payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages and travel allowance as part of remuneration, with the exclusion of casual labour.
  - (iv) For installment invoices such as rental of equipment and contracted items.

- c. The Accounting Officer, or delegated official may conduct checks to evaluate compliance with this policy.

#### **4.2. Establishing and Security of a Petty Cash**

- a. To establish a new petty cash float or increase an existing float, a written request must be made by the SCM Officer to Finance Manager who will recommend Chief Executive Officer for approval.
- b. The Finance Manager will be responsible for the security of Petty Cash.
- c. During the absence of the SCM Officer responsible for Petty Cash, the Finance Manager will make necessary arrangement.
- d. The minimal security arrangement that will be acceptable is that the float will be kept locked safe. The Petty Cash amount approved for replenishment should be a cash withdrawal by two authorized signatories and handover to the SCM officer.
- e. The cash on hand and used petty cash vouchers are to be kept in a locked safe for which there will be two keys, one key is to be retained by the SCM Officer and the other to be kept by the Finance Manager.
- f. At no stage should staff other than the staff responsible have access to the storage place of the safe.
- g. If the person responsible for petty cash is either going on leave or is leaving the Agency's employment, the petty cash is to be reconciled and signed for by the SCM officer or delegated official.

### **5. PETTY CASH REPLENISHMENT AND INTERNAL CONTROLS**

- 5.1. Petty Cash replenishments will only be made when the amount used is at least R4000.00.
- 5.2. A proper petty cash reconciliation must be kept where each disbursement of petty cash transaction is recorded.
- 5.3. The complete reconciliation must be prepared by the SCM Officer, at the end of the month checked by the Finance Manager for submission to the Budget and Treasury Office.
- 5.4. The minimum detail to be recorded in the petty cash reconciliation is:

-Department Name

- Cost Centre/Vote to allocate the petty cash transaction

- Name of supplier

- Date

-Amount issued

- Purposes for which petty cash payment is used for.

5.5. The petty receipts or slips must be kept in a file with the reconciliation attached on top for each month.

5.6. Random petty cash audits are expected to be done by the Internal Audit throughout the financial year.

## 6. DISBURSEMENT OF PETTY CASH

6.1. Each Head of Department must ensure that budget is available for the required item/service and fill in the petty cash form requesting the purchase of an item or service.

6.2. An original receipt clearly indicating the amount paid must be submitted to the SCM Officer within 24 hours after the petty cash has been issued to support the Petty Cash voucher.

6.3. Where proof of expenditure could not be provided on petty cash voucher within the prescribed period, an acknowledgement of debt by the responsible employee must be signed and attached to the relevant voucher for replenishment purposes. This amount will be deducted from the employee's salary on the next pay date.

6.4. The SCM officer will be held accountable for losses and shortages unless there is physical evidence of breaking-in and no act or omission on the part of the petty officer who contributed to the loss.

6.5. In the event of identified shortages and losses a relevant Manager must immediately report to the Chief Executive Officer and an acknowledgement of debt signed by the SCM officer.

### Process flows petty cash

User Department (requesting petty cash)



Recommendation By HOD



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Approval by the relevant Manger



Custodian (Releasing funds)

## 7. REPORTING

A monthly reconciliation report from the SCM officer must be submitted to the Finance Manager including the total amount of petty cash purchases for that month.

## 8. REVIEW

This policy will be reviewed annually or when necessary to be in line with municipal practices and legislation.

## 9. COMMUNICATION

This policy will be communicated after the approval to the Staff. Each HOD will be provided with the copy for easy reference.

## 10. APPROVAL AND SIGNATURES

Chief Executive Officer

  
\_\_\_\_\_  
Signature

19 January 2026  
Date

Board Chairperson

  
\_\_\_\_\_  
Signature

19/01/2026  
Date