

Policy & title PAY003 **Petty Cash**

Effective date 12 November 2010

Objective The purpose of the policy is to ensure effective administration and appropriate internal control over petty cash in a consistent and acceptable manner throughout the university. This policy also covers the accountability of all parties involved in the financial management of UCT petty cash floats.

Scope Includes all requests/claims for all UCT petty cash floats

Applicable to All UCT staff, especially those with financial responsibility, such as Heads of Departments (HODs) that use petty cash floats.

Additional information As there are certain benefits pertaining to efficiency, security and transparency in using a purchasing card (PCard) rather than petty cash, all requests for opening or maintaining a petty cash float must be reviewed by the Faculty/PASS finance manager.

Where high value floats or frequent reimbursements are needed, the Purchasing Liaison Manager (Procurement and Payment Services) must be consulted to evaluate the purchasing requirements of the department and, in conjunction with the Faculty/PASS finance manager, suggest alternative purchasing solutions.

Related policies:

- Handling cash [\[INV001\]](#)
- Reimbursements [\[PAY005\]](#)
- Gift vouchers [\[PAY008\]](#)
- Purchasing Card [\[PUR002\]](#)

Policy A. Overall

- It is the duty of the Faculty/PASS finance manager to ensure proper segregation of duties with respect to the management of petty cash, reporting all exceptions to the Head of Treasury.
- Petty cash funds must be properly safeguarded. (Refer E below for details)
- The only monies to be paid into a petty cash float are reimbursements of expenditures made from the petty cash float. No other monies, particularly those in respect of trading activities, must be mixed or held with the cash float. (Refer Handling cash policy - [INV001](#).)

 **Note**

Where a float or reimbursement request exceeds R5,000, please contact the Head of Treasury to make arrangements for payment. A notice period of at least two days prior is required.

B. Use of petty cash float includes:

- Small, incidental purchases for which the use of a Purchase Order (PO) is not cost effective, i.e. less than R300, or is unacceptable to the vendor, or a PCard cannot be used or is not available.
- Small, incidental reimbursements for individual staff members for out-of-pocket university expenditure.

C. Use of a petty cash float excludes:

- Payment for items that should be purchased through the standard UCT purchasing processes
- Payment of parking tickets or other fines
- Payment of UCT parking discs (Refer Reimbursements - [PAY005](#))

- Purchase of any items for resale
- Personal borrowing (IOUs) or personal loans
- Cashing cheques
- Reimbursement to an individual exceeding R1,500
- Expenditure on a single item exceeding R1,500
- Purchase of gift vouchers as an honorarium (Refer Gift Vouchers - [PAY008](#))
- Items that should be recorded or paid via payroll in terms of South African Revenue Service requirements e.g.
 - Payment of mileage claims
 - Remuneration to employees for services rendered
 - Payments to dependent contractors rendering services to UCT

D. Permitted value of a petty cash float

- The maximum value of a single float should not exceed R5,000. Any amount above this requires a letter of motivation from the Faculty/PASS finance manager and must be authorised by the Executive Director of Finance.
- Petty cash custodians should not have floats totalling in excess of R10,000 under their control. Any amount above this requires a letter of motivation from the Faculty/PASS finance manager and must be authorised by the Executive Director of Finance.
- The Faculty/PASS finance manager must retain copies of all authorisations by the Executive Director of Finance.
- The amount of the float should normally be sufficient to require reimbursement at most twice per month.

E. Security for petty cash floats

- The float must be kept in a safe in the office.

Note

Petty cash floats may never be taken home.

- The petty cash custodian is personally responsible at all times for the appropriate and adequate safekeeping of these funds.
- The float must be kept separate from an individual's personal funds or any other university funds.
- Where a petty cash custodian controls multiple floats, these must be maintained separately, from both a physical and accounting perspective.
- Petty cash floats and reimbursements must be converted to cash and not held in bank accounts.
- Only the petty cash custodian should have access to the keys or safe combination.

Note

A spare set of keys should be kept by a responsible person removed from the management of the petty cash float, with a formal register of access.

- Handing over of cash from the person collecting the cash (payee) to the custodian must be recorded in the petty cash book by both their signatures and the date, with a copy given to the payee as proof of cash receipt.
- Reimbursement of expenses must be done in person, and cash must never be sent by internal mail.

Note

- Should petty cash monies be misappropriated, the HOD must inform Internal Audit and Campus Protection Services.
- Losses relating to petty cash monies less than R10,000 (the insurance excess), will be for the account of the department.

F. Accounting for petty cash expenditure

- Petty cash must be accounted for in a conventional petty cash book or an Excel spreadsheet. (Refer Attachments)
- All payouts from petty cash must be supported by:
 - A petty cash slip which accurately describes the expense, as well as the name and signature of the person receiving the cash, and the appropriate source documentation verifying the expenditure.
- A cash count must be done on a monthly basis by the petty cash custodian and reconciled to the balance reflected in the petty cash book or a hard copy of the Excel spreadsheet. Where differences arise:
 - Shortage/overage must be reported to both the HOD and Faculty/PASS finance manager.
 - Reasons for above must be ascertained by the Faculty/PASS finance manager and reported to the HOD.
 - Minor shortages should be written off (claim as an expense using [FM050](#)) and overages paid into the same fund to which the float was charged. (Faculty/PASS finance manager to process).
 - Faculty/PASS finance manager must monitor shortages. Continual shortages must be reported to Internal Audit for investigation, if warranted.
- Faculty/PASS finance manager must keep a record of all floats in their area. Faculty/PASS finance manager (or their nominee from their area finance office) must check all petty cash floats at least twice a year to ensure that:
 - the petty cash float reconciles with the petty vouchers and cash in hand, and
 - the petty cash book has been signed by the appropriate finance petty cash signatory.

Faculty/PASS finance manager must ensure that any petty cash floats not being used are refunded, the cash banked and the amount credited to the fund originally charged with the float per the FM034.

Procedure 1. Appointment of the delegated petty cash signatory

- The Faculty/PASS finance manager identifies and authorises a finance officer to check petty cash reimbursements, using form [FM048](#) (Finance petty cash signatory verification).

Note

By default, all Faculty/PASS finance managers are petty cash signatories, and are not required to complete FM048, but must register their specimen signature with Treasury.

- The Faculty/PASS finance manager retains a copy of the form and forwards the original to Treasury for their records.

Note

Treasury cashier staff will verify the signature of the finance petty cash signatory at the time of payment, and at the same time, sign form FM047, as evidence of signature verification.

2. Changes to the delegated finance petty cash signatory

- To change the finance petty cash signatory use form FM048 (Petty cash signatory verification).

3. Opening, changing or closing a petty cash float

Refer SAP online help [Working with a petty cash](#) float for detailed procedure

- To open a new petty cash float, as well as increase, decrease or close an existing petty cash float, complete form [FM034](#) (Petty cash float).



Note

Authorisation by the fund holder, HOD and Faculty/PASS finance manager is required.

- For a new float, a petty cash vendor number will be created in SAP, as well as a vendor master record for the payee. This will be linked to the new petty cash vendor number. All POs for reimbursements must be raised against that petty cash vendor number.
- If opening or increasing a float, a PO must be raised, and attached to the form.
- If decreasing or closing a float, where there is cash remaining, complete a [SD002](#) (Receipt Requisition).
- Treasury cashier staff will forward all petty cash documentation (forms, PO, slips and vouchers) to the Creditors section for filing.

4. Changing the petty cash custodian or signatory

For changes to the petty cash

- custodian, complete [FM053](#)
- signatory, complete [FM048](#)



Note

Authorisation by the fund holder, HOD and Faculty/PASS finance manager is required.

5. Templates for recording petty cash expenditure

- Petty cash may be accounted for
 - in a conventional petty cash book (see Attachment 1), or
 - using an Excel spreadsheet (see Attachment 2 - template provided).

6. Handover procedure to new or temporary petty cash custodian

- Refer to form FM053
- The petty cash float must be counted and reconciled to the petty cash book and vouchers by the old and new custodians
- The petty cash book/Excel spreadsheet, as reconciled, must be signed and dated by both old and new custodians.
- Once the above steps have been completed, the keys, cash, petty cash book and vouchers must be handed over to the new petty cash custodian who now becomes responsible for the float.



Note

For permanent changes to petty cash custodians, FM053 must be completed and a copy retained by the Faculty/PASS finance manager.

- For temporary changes to the petty cash custodian due to planned leave, the Faculty/PASS finance manager must be informed of the new custodian and ensure proper handover and controls.



Note

The petty cash custodian and signatory can never be the same person concurrently.

- For temporary changes due to unplanned leave, the Faculty/PASS finance manager must be informed and advise on the procedures, depending on the expected duration of the leave and requirements for petty cash disbursements.

7. Claiming a petty cash reimbursement

- Complete the petty cash book or spreadsheet, summarising expenses by General Ledger (GL) account.
- Create a PO using the SAP petty cash vendor number, using a separate line item for each different GL account, summarised by fund and cost object.
- Enter a Goods Receipt (GR).
- Complete form FM047 (Claim for a petty cash reimbursement) and attach the PO, a copy of petty cash book entries or spreadsheet and original slips.



Note

Where only single line items on invoices or other documents are being paid, these must be clearly highlighted.

- Forward a copy of the petty cash book/spreadsheet, completed FM047 and the PO, plus slips, to the petty cash signatory.
- Once authorised by the petty cash signatory, the cash may be collected from the Treasury cashier's office
- Where invoices/receipts have been lost, [FM050](#) must be used

Implementation responsibility

The Head of Department (HOD) is responsible for ensuring all policies and procedures are communicated to and implemented by the responsible individual(s), including research staff. The Faculty/PASS finance manager has to ensure reasonable controls exist to support the implementation of policies.

Contact

Finance helpdesk
fnd-finance@uct.ac.za
650-2111

Policy category	Payments
Policy owner	Executive Director: Finance
Responsible for update	Head: Treasury
Last reviewed	Per Finance manual
This review	November 2010
Approval	University Audit Committee, November 2010



Attachment A

Example of a conventional petty cash book

SAP Petty Cash Vendor No: 401615							Summary by General Ledger account / Fund / CO				
No	Date	Description	GL	Fund	CO	Amt	GL Name	GL	Fund	CO	Amt
1	05-Jan-11	Parking - Rondebosch	3440	440561	ABC1001	5.00	Refreshments	2558	440561	ABC1001	230.00
2	07-Jan-11	Refreshments	2558	440561	ABC1001	120.00	Refreshments	2558	400009	ABC1072	160.00
3	10-Jan-11	Folders - conference	3280	400009	ABC1072	225.00	Parking	3380	440561	ABC1001	15.00
4	15-Jan-11	Parking - PnP	3440	440561	ABC1001	10.00	Repairs & Maintenance	3750	440561	ABC1015	101.00
5	15-Jan-11	Fruit basket - S Amson	2210	400009	ABC1072	240.00	Stationery	3280	400009	ABC1072	225.00
6	17-Jan-11	Master Keys - store room	3750	440561	ABC1015	101.00	Gifts & pres	2210	400009	ABC1072	240.00
7	25-Jan-11	Refreshments - staff mtg	2558	440561	ABC1001	110.00					
8	28-Jan-11	Refreshments - Dean's office	2558	400009	ABC1072	160.00					
					Total	971.00	Total claim 2/2/11				971.00
							Plus cash in hand on 2/2/11				229.00
							Value of Petty Cash float				1,200.00
							Purchase Order no				1000722
Authorised by petty cash signatory							Confirmation of receipt of money from payee by custodian				
	Name				Signature		Custodian		Signature		Date
	Date				SAP vendor number		Payee		Signature		Date



Attachment B

Example of a petty cash spreadsheet

[Click here](http://www.uct.ac.za/usr/finance/policies/pay003_template.xls) (url: http://www.uct.ac.za/usr/finance/policies/pay003_template.xls) for suggested blank template

Petty Cash Reconciliation			Department	Astronomy			Person responsible	C Saw			Telephone	X5555	
Current date			17-Feb-11	Authorised by petty cash signatory				Confirmation of receipt of money from payee by custodian					
Purchase order				Name				Signature		Custodian		Signature	Date
Float amount			2,500.00	Date				SAP vendor number		Payee		Signature	Date
Total amount spent = value of PO			1,127.60										
Cash on hand			1,372.40										
NOTE: Add rows and columns as required, but remember to update the formulae.													
Transactions for the period: 1- 31 January 2011													
Voucher	Date	Description	Fund	CO	Parking GL 3440	Repairs & Mntnce GL 3750	Stationery GL 3280	Gifts & pres GL 2210	Rfrshmts- Mtgs & courses GL 2558	GL	GL	Petty Cash minor exp GL 2525	TOTAL
1	12-Jan-11	Refreshments - Hons Res presentations	440561						120.00				120.00
5	17-Jan-11	Refreshments - Dean's office milk, teas, coffee	440561						235.65				235.65
6	25-Jan-11	Parking - Dean's office teas P'nP Rondebosch	440561		5.00								5.00
													-
													-
													-
		Total	440561	AST1001	5.00	-	-	-	355.65	-	-	-	360.65
2	05-Jan-11	Fruit basket: Hospital ICU - S Amson	400009					240.00					240.00
4	28-Jan-11	Colour plastic folders, 100 SACA conf	400009				425.95						425.95
													-
													-
													-
		Total	400009	AST1032	-	-	425.95	240.00	-	-	-	-	665.95
3	10-Jan-11	Keys for store room U2	421001			101.00							101.00
													-
													-
													-
		Total	421001	ZREA00567	-	101.00	-	-	-	-	-	-	101.00
Total amount spent = value of PO												1,127.60	