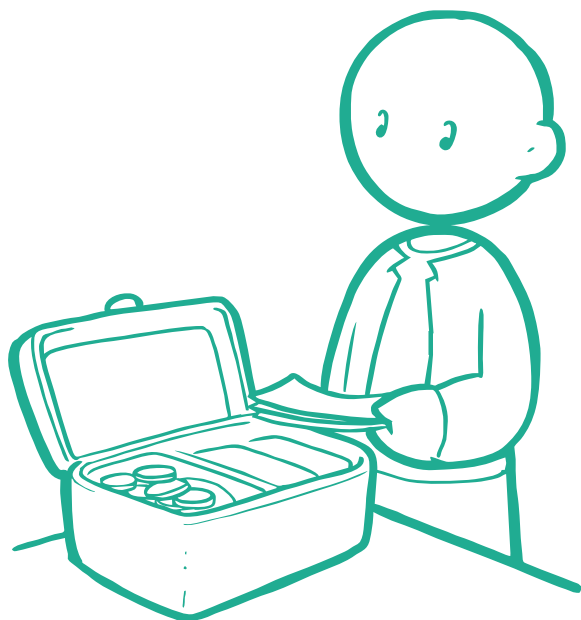


Governance & Community Leadership

Guidelines for School Governing Bodies



Petty Cash

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Introduction

Petty cash is the small amount of cash kept by an organisation for immediate payment of items and purchases too small to go through the strict cheque requisition process. Examples of purchases that can be made using petty cash include: stamps, tea, coffee, milk, sugar and dish washing liquid.

In a school, the School Governing Body (SGB) must formally approve the establishment of a petty cash system through its financial policy. The petty cash section of the financial policy should:

- Provide guidance on the effective management of petty cash
- Set time frames for the submission of cash receipts by users and in so doing ensure the availability of petty cash at all times
- Establish an efficient way of conducting petty cash reconciliation
- Establish the maximum amount of money to be kept in the petty cash float
- Make one person responsible for the day-to-day administration and management of petty cash. This delegation of authority should be done in writing
- List any items which are excluded from being purchased from petty cash (such as transport expenses)
- Limit the maximum amount of a single purchase from petty cash to 10% of the total petty cash

Definitions

Petty cash float: the total sum of petty cash which has been granted to the petty cash officer

Petty cash officer: an official, entrusted in writing, for the day-to-day administration and management of petty cash

PFMA: the Public Finance Management Act, 1 of 1999, and includes the Treasury Regulations, promulgated in terms thereof on 15 March 2005, where appropriate

Relief petty cash officer: an official entrusted in writing to relieve the petty cash officer temporarily from the administration and management of petty cash

Replenishment: the process of making funds available again in the petty cash float for petty cash purchases and re-imburements

Reconciliation: the process of comparing and matching figures on the petty cash register and on the petty cash bank statements

Contra entry: is an entry which is recorded to reverse or offset an entry on the other side of an account. If a debit entry is recorded in an account, contra entry will be recorded on the credit side and vice-versa

Petty cash payment procedures

- The finance officer issues the initial petty cash advance, via cheque, to the petty cash officer. In this way, money can be made available to the petty cash supply for a purchase
- This money must be reflected as a receipt in the petty cash book. The finance officer will reflect the petty cash advance as an entry in the payments cash book
- For each payment from petty cash, there should be at least two items:
 - 1) a petty cash voucher
 - 2) a receipt to prove that the money was paid
- Before any payment is processed, the petty cash voucher must be completed indicating full details of the expense. It must be signed by both the petty cash officer and the cash recipient
- All payments made from petty cash must be recorded in the petty cash book as payments, immediately
- All petty cash vouchers should be kept in a numerical and date order. They should be kept in a safe place. Each voucher should have stapled to it a receipt or cash slip that proves that the money was paid
- The petty cash books must be balanced at the end of every month and the float restored
- At the end of the school year, the petty cash book must be closed off and all unused petty cash money must be deposited back into the school bank account

Sometimes you don't get a receipt when you pay money, for example, for taxi fare. If there is no receipt to prove how you spent the money, you need to use a special certificate that is signed by the principal.

Administration of petty cash

Generally accepted practices in administering petty cash requires that

- At the start of each month the amount of money in petty cash is the approved maximum (e.g. R1 000.00)
- Petty cash payments are made as described above
- At the end of the month the petty cash officer balances the petty cash and requests a cheque to restore the amount of money to the agreed maximum amount (e.g. R1 000.00)
- For example, if the approved petty cash amount is R1 000.00 per month, and R986.25 was spent, the petty cash will be replenished by R986.25, to restore its funding level to R1 000.00

Managing petty cash

- Money is drawn out of the school fund to keep as petty cash
- A cheque requisition form is made out so that a cheque can be drawn for petty cash
- The cheque is made out to 'cash', for drawing the money at the bank
- A small lockable petty cash box should be purchased or made, for security purposes

N.B.

- The petty cash officer will be held responsible for any shortage in the petty cash float
- The petty cash officer is responsible for safeguarding the key of the petty cash box
- The school must have a petty cash policy

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For all schools in South Africa to become effective self-managing institutions that provide quality teaching and learning.

OUR MISSION

To provide training programmes that:

- are aligned to the needs of the South African education system, and
- help school communities make a valuable contribution to the education of their children.

