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1. The policy sets organizational standards and codes of practice on the management and reconciliation of petty cash. It also explains how to properly manage and reconcile petty cash. It is designed to address practical difficulties and share best practices that have arisen across UNFPA country, regional, sub-regional and headquarters offices (hereinafter called “business units”). It is imperative that petty cash balances are managed on a timely basis and reconciled in accordance with [UNFPA Financial Regulations and Rules](#) to ensure accurate and reliable data in the UNFPA general ledger and to prevent any real monetary losses to the Organization.
2. The policy comes into effect immediately upon issuance and supersedes all previous instructions on UNFPA petty cash management and reconciliation¹.

1. Petty Cash Management

1.1 Background

3. Financial Rule 114.7² states that “Petty cash advances may be made to officials designated by the Executive Director or his/her delegate. The accounts therefore shall be maintained on an imprest basis. The amount and purposes of each advance shall be defined by the Director, Division for Management Services, and limited to the minimum compatible with working requirements. (...). Officials to whom such advances are issued may make use of them only for the purposes for which they were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the advances so made. They shall be in a position at all times to account for such advances and shall submit monthly accounts with respect to petty cash advances unless otherwise decided by the Executive Director or his/her delegate”.

1.2 Petty Cash Limits

4. Petty cash is an amount given to a business unit to cover minor miscellaneous items for which it is not practical or possible to make payments by bank transfer or check. The petty cash must not exceed the local currency equivalent of US\$600 per business unit.
5. UNFPA Head of Unit³ may authorize the establishment of an individual petty cash for its decentralized offices up to US\$600 per decentralized office⁴. A single transaction funded by petty cash must not exceed the local currency equivalent of US\$100.

¹ For practical purposes all business units must implement the Policy not later than 1st of the next month after the Policy issuance.

² United Nations Population Fund Financial Regulations and Rules, [UNFPA/FIN/REF/Rev.9](#), effective 1 January 2012

³ Head of Unit: representative, division director, regional or subregional director, chief of operations or the delegated officer

⁴ This provision is only applicable for decentralized offices established and approved per Guidelines for Decentralized Offices, June 2010

6. All exceptions to the above imprest levels must be approved by the Division of Management Services (DMS) (see Annex I).

1.3 Establishment of Petty Cash

7. UNFPA Head of the Unit is authorized to establish a petty cash in the business unit and its decentralized office(s) at a reasonable level up to the limit indicated in section 1.2 above.

1.4 Petty Cash Custodian

8. Only UNFPA staff members are authorized to administer the petty cash. UNFPA Head of Unit must designate in writing a petty cash custodian and an alternate (see sample of petty cash custodian designation letter in the Annex II). The petty cash custodian is responsible for the management and reconciliation of petty cash in line with the instructions provided herein this policy. The alternate assumes these duties during the custodian's short⁵ absence. The transfer of accountability for the petty cash between custodian and alternate must be documented as instructed in paragraph 10 below.
9. A new designation letter must be issued each time the petty cash custodian or alternate change (see sample in the Annex II). The former petty cash custodian must prepare a final petty cash financial report and deposit the petty cash balance to the bank account⁶. A new petty cash advance should be issued to the new petty cash custodian.

1.5 Safekeeping of Petty Cash

10. Petty cash must be kept in a metal cash box that can be locked. The box together with the key(s), must be given against a written receipt into the custody of the petty cash custodian. The petty cash box must be locked in the office safe after working hours. At no time can petty cash or other official cash be mixed up with personal cash.
11. The petty cash custodian must prepare reconciliation reports to accompany petty cash replenishment requests (see sample of reconciliation reports in the Annex III). UNFPA Head of Unit or his/her delegate must perform surprise spot-check verification and petty cash count periodically but not less than twice a year to ensure that the petty cash instructions are adhered to (see sample of spot-check verification in the Annex IV). Should spot-checks reveal consistent poor performance, the Head of the Unit should consider appointing a new petty cash custodian.

⁵ Short absence is 1 month or less. If absence is planned longer than 1 month petty cash custodian should prepare final petty cash financial report and deposit the petty cash balance to the bank account. A new petty cash should be issued to new petty cash custodian.

⁶ Refer to section 1.8 below for Atlas actions details.

1.6 Petty Cash Permissible and not-Permissible Charges

12. Petty cash must be used for official expenditures only. Petty cash is an amount given to a business unit to cover minor miscellaneous items for which it is not practical or possible to make payments by bank transfer or check. Petty cash must not be used for salaries, overtime, allowances, DSA and travel costs.

1.7 Petty Cash Documentation

13. Petty cash custodian or alternate must maintain a petty cash statement (see sample in the Annex V). All petty cash transactions recorded in the petty cash statement must be supported by sequentially numbered petty cash vouchers (see sample in the Annex VI), invoices and other appropriate documentation. Petty cash vouchers cannot be reimbursed unless they include complete chart field information. The petty cash custodian must also prepare reconciliation reports on a regular basis, as indicated in the section 1.5 above.
14. The petty cash statement, vouchers, reconciliation reports and supporting documentation must be kept up-to-date and readily available for spot-check verifications or audits.

1.8 Petty Cash Accounting in Atlas

15. Petty cash maintenance and control is the personal responsibility of the petty cash custodian or alternate. Therefore, in Atlas petty cash is issued directly to the custodian (or alternate) where the vendor ID and name must correspond to staff member who is in control of petty cash. The use of generic vendor names (e.g. “petty cash custodian”) for petty cash issuance is NOT permissible.
16. Below accounting entries are to be made in Atlas in local currency (LC) only.
- A) *The petty cash advance at the beginning of the year or initial petty cash advance* is made by Accounts Payable Regular Vouchers charging the chart of account (COA) below:

GL Unit: UNFPA
 Account: 11015
 Fund: Relevant fund code
 Dept: Your business unit department code
 Other COA fields should be blank

- B) *The petty cash replenishment* is made by Accounts Payable Regular Voucher equal to the sum of petty cash vouchers (petty cash spent during the reporting period) charging the COA shown on the petty cash vouchers (7xxx-series account). The amount of the voucher plus balance in the cash box should reinstate the petty cash to its authorized amount.

Atlas Approving Manager should ensure that all the expenditures are properly supported and that the expenses paid are eligible per the policy.

- C) 1) *At year-end*, the petty cash custodian must prepare a final petty cash report and ensure that all petty cash vouchers are recorded in Atlas by Accounts Payable Journal Voucher charging the expenses to the respective 7xxx-series accounts and crediting the petty cash general ledger account 11015 with the same amount.

	Amount	GL Unit	Account	Fund	Dept	Other COA
Credit	(LC Amount)	UNFPA	11015	relevant fund code	Your Co Dept	Empty
Debit	+LC Amount	UNFPA	7xxx/Variou*	Variou*	Your Co Dept	Variou*

Variou *: the petty cash expense should be charged to the appropriate COA as indicated on the petty cash vouchers

- 2) *The year-end* petty cash balance must be deposited to the UNDP bank account latest by 31st December. Deposit should be applied to:

GL Unit: UNFPA
 Account: 11015
 Fund: Relevant fund code
 Dept: Your business unit department code
 Other COA fields should be blank

17. Steps C-1 and C-2 should clear the petty cash balance. Please note that petty cash general ledger account 11015 must be zero in local currency as at 31 December.
18. Following the steps A to C, the petty cash account 11015 is only touched at the beginning of the year when the petty cash is established and at the end of the year when the petty cash final report is recorded and petty cash balance is deposited to the UNDP bank account. Steps A to C must be repeated annually.
19. In case of petty cash custodian change, the former petty cash custodian must follow steps C-1 and C-2 above and thereafter reconfirm that petty cash balance issued in his/her name is zero in Atlas. The new petty cash advance (step A) must be issued to the newly assigned petty cash custodian.
20. Business units must not make any adjustments for foreign exchange fluctuations on petty cash. Foreign exchange revaluations are done by Finance Branch at year end.

2. Petty Cash Account Reconciliation

21. List of useful reports:

Atlas query: [UNFPA_GL_ACCOUNT_BY_DEPT](#)
Cognos report: [Account Activity Analysis](#)
[Atlas Data Quality Dashboard](#)

It is the responsibility of the petty cash custodian to reconcile petty cash on hand with Atlas general ledger on a regular basis but not less than four times a year. The reconciliation must be certified by the Atlas Approving Manager. If any discrepancies are detected, the Atlas Approving Manager must follow up with the petty cash custodian to ensure that the issue is addressed and resolved immediately. Should the reconciliation or other assurance activities detect any missing cash or other misconduct, the issue must be reviewed by Head of Unit to determine the root cause, be properly documented and reported immediately to Director, DMS.

22. Examples of petty cash issues that should be addressed: (source: Atlas general ledger):

- Petty cash balance exceeds authorized amount in local currency
- Petty cash balance stands in a negative position
- Petty cash balance consists of multiple currencies under one department
- Petty cash balance aging is over 12 months
- Petty cash balance as of year-end has a balance

23. The above issues could be a result of data entry error, an oversight by UNFPA, or uncoordinated/unilateral adjustments. Such differences should be reviewed and subsequently corrected. The list of the most common causes of discrepancies and possible solutions are listed below:

24. List of possible causes of discrepancies between cash in hand and general ledger:

- Petty cash expenditure reports or deposits have not been recorded in Atlas;
- Petty cash expenditure reports or deposits have been recorded in Atlas against 7xxxx-series accounts instead of petty cash account (Atlas code: 11015);
- Petty cash deposits have been recorded in UNDP ledger;
- Petty cash expenditure reports have been recorded in Atlas twice;
- Petty cash exchange rate gains/losses have been recorded by Business Unit;
- Petty cash advance and expenditures has been recorded in various currencies.

25. Compliance with this policy is mandatory and the direct responsibility of every Head of Unit. DMS will also monitor adherence to this policy and any violations may lead to the withdrawal of a business unit's petty cash. For further questions and queries please open a case in the [Integrated Service Desk](#).

3. Annexes**Annex I: Sample Request for Increase of Petty Cash****INTEROFFICE MEMORANDUM**Date: [Click here to enter text.](#)

To: Director, Division for Management Services (DMS)

From: [enter the name and title of authorized official]

Subject: Request for Increase of Petty Cash for [enter Business Unit name]

[Enter Business Unit Name] is seeking DMS approval to increase petty cash from US\$ 600 to US\$ [enter requested petty cash imprest level] in line with the justification below:

Justification: [enter justification here]**Additional information:**

Atlas Department ID: _____

Petty cash designation: CO S/RO DO HQ

Petty cash location: _____

Petty cash custodian is a UNFPA staff member: Yes NoSafekeeping of petty cash is ensured (availability of metal cash box with keys and office safe):
 Yes No

Section below is for Finance Branch use only: Approved

Approval valid till (if applicable): _____

 Not approved

Approved by: _____

[name/title/signature/date]

DMS Comments (if any): _____

Annex II: Sample of Petty Cash Designation Form

INTEROFFICE MEMORANDUM

Date: [Click here to enter text.](#)

To: [enter the names/titles of the assigned petty cash custodian and alternate]

From: [enter the name]
[enter the title of head of the unit]

Subject: Appointment of Petty Cash Custodian and Alternate

Dear xxx,

Please be informed that you have been appointed as Petty Cash Custodian with immediate effect until further notice. Mr/Ms. [enter name] will serve as your alternate.

As Petty Cash Custodian/Alternate you must follow UNFPA Regulations, Rules and Policies. Please note that per Financial Rule 114.7, you are personally responsible and financially liable for the proper management and safekeeping of the advances.

Please certify below that you are aware of the actions and accountability required from you.

This is to confirm that I read UNFPA Regulations, Rules and Policies on Petty Cash Management and aware of the actions and accountability required from me.

For Petty Cash Custodian:

For Alternate:

[name, title, signature, date]

[name, title, signature, date]

This is to confirm that I received a metal cash box with the keys to safeguard petty cash.

For Petty Cash Custodian:

[signature, date]

Annex III: Sample Petty Cash Reconciliation Form

Business unit name: _____
 Atlas Dept ID: _____
 Currency code: _____
 Name of Petty Cash Custodian: _____

Description		Amount in local currency
Petty cash authorized level:	A	
Atlas GL Balance ⁷ [please note that under no circumstances B>A]:	B	
Cash on Hand:	C	
Total of petty cash vouchers pending replenishment:	D	
Reconciliation Results [E = B – C – D]	E	
BU Comments if E ≠ 0:		
For year-end purposes:		
[Ref: 1.8 Step C-1] – Please enter Atlas AP Journal Voucher number:		
[Ref: 1.8 Step C-2] – Please enter Atlas Deposit ID:		
BU Comments if AP JV or deposit ID information is not available:		

Prepared by: _____
Name/Title/Signature/Date

Certified by Atlas
 Approving Manager: _____
Name/Title/Signature/Date

⁷ Source: Atlas query: [UNFPA_GL_ACCOUNT_BY_DEPT](#)

Annex V: Sample Petty Cash Statement⁸

Business unit name: _____
 Atlas Dept ID: _____
 Currency code: _____
 Name of Petty Cash Custodian: _____

For the month:										
Date	Petty Cash Voucher No*	Name of Payee	Description of expenditures	Account	Fund	Project	Activity	Impl Agent	Amount (LC)	Petty Cash Balance (LC) **
									<i>Opening Balance:</i>	Eg. 600
Eg 1	05/01	XXX	Eg. Supplies	Eg.72505	Eg.FPA90	XXX	XXX	Eg.PU0074	Eg 25	575 = 600-25
Eg 2	05/02	XXX	Eg. Printer maintenance	Eg.73406	Eg.FPA51	XXX	XXX	Eg.PU0074	Eg 30	545 = 575 - 30
Total:									55	545

*: For BU easy tracking it is suggested that petty cash vouchers are numbered as month/sequence eg. 05/01 – means 1st petty cash voucher in May.
 **: Petty cash balance (LC) should represent cash on hand

Summary for voucher purposes:

Amount LC	Account	Dept	Fund	Project	Activity	Impl Agent

Prepared by: _____
 [name of the petty cash custodian / title / signature / date]

Approved by: _____
 [name / title / signature / date]

⁸ Excel version of the Petty Cash Statement can be found [here](#).

Annex VI: Sample Petty Cash Voucher

Business unit name: _____
 Atlas Dept ID: _____
 Currency code: _____
 Name of Petty Cash Custodian: _____
 Petty Cash Voucher: No. _____ / _____
 Date: _____

No	Purpose	Amount (local currency)
	_____ _____	
	_____ _____	
	_____ _____	

COA Information

Account	Project	Fund	Impl. Agent	Activity

Custodian: _____
Signature

Receiver: _____
Name/Signature/Date

Certifying Officer: _____
Name/Signature/Date