



[Your Organization's Name]

Petty Cash Policy

1. Purpose

Organization X requires petty cash to pay for minor incidental costs that cannot be efficiently handled via electronic fund transfers (EFT) or accounts. This Petty Cash Policy establishes internal controls and procedures for managing small, incidental expenses within Organization X. By adhering to these guidelines, the organization ensures financial transparency, accountability, and the prevention of fraud or mismanagement

Objective: To set out the conditions, authorizations, and responsibilities for the management of petty cash floats and cash withdrawal cards.

2. Responsibilities

To simplify management, assets are categorized based on their nature and the roles responsible for them.

Role	Responsibility
National Finance Manager	Approving the issuance of floats or withdrawal cards; determining allowable line-item expenditure.
Chief Financial Officer (CFO)	Determining monthly limits and total float amounts.
Petty Cash Custodian	(Usually an Admin Officer or Branch Coordinator) Responsible for the daily safekeeping, recording, and reconciliation.
Line Manager	Authorizing individual expense vouchers and overseeing the custodian's monthly reconciliation.

3. Policy Regulations

3.1. Limits and Scope

- **Maximum Expense:** No single payment from petty cash may exceed **R250.00**.
- **Float System:** Managed on the **Imprest System** (the sum of cash on hand plus vouchers must always equal the total approved float).



- **Number of Cards/Floats:** Strictly one cash withdrawal card or one petty cash float per office.
- **Monthly Limits:** Withdrawal cards are subject to limits set by the CFO.

3.2. Allowable vs. Prohibited Use

- **Allowable:** Small incidental expenses (teas, cleaning materials, postage, small repairs, minor licenses).
- **Prohibited:** Staff loans, S&T (Subsistence & Travel) claims, kilometer/travel claims, wages, volunteer payments, or settling accounts with normal creditors.

3.3. Security and Custody

- **Storage:** Cash must be kept in a **secure, locked cash box**, which should be stored out of sight in a locked cupboard or safe.
- **Key Control:** Keys must be held by the Custodian and one secondary staff member (usually a manager) for emergency access.
- **Separation of Funds:** Private money or other income (e.g., donations) must **never** be mixed with petty cash. Income must be banked intact.

4. Operational Processes

4.1 Accessing/Applying for a Float

- The staff member submits a **Justification for Issue** to their manager.
- Once approved, it is sent to the CFO for final consideration.
- If a staff member leaves Organization X, the National Finance Manager must be notified immediately to cancel the card and recover the float.

4.2 Recording and Disbursements

For every payment made, a **Petty Cash Voucher** must be completed including:

- Date and specific details of the item purchased.
- The exact amount paid.
- **Two Signatures:** The staff member receiving the cash and the manager approving the payment.
- **Attachment:** Original tax invoices or till slips must be stapled to the voucher.



4.3 Reconciliation and Replenishment

- **Timing:** Reconciliation must be performed on the 20th of every month, regardless of whether a top-up is requested.
- **Procedure:** Total expenses are coded (Project/Program/Account code) and summarized on the Petty Cash Reconciliation Template.
- **VAT:** VAT must be clearly indicated and match the attached invoices.
- **Verification:** Head Office will not replenish funds without a completed reconciliation form and all supporting original documents.

5. Handover and Audits

- **Leave:** If the Custodian goes on leave, a formal handover of the cash box, cards, and documentation to another responsible staff member must be recorded.
- **Spot Checks:** Management or Finance staff may perform unannounced "spot counts" of the cash on hand at any time.
- **Year-End:** At the end of each financial year, a formal verification of all petty cash on hand is required for the annual audit.