

FORT COX AGRICULTURE AND FORESTRY TRAINING INSTITUTE

Fort Cox Agriculture and Forestry Training Institute policies will be recorded on the institutional policy catalogue, will available at the library and on the institute website, (as <http://www.fortcox.ac.za/policies/>) which will be regularly updated. As it is important to provide critical information such as when the policy was introduced, what it aims to achieve and who has responsibility for its implementation and review, the council meeting of [Date] agreed that all new Institution-wide policies shall be presented in a standardised format as follows:

**TITLE: PETTY CASH POLICY**

**POLICY PARTICULARS**

APPROVAL BY RELEVANT COMMITTEE STRUCTURE:

DATE OF APPROVAL BY THE COUNCIL : \_\_\_\_\_

DATE OF APPROVAL BY FINANCE COMMITTEE : \_\_\_\_\_

COMMENCEMENT DATE : \_\_\_\_\_

REVISION HISTORY : \_\_\_\_\_

REVIEW FREQUENCY : Every three years

POLICY LEVEL : [Assets/SCM/Accounts/Finance]

RESPONSIBILITY : [CFO/FC/BOA]

REPORTING STRUCTURE: [CFO → Principal → FC→ Council]

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## 1. LEGISLATIVE FRAMEWORK AND BEST PRACTICE REGULATIONS

Key principles contained in the following legislation and best practices were applied to develop this policy:

- 1.1. Public Finance Management Act, 1999 (Act No 1 of 1999 as amended by Act 29 of 1999)(PFMA);
- 1.2. National Treasury Regulations of March 2005 in particular 17.1.1, 17.1.2(b) and (c) and (d);
- 1.3. National Treasury Instruction 01 of 2013/2014: Cost containment measures; and
- 1.4. The Public Service Act, 1994 (applicable for public service Employees).

## 2. PURPOSE

To establish the Institute policy on the appointment of petty cash controllers, the management and control of petty cash, and related recording and reporting responsibilities.

## 3. DEFINITIONS, ACRONYMS AND ABBREVIATIONS

For the purpose of this policy, unless the context indicates otherwise, the following definitions, acronyms and abbreviations are set out for the terms indicated:

“**Accounting Officer**” – is the Institute Principal.

“**Act**” – is the FET Institutes Act No.16 of 2006, as amended.

“**Campus Manager**” - is the Institute campus head who provides leadership in directing and supporting all students, faculty, and staff at the designated campus.

“**CFO**” – is the Institute Chief Financial Officer or Vice Principal- Finance.

“**Institute**” – means the Fort Cox Agriculture and Forestry Training Institute.

“**Department**”; “**DHET**” – is the Department of Higher Education and Training.

“**Employee**” – is any official, employed by the Institute, irrespective of rank, full-time or part-time, or Council-or Departmental-appointed, or paid on a salaried or an hourly/daily individual basis.

“**Minister**” – is the Minister of the Department of Higher Education and Training.

“**Unit Manager**” – is an Employee of the Institute with some level of managerial or supervisory authority, who is subordinate to and works with one or more higher-level managers.

**4. PRINCIPLES**

The Accounting Officer has, in terms of the Institute financial delegations, delegated the responsibility for the approval of petty cash expenditure to the Campus and Unit managers:

4.1. The responsibility attached to the management and control of petty cash should be entrusted to the cashier where this facility is provided.

4.2. Petty cash shall under no circumstances be utilized for:

- a) the payment of subsistence and transport advances;
- b) the re-imbusement of subsistence and transport claims;
- c) cashing of IOU's or personal cheques in accordance with best practice Treasury Regulation 15.11.3, which states that: "State money may not be used to cash private cheques...";
- d) personnel advances or loans;
- e) the purchase of assets;
- f) food or catering; and
- g) invigilation expenses.

4.3. A single petty cash transaction is limited to R250 (two hundred rand). When the transaction is more than R250 (two hundred rand), an official Institute order must be submitted.

4.4. Appointment of Petty Cash Controllers

- a) The CFO shall appoint the petty cash controller, in writing, to manage and control petty cash.
- b) In the absence of the petty cash controller, the designated and duly appointed relief controller shall be appointed, in writing, as the petty cash officer.
- c) The appointed and relief controller shall ensure that they are familiar with all relevant statutory requirements and Institute responsibilities related thereto.

#### **4.5. Petty Cash Guidelines**

##### *4.5.1 Petty Cash Float*

- a) The Accounting Officer shall determine the amount of petty cash to be kept in terms of available statistics and consideration of associated risk.
- b) If the petty cash controller requires a float greater than R1 000 (one thousand rand), the Campus Manager or Unit Manager must submit a motivational letter to the CFO to increase the amount for the remainder of the financial year.

#### **4.6. Replenishment**

4.5.2 A *Cost Centre Manager* shall approve the request for petty cash replenishment and ensure that best practice Treasury Regulation 17.1.1 has been complied with.

- a) *Best practice Treasury Regulation 17.1.1 requires that all the transactions of the Institute be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation.*
- b) *Proper petty cash vouchers must be authorised and used for every transaction, ensuring that petty cash source documents are properly defaced to avoid being re-used.*
- c) *Petty cash vouchers must be numbered sequentially.*
- d) *Replenishments will be made on the reimbursement method, ensuring the total of petty cash on hand and paid vouchers equal the petty cash float.*

#### **4.5.1 Petty cash reconciliation**

- a) A cash count and reconciliation of the petty cash must be performed on a monthly basis by the finance department, and at the time of each replenishment.
- b) A monthly reconciliation of the petty cash accounts in the general ledger must be performed by the finance department to confirm the balance of each account.
- c) Each petty cash transactions must result in a balanced petty cash float.
- d) Balanced petty cash requisition forms, with supporting documentation, must be verified by the cost centre managers (e.g. Campus managers, or Unit managers) prior to submitting the monthly batch to the finance department, and they must ensure that all expenditure has been allocated correctly against the relevant budgetary allocation.

4.5.2 *Approval must be obtained from the cost centre manager to claim in advance or claim back from petty cash.*

4.5.3 *Petty cash may be used for emergency payments such as:*

- a) Postage;
- b) cleaning materials;
- c) toll fees;
- d) emergency repairs;
- e) lawnmower fuel;
- f) refreshments such as tea, coffee and sugar.

4.5.4 The petty cash must be stored in a lockable box and must be kept locked at all times and in a safe place during the day. At night, public holidays and weekends the box must be locked in a safe. The duplicate key of the box must be sealed in an envelope and kept in the safe, to avoid tampering with the box.

## **5. ROLES AND RESPONSIBILITIES**

Responsibility for the implementation of this policy rests with the CFO.

**6. ADOPTION OF POLICY**

This policy is effective from the date on which it is adopted by the Council.

**7. AVAILABILITY OF PETTY CASH POLICY**

A copy of this policy and other relevant documentation should be made available on the Institute website.

**8. ANNUAL REVISION OF POLICY**

This policy will be subject to an annual review by Institute management to ensure its relevance. Any recommended changes to the Petty Cash Policy should be presented to the Institute Council for adoption.