

ISLAMIC EDUCATIONAL CENTRE

PETTY CASH MANAGEMENT POLICY

DEFINITIONS

Custodian – that person who is the ultimate authority for the management of the petty cash fund.

Designated custodian is deemed the Principal or his nominee.

Designated officer is deemed that person who is responsible for the day-to-day management of petty cash.

Finance Management Policy – policy framework that defines the operational nature of income and expenditure of the institution.

Supply Chain Management Policy – a policy that defines the acquisition and disposal of both consumable and non-consumable assets.

Petty Cash – Imprest Fund that remains constant, containing cash or satisfactory evidence of disbursements (paid receipts) equal to the amount of the fund.

PURPOSE

The Islam Educational Centre's petty cash management system provides a framework for the purchase of small or non-routine items on a regular basis when it is not practical or feasible to submit a purchase requisition, request for payment, or follow the standard procurement process.

POLICY

Petty cash funds may be established at the discretion of the Shura for small purchases on the basis of demonstrated need and standard business protocol. These funds are to be used only for the acquisition of those unanticipated items or services that require immediate cash payment, and shall not be used to circumvent established procurement processes as defined by the Shura.

PROCEDURES

1. The designated custodian must sign for the entire petty cash funds;
2. The petty cash fund must be placed in a lockable cash box which must be kept in a safe; Only the principal or the designated official must handle the petty cash fund;
3. All petty cash purchases must be approved by the Principal prior to any purchase, and must be limited to R1000 per month. Individual transactions should not exceed R100 per item. This is in line with the Supply Chain Management Policy, and the Finance Management Policy;
4. Petty cash funds may not be utilized for capital works or any major renovation of the school;
5. The designated official must maintain a petty cash register;
6. The petty cash and the petty cash register must reconcilable at all times. The designated official must have the actual cash or signed voucher for any cash expenditure;
7. A pre-numbered voucher must be prepared for each petty cash disbursement;
8. The school should obtain a pre-formatted , numerically sequenced Petty Cash Voucher Book;
9. Each petty cash voucher should be

- 9.1 dated
 - 9.2 should contain an explanation of the expenditure and the original invoice;
 - 9.3 show the amount of expenditure numerically and in words;
 - 9.4 be signed by the Principal;
 - 9.5 be signed by the people receiving the money;
 - 9.6 be signed by the person disbursing the money.
-
10. The designated officer must claim the actual expenditure incurred from the Finance Officer. The amount claimed must be rounded off.
 11. Petty cash funds must not be used to cash personal cheques;
 12. Petty cash funds cannot be used to buy assets for the school;
 13. Petty cash funds cannot be used for subsistence and travelling purposes;
 14. Private funds must not be mixed with petty cash funds;
 15. From time to time, the Shura must monitor and check the accuracy of the cash on hand and reconcile the amount counted with the vouchers on hand, and the petty cash register.
 16. The petty cash system must be regularly audited to ensure that all procedures have been followed stringently, and this must be done in the presence of the designated officer;
 17. The designated officer must submit a detailed monthly report to the Principal with all the details of the expenditure, name of the company, amount, receipt number, and description of the service;
 18. This shall form part of the monthly Financial Reporting to the Shura.
 19. The petty cash management system forms an integral component of the fiduciary duty of the Principal of the school.

CONCLUSION

The Petty Cash Management System is embedded in the Finance Policy of the school, and forms part of the financial reporting to the Shura, the Department of Education or to any external auditing body.