

Policy Title	Policy and Procedures for Petty Cash Management
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Previous title (if any)	Policy on Petty Cash Management
Policy objective	To define the policy, procedures and templates in establishing and using and managing petty cash to make payments for non-programmatic expenses, instead of electronic transfers or the use of a purchasing card.
Target audience	Heads of unit, budget owners, operations managers (or the most senior finance/administration staff in the office), petty cash custodians.
Risk control matrix	<a href="#">Risk control matrix</a>
Checklist	N/A
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**I. Purpose**

1. This policy expands upon Financial Regulation 14.2 established by the UNFPA Executive Board and Financial Rule 114.7<sup>1</sup> established by the Executive Director for the effective management of cash advances, including petty cash.
2. This policy is part of a suite of policies that address how payments for goods, services or to implementing partners can be made, either electronically, or in cash. The following policies and guidance notes should be read in conjunction with this policy, where needed:
  - [Policy and Procedures for Accounts Payable](#)
  - [Purchasing Card Policy](#)
  - [Guidance note on supplier maintenance](#)
4. As established under the [Policy and Procedures for Accounts Payable](#), all payments to suppliers of goods and services should be made by electronic transfer, through a UNFPA bank account. This includes: (i) goods and services procured at field locations, (ii) individuals participating in programme activities (i.e., training activities, workshops, surveys, census enumeration, etc.), (iii) advances to implementing partners, and (iv) payment of staff and personnel costs.
5. **This policy establishes when an exception can be made, in establishing, using and managing petty cash to make payments for non-programmatic expenses, instead of electronic transfers or the use of a purchasing card.** It further outlines UNFPA's petty cash process and identifies control actions to mitigate potential risks to prevent any real monetary losses to the organization.

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<sup>1</sup> Financial Rule 114.7: "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"

## II. Policy

6. This policy outlines UNFPA's petty cash management and identifies control actions to balance and mitigate potential risks.
7. Petty cash is an amount given to a business unit to pay for minor miscellaneous items. It is not for use of programmatic payments; for these, refer to the Policy and Procedures for the [Management of Cash Transfer to Implementing Partners](#).
8. The establishment of petty cash is optional. Petty cash can only be used when it is either not practical or not possible to process disbursements electronically following established UNFPA payment processes<sup>2</sup> or using a purchasing card. This is typically due to the lack of, or limitations in, access to banking services by payees; social perceptions of cash versus electronic payments or where disbursements are infrequent (one-off or sporadic) and low value; or where the head of unit determines the efficiency gain of making low value payments with petty cash as opposed to processing such payments electronically, outweigh the risks of holding and managing petty cash

### A. Establishing petty cash, including ceiling per office

9. The head of unit<sup>3</sup> has the authority to establish petty cash for a country office, decentralized office, project office, representation office or headquarter unit, as well as the amount of petty cash held per office (the 'petty cash ceiling') and per custodian (a 'petty cash account'); subject to the limits noted within this policy.
10. Where multiple headquarters divisions and/or representation offices are co-located, only one petty cash ceiling can be established per location. Accountability for oversight of the petty cash ceiling and petty cash accounts will be determined by the Chief, Finance Branch, Division of Management Services (DMS). For headquarters units based in New York, only the Finance Branch, DMS can maintain a petty cash ceiling and account.
11. The head of unit must balance the risks of potential fraud, abuse and loss with the potential benefits of operational efficiency of cash being available, while not increasing the safety risk to personnel and UNFPA resources of handling and holding cash. This is particularly important where higher levels of petty cash are established based on the maximum policy limits, and / or in the case of a humanitarian response. The head of unit must review the petty cash ceiling and security arrangements where a change in the security context occurs.
12. A UNFPA head of unit may establish petty cash of up to USD 2,000 in the local currency equivalent per office (i.e. per country office, per decentralized office (including project offices) etc.)<sup>4</sup>. For petty cash accounts in currencies other than the local currency, approval

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<sup>2</sup> As established in the UNFPA [Policy and Procedures for Accounts Payable](#); [Policy and Procedures for Petty Cash Management](#); and [Purchasing Card Policy](#).

<sup>3</sup> Head of unit for the purpose of the petty cash policy refers to: representative, DMS Director (for HQ units), Supply Chain Management Unit Chief, regional or sub-regional director.

<sup>4</sup> This provision is only applicable for decentralized offices established and approved per the Policy and Procedures for

must be obtained from the Chief, Finance Branch, DMS prior to petty cash being established.

13. When UNFPA declares an emergency for a particular location, the policy limits established in paragraph 12 are replaced by those in paragraph 14.
14. A UNFPA head of unit may increase the total petty cash per location up to a maximum of USD 5,000 in the local currency equivalent per office [i.e., per country office and/or per decentralized office (including project offices) etc.] involved in the implementation of activities within the scope of the emergency response.
15. Heads of units must ensure there are adequate mechanisms in place to physically safeguard the increased petty cash funds and UNFPA personnel handling petty cash. The responsibility for handling the larger amounts of cash and security protocols must be clearly documented by the head of unit. This assessment must also be conducted to review the petty cash ceiling limit where a change in security context arises.
16. Petty cash balances must be reduced to standard petty cash levels within one month after UNFPA transitions out of an emergency response and back to regular programming.
17. All exceptions to the above petty cash ceilings must be approved by the Chief - Finance Branch, DMS. The Finance Branch, DMS, will review the approved petty cash account limits quarterly as part of second line of control activities.

#### **B. Appointing a petty cash custodian and alternate**

18. The head of unit must formally nominate a petty cash custodian and an alternate for each petty cash account, and ensure the custodian/s are provided with and have understood the petty cash policy. The head of unit must designate all nominations in writing (see sample petty cash custodian designation letter in [Annex I](#)) and issue a new designation letter each time they change the petty cash custodian or alternate.
19. A head of unit may appoint more than one personnel (plus an alternate) as a petty cash custodian in each location if they determine that this will reduce the potential for fraud and risks to personnel, asset safety and business operations. Each petty cash custodian must have a separate petty cash account. However, the combined petty cash amount per location must not exceed the limits in paragraph 12 or 14. It is recommended that the number of petty cash custodians in each location is limited to two personnel (plus an alternate) where possible, to ensure adequate oversight is in place and the administrative burden is not excessive.
20. Personnel on a UNFPA contract can be designated as the petty cash custodian by the head of unit, but it is preferred that the petty cash custodian is a staff member where possible, especially where petty cash is issued towards the higher end of the petty cash ceiling.

21. The operations manager (or most senior finance/administration staff in the unit)<sup>5</sup> must record the amount of petty cash ceiling authorized by the head of unit per location, and the amount of the petty cash account authorized by the head of unit for each petty cash custodian on the petty cash monitoring form.

### C. Operationalizing petty cash

22. The petty cash custodian, or alternate, is personally responsible for petty cash maintenance. Therefore, petty cash must only be paid directly to the custodian (or alternate).
23. Cash is paid to the petty cash custodian's personal bank account to establish the petty cash account. The operations manager must confirm with each petty cash custodian that a current and approved supplier record exists in the ERP. The operations manager must check that the name of the supplier ID corresponds to the petty cash custodian's official name and is not a generic name, such as 'petty cash custodian'. If a generic name is used, this profile must be modified to include the official name before any disbursement is made to the petty cash custodian.
24. Petty cash must be kept in a metal cash box that can be locked. The operations manager must provide each petty cash custodian with a metal box together with the key(s); the petty cash custodian must sign an official receipt evidencing receipt of the box.
25. The operations manager or (where no operations manager post exists in an office) the most senior administrative/finance position, is responsible for ensuring only a designated petty cash custodian documented by the head of unit receives funds for petty cash, within the petty cash ceiling per location.
26. The petty cash custodian must not combine petty cash with personal cash beyond a reasonable period to transfer the cash from the cash custodian's bank account to the metal cash box. This limits the potential fraud risk of diversion of UNFPA resources and operational risks of cash not being available when needed, while allowing offices to ensure these requirements do not increase the safety risk to personnel in handling larger amounts of cash.
27. The operations officer must lock the petty cash box in the office safe, in the presence of the petty cash custodian, each time petty cash is required.
28. Petty cash must only be used for official expenditures to cover minor miscellaneous items. Petty cash must not be used for salaries, overtime, allowances, daily subsistence allowance (DSA), consultant payments or travel costs. Examples of minor miscellaneous expenses include, but are not limited to: (i) stationery and small consumable supplies for the office and / or meetings with official guests or UNFPA personnel; (ii) charges for a taxi for official meetings or requirements [these costs are considered eligible and not excluded under 'travel costs' unless covered by travel related terminal expenses]; and payment for staff related visa

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<sup>5</sup> Throughout this policy reference is made to 'Operations Manager'. For the purpose of clarity, 'Operations Manager' refers to either the operations manager, or the most senior finance/administration staff in the unit.

processing when local authorities do not accept electronic payments. A single transaction funded by petty cash must not exceed the local currency equivalent of USD 250. This limit is increased to USD 1,000 where petty cash is established for a humanitarian response. Any transactions above these limits must be paid for electronically as per the [Purchasing Card Policy](#), and the [Policy and Procedures for Accounts Payable](#).

29. The budget owner must authorize and document the use of their budget, that sufficient funds are available within the budget, and provide a valid chart of accounts (COA) prior to the expense being incurred by a UNFPA personnel.
30. The petty cash custodian is responsible for the management and reconciliation of petty cash in line with this policy. The petty cash custodian must not reimburse UNFPA personnel for an official expense using petty cash without:
  - a. An invoice or cash receipt demonstrating what has been purchased and how much was paid; and
  - b. Budget owner approval, including a complete COA.
31. In the event that it is necessary to provide a petty cash advance to a UNFPA personnel to purchase goods, the requester must provide:
  - a. A reasonable quote or proforma invoice for the good to be procured.
  - b. A petty cash requisition form stating the purpose of the cash requested.
  - c. Written (or electronic) approval by the budget owner and relevant COA to charge the expense.
32. The petty cash custodian must promptly complete a sequentially numbered petty cash voucher (see sample in the [Annex II](#)) for each disbursement of petty cash, including certification that the payment has been made from petty cash. They must also maintain a petty cash log (see sample in the [Annex III](#)), and petty cash reconciliation reports.
33. The petty cash custodian must keep the petty cash statement, vouchers, reconciliation reports and supporting documentation up-to-date and readily available for a spot-check or audit.
34. Currently, the petty cash process is manual and reliant on paper documentation. Offices are encouraged to develop a local electronic workflow or automate the documentation templates to reduce the reliance on manual work processes.
35. Business units must not make any adjustments for foreign exchange fluctuations on petty cash. Foreign exchange revaluations are performed by the Finance Branch, DMS at the year-end.

**D. Replenishment of petty cash**

36. The petty cash custodian must prepare a reconciliation report to request a cash replenishment (see sample of reconciliation reports in [Annex IV](#)).
37. Cash replenishment for each petty cash custodian must be completed at least once a year at the year-end to ensure all expenses are properly accounted for in the correct fiscal year and to ensure there is an appropriate review by the operations manager of how petty cash is being managed by each cash custodian.
38. Petty cash will not be reimbursed or replenished for a transaction recorded in the petty cash statement where it is not supported by:
  - a. A sequentially numbered petty cash voucher (see sample in the [Annex II](#)),
  - b. An invoice or cash receipt; and
  - c. Budget owner approval received before the transaction was paid for, including a complete COA.
39. The operations manager (or equivalent most senior finance/administration personnel), must ensure all disbursements are properly supported and eligible as per the policy before approving a replenishment.

**E. Handling absences of petty cash custodians**

40. An officially appointed alternate assumes the duties of the petty cash custodian during the custodian's short<sup>6</sup> absence.
41. Where a petty cash custodian will be absent for longer than one month and the business unit requires continued access to petty cash funds, the petty cash custodian must reconcile and close their petty cash account, and a new petty cash account is established for the alternate for the duration of the absence. When the petty cash custodian returns from the absence, the alternate must reconcile and close their petty cash account and a new petty cash account must be established for the returning petty cash custodian.

**F. Closing a petty cash account with a designated custodian**

42. The petty cash account for each cash custodian must be finalized and closed prior to the end of their contract within the timelines established below, depending on the amount of petty cash they manage:
  - a. Three (3) months before the end of their contract where they manage petty cash in excess of USD 800.00; or where the monthly salary of the petty cash custodian is less than the petty cash ceiling.

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<sup>6</sup> A short absence is defined as one (1) month or less.



- b. One (1) month before the end of their contract where they manage petty cash for USD 800.00 or less.
43. The above amounts should be calculated for the local currency equivalent based on the UN operational rate of exchange (UNORE) in effect at that time.
44. The operations manager (or most senior finance/administrative personnel) must monitor contract end dates of petty cash custodians, and is accountable for ensuring petty cash accounts are closed on time.
45. The outgoing petty cash custodian must: (a) finalize their petty cash reconciliation and report; any differences must be reviewed and corrected (b) ensure all petty cash vouchers are recorded in the ERP; (c) return the balance of the petty cash to the Operations Manager, who must deposit the funds in a UNFPA bank account (i.e. the bank account of the local UNDP office as the UNFPA treasury service provider); or, if the local UNDP office requires the petty cash custodian to deposit the funds directly with UNDP, return the balance to the local UNDP office. This must be done within three working days, where possible, and; (d) confirm the petty cash balance issued in their name is zero in the ERP.

#### **G. Petty cash account reconciliation and report**

46. The petty cash custodian must reconcile the petty cash on hand with the ERP general ledger balance and prepare a petty cash account reconciliation report at the following times:
  - a. Each time a replenishment is requested;
  - b. At the year-end as part of year-end financial closure instructions;
  - c. Before handing over the petty cash account due to an absence of more than one month; and
  - d. Before closing the petty cash account.
47. The reconciliation must be reviewed and certified by the operations management (or most senior finance/administration staff member with a UNFPA's ERP System 'FIN Manager UNFPA' role).
48. If any discrepancies are detected, the operations manager must immediately follow up with the petty cash custodian to address and resolve the discrepancies.

#### **H. Performance issues**

49. The operations manager (or most senior finance/administration staff member) must review the performance of the petty cash custodian before each replenishment of their petty cash account. Where improvements are needed by the petty cash custodian, the operations manager must provide additional training on the policy and processes, or make a recommendation to the head of unit to change the petty cash custodian. Where

improvements are needed, this does not need to be separately documented and can be part of the human resource performance review.

50. The head of unit must ensure corrective action is taken where the performance of the petty cash custodian warrants improvement or a change in custodian.
51. Should the petty cash reconciliation and report or other assurance activities detect any missing cash or other misconduct, the operations manager must inform the head of unit, who must escalate the issue to the Director, DMS and / or Office of Audit and Investigation Services (OAIS), as appropriate.

### **I. Monitoring**

52. The head of unit or their delegate (which cannot be a petty cash custodian) must perform a spot-check and a petty cash count periodically, but not less than twice a year to ensure the petty cash requirements are adhered to (see sample of how to document a spot-check in the [Annex V](#)). One of the spot checks must be conducted at the year-end, to verify that the right amount of cash physically exists at the year-end, and one should be a surprise spot-check on an undisclosed date. Should spot-checks reveal consistent poor performance, the head of the unit should consider appointing a new petty cash custodian.
53. The operations manager must monitor petty cash account limits, in line with the designation form signed by the head of unit, and ensure the petty cash accounts do not exceed the ceiling per location. They must also ensure the policy requirements are applied in full.
54. The Finance Branch is responsible for ensuring financial monitoring tools are in place for operation managers to monitor overall petty cash limits. The Finance Branch is responsible for key second line of control actions, including global review of petty cash levels, limits and number of custodians

### **III. Procedures**

**STEP 1: Determine the amount and currency of the petty cash ceiling to meet operational needs (refer to [flowchart reference 1a to 1b](#)).**

**Procedure 1a decision on number and value of petty cash accounts, currency and total business unit ceiling**

55. The head of unit decides the amount of the petty cash ceiling that will meet the operational needs for each office location in local currency and / or whether petty cash account/s are needed in another operational currency.
56. By establishing the ceiling, the head of unit considers the business unit ceiling limit established by the policy, the purposes for which petty cash may be used, the currency/ies required and the national laws on maintaining and paying in foreign currency.

57. The head of unit also determines how many petty cash accounts are required for each business unit, where the ceiling is established at the higher end of the ceiling limit.

**Procedure 1b (optional) request approval to increase the total petty cash ceiling of all combined accounts; or to establish a petty cash account in a currency other than local currency**

58. Where operational needs require a higher level of petty cash than the ceiling in the policy, or a petty cash account is needed in a (specified) currency other than local currency, the head of unit requests approval from the Finance Branch, DMS by modifying and submitting the memorandum in [Annex VI](#).
59. If the request is to establish a petty cash account at a higher ceiling, the head of unit must include a justification as to why the higher ceiling is required and how any increased operational or security risks will be addressed.
60. The currency of the petty cash ceiling is expected to be in local currency. To establish a petty cash account in another (specified) currency, the head of unit must include a justification on why the currency is needed, and confirm that there are no national laws that prohibit transacting in a foreign currency.
61. The request must be formally submitted and documented through the electronic submission system. Finance Branch, DMS, will review the request and confirm a decision in writing on the ceiling amount using the same memorandum submitted by the business unit.

**Procedure 1c document decision to establish petty cash account/s, currency/s and total ceiling across all accounts for the business unit.**

62. The head of unit must document the total ceiling for the business unit, broken down into each petty cash account, the office location, the value and currency of each account by completing and signing the memorandum in [Annex VII](#).

**Procedure 1d Formally nominate a petty cash custodian and alternate for each petty cash account**

63. The head of unit formally nominates a petty cash custodian and alternate for each petty cash account in writing using the sample designation form in [Annex I](#). The memorandum must include the name of the primary custodian and the alternate, as well as the petty cash ceiling and currency for the account.
64. The designation form must be signed by the head of unit, submitted to the petty cash custodian and the alternate, who must also each sign the designation letter to officially establish the account. A metal petty cash box must be provided to each petty cash custodian at the same time the designation letter is provided. The signed designation form must be held on record in the office filing system.

65. The head of unit must share this policy with the petty cash custodians and alternative and ensure they understand their responsibilities in line with the policy.

## **STEP 2: Operationalising petty cash**

### **Procedure 2a: Setting up a petty cash account**

66. The operations manager must confirm with each petty cash custodian that a current and approved supplier record exists in the ERP, in the official name of the custodian. The operations manager uses the signed petty cash custodian designation form as the supporting document to establish a new supplier record, where needed.
67. For UNFPA personnel on a staff contract, supplier records are maintained in the ERP Human Resources module. Establishing or changing an existing supplier record in the Human Resources module must be completed in line with the instructions issued by the Division for Human Resources.
68. For UNFPA personnel on a non-staff contract, supplier records are maintained in the ERP Accounts Payable module. Establishing or changing an existing supplier record in the Accounts Payable module must be completed in line with the instructions issued by the Finance Branch, DMS in the [guidance note on supplier maintenance](#).

### **Procedure 2b: Providing cash to a petty cash custodian to establish a petty cash account**

69. The operations manager must ensure only an authorized petty cash custodian, documented in the signed designation letter, receives funds for a petty cash account by matching the name on the designation letter to the name and site on the supplier record in the ERP.
70. The operations manager disburses funds electronically to each petty cash custodian based on the signed petty cash custodian designation form and the supplier record. This form serves as the authorisation by the head of unit to establish the account and as the supporting document to disburse funds electronically to the petty cash custodian. The operations manager checks the amount in the ERP standard invoice matches the amount in the designation letter.
71. The finance unit and operations manager follow the [Policy and Procedures for Accounts Payable](#) to make the electronic disbursement to the petty cash custodian using a non-purchase order standard accounts payable invoice in the ERP using the following chart of accounts:
- |                    |  |
|--------------------|--|
| a. GL Unit:        | UNFPA                                      |
| b. Account:        | 11015                                      |
| c. Fund:           | 00001                                      |
| d. Cost center:    | Business unit cost center code             |
| e. Operating Unit: | Business unit operating unit code          |
| f. Supplier Name:  | Petty Cash Custodian's ERP 'Supplier Name' |

*g. Other COA fields should be left blank.*

72. The accounting entries must be entered in the ERP in the same currency as the petty cash account.

### **Procedure 2c: Withdrawing and storing petty cash**

73. The petty cash custodian must withdraw the cash from their bank account within two working days and place the cash in the metal petty cash box, unless security measures dictate it is unsafe to do so in this timeframe. The full amount disbursed to the petty cash custodian must be withdrawn, to prevent personal cash and UNFPA cash being co-mingled.
74. The petty cash custodian hands the cash box, with the cash, to the operations manager, who places the box in the office safe in the presence of the petty cash custodian. In offices where one person is both the petty cash custodian and the operations manager, the petty cash custodian will directly place the cash box in the office safe.

### **Procedure 2d: Setting up the petty cash log**

75. The petty cash custodian sets up the log for the petty cash account using the form in [Annex III](#). The petty cash custodian must complete the identifying information in the log, including the name of the petty cash custodian, the business unit name, the ERP cost center identification number for the location, the authorized ceiling and the currency of the petty cash account. This information must match the petty cash custodian designation letter signed by the head of unit and the petty cash custodian.
76. The petty cash custodian enters the amount they have received in cash and initials the line to indicate their confirmation of the cash receipt.
77. The operations manager reviews the log to confirm it has been set up correctly and initials the line where the receipt is entered to confirm their review, and that the petty cash custodian has acknowledged receipt of the disbursement.

## **STEP 3: Managing petty cash**

### **Procedure 3a: budget owner approval**

78. A UNFPA personnel (the 'requester') makes a request to a budget owner for the use of petty cash to incur and pay for official expenses by completing a petty cash voucher (see [Annex II](#) for example form). The requester must include in the form a description of the item they wish to purchase, the purpose, the currency and the amount as well as the chart of accounts of the budget where the expenses will be charged. The requester should apply judgment in determining how detailed the description is, given that petty cash is typically only used for sundry items.
79. The budget owner decides whether the expenses are:

- a. Authorized to be funded from their budget,
  - b. For goods/services for official business use,
  - c. Eligible to be paid from petty cash in line with the policy (i.e. type of expense and amount per transaction).
80. The budget owner also decides whether the petty cash should be provided to the requester as an advance or as reimbursement and checks the appropriate box on the petty cash voucher. The default decision should be to reimburse expenses, unless an advance is absolutely necessary.
81. The budget owner signs the petty cash voucher to authorize the purchase and use of petty cash, as well as to confirm the accuracy of the chart of accounts and that sufficient funds are available for the purchase.
82. For the petty cash reimbursement process, follow procedures 3b to 3e. For the petty cash advance and settlement process, follow procedures 3f to 3j.

#### Petty cash reimbursement

##### **Procedure 3b: purchasing goods/services and completing a claim for reimbursement**

83. The requester purchases the goods approved by the budget owner in the petty cash voucher using their own funds and obtains a receipt for the payment.
84. Using the same petty cash voucher approved by the budget owner, the requester must complete the column 'actual cost (local currency)' and certify that they have physically received the goods. All amounts must be substantiated by an official receipt from the supplier where the goods were purchased from, which must be submitted along with the petty cash voucher (in hard copy or electronic format). The requester submits all documentation to the petty cash custodian.

##### **Procedure 3c: reviewing a claim for reimbursement**

85. The petty cash custodian reviews the petty cash voucher and ensures:
- a. The budget owner has certified the form
  - b. A chart of accounts has been provided
  - c. The item lines are listed on the petty cash voucher in both estimated and actual expenses
  - d. The total amount spent does not exceed the total amount approved by the budget owner
  - e. The requester has certified receipt of the goods
  - f. The receipt/s submitted substantiate the amount claimed for reimbursement, and the type of goods procured
  - g. The goods procured are eligible to be funded from petty cash in line with this policy.

86. If there are any concerns over the completion of the form, or the supporting receipt/s, the petty cash custodian discusses this with the requester and / or budget owner as needed to resolve the issue.

87. The petty cash custodian must certify the form when the above requirements are met.

#### **Procedure 3d: handling and safeguarding petty cash**

88. The petty cash custodian requests the operations manager to provide the cash box from the office safe, then withdraws the cash and provides the correct amount to the requester that paid for the goods.

89. The requester documents they have received reimbursement in cash, by signing the petty cash voucher under the 'cash reimbursement' section.

90. The petty cash custodian returns the petty cash box to the operations manager, who locks it in the office safe.

#### **Procedure 3e: Updating the petty cash log**

91. The petty cash custodian updates the petty cash log with the information in the petty cash voucher, by completing the following fields:

- a. Petty cash voucher number
- b. Name of payee ('requester')
- c. Description of goods
- d. Chart of accounts (General Ledger account, Fund, Project, Activity ID, Implementing Agent)
- e. Amount reimbursed in local currency
- f. Petty cash balance remaining

#### Petty cash advance and finalization

#### **Procedure 3f: providing a petty cash advance and safeguarding petty cash**

92. The petty cash custodian reviews the petty cash voucher and checks:

- a. The budget owner has certified the form, including that a petty cash advance can be provided to the requester
- b. A chart of accounts has been provided
- c. The item lines are listed on the petty cash voucher in estimated expenses
- d. The goods described are eligible to be funded from petty cash in line with this policy
- e. The form adds up.

93. The petty cash custodian requests the operations manager to provide the cash box from the office safe, then withdraws the cash and provides the amount listed on the petty cash form to the requester.

94. The requester documents they have received a petty cash advance for the amount stated on the petty cash voucher, by signing the petty cash voucher under the 'petty cash advance' section.
95. The petty cash custodian returns the petty cash box to the operations officer, who locks it in the office safe.

**Procedure 3g: purchasing goods/services and recording use of funds**

96. The requester purchases the goods approved by the budget owner in the petty cash voucher using the petty cash advance and obtains a receipt/s for the payment.
97. Using the same petty cash voucher approved by the budget owner, the requester must complete the column 'actual cost (local currency)' and certify that they have physically received the goods. All amounts must be substantiated by an official receipt from the supplier where the goods were purchased from, which must be submitted along with the petty cash voucher (in hard copy or electronic format). The requester submits all documentation and any surplus petty cash to the petty cash custodian.

**Procedure 3h: reviewing petty cash advance settlement and safeguarding cash**

98. The petty cash custodian reviews the petty cash voucher and supporting receipt/s and ensures:
  - a. The item lines are listed on the petty cash voucher in both estimated and actual expenses
  - b. The total amount spent does not exceed the total amount approved by the budget owner and the total amount of the petty cash advance
  - c. The requester has certified receipt of the goods
  - d. The receipt/s submitted substantiate the amount claimed for reimbursement, and the type of goods procured.
  - e. The amount of surplus money is calculated correctly (cash advance less amount paid by 'requester')
99. If there are any concerns over the completion of the form, or the supporting receipt/s or surplus money, the petty cash custodian discusses this with the requester and / or budget owner as needed to resolve the issue.
100. The petty cash custodian must certify the form when the above requirements are met.
101. The petty cash custodian requests the operations manager to provide the cash box from the office safe, then deposits the cash. The petty cash custodian returns the petty cash box to the operations officer, who locks it in the office safe.

**Procedure 3i: Updating the petty cash log**

102. Refer to procedure 3e - the same procedure applies.



**STEP 4: Petty cash reconciliation**

103. The petty cash custodian must reconcile the petty cash on hand with the ERP general ledger balance for the petty cash account and complete a reconciliation report at least twice a year using the form in [Annex IV](#).

**Procedure 4a: Compare petty cash balance in the ERP to the authorized petty cash ceiling**

111. To review the petty cash balance, the petty cash custodian must:
- Download the ERP data for the petty cash account using GL account 11015, and determine the petty cash balance in the ERP
  - Compare ERP petty cash balance to the authorized ceiling for the petty cash account as stated on the signed designation letter
  - If there is a difference between the two amounts, the ERP data needs to be reviewed and corrected.

**Procedure 4b: Compare cash on hand plus petty cash spent to the authorized petty cash ceiling**

112. To complete the petty cash reconciliation, the petty cash custodian must conduct the following and record the results on the reconciliation report in [Annex IV](#):
- Count the physical cash in cash box
  - Summarize the amount paid out of petty cash as documented in the petty cash vouchers
  - Calculate: the amount of cash physically in the cash box plus the amount paid out
  - Compare: the total in (c) to the petty cash balance in the ERP [refer to Procedure 4a (iii)]
113. If there is any difference between the two balances, resolve any discrepancies and sign the reconciliation to evidence who completed it, and submit it to the operations manager for review.

**Procedure 4c: Review and authorize or resolve issues**

114. The operations manager must review and confirm the procedures in 4a and 4b have been completed correctly.
115. If any errors are found, the operations manager must determine if they are clerical or administrative in nature (e.g. the ERP balance is different from the authorized amount, or the physical cash in the cash box is incorrectly stated, or the amount spent in the petty cash vouchers is incorrect). The operations manager must return the reconciliation to the petty cash custodian for correction, including any ERP data issues.
116. The operations manager must also review the performance of the petty cash custodian each time a reconciliation is reviewed and determine if additional training or clarification of the policy, process or procedures are required, and provide such training. The performance

review does not need to be documented separately, but can be included as part of the UNFPA career and performance management (CPM) process. Where necessary, the operations manager may recommend changing the petty cash custodian to the head of unit - refer to step 8 for the procedures to change a petty cash custodian.

117. Where the initial review does not reveal any errors, or where the corrections have been completed, the operations manager must sign the petty cash reconciliation to certify it is complete and accurate.
118. If the review of the reconciliation reveals any missing cash or other serious misconduct, the operations manager must escalate the concern by reporting it to the head of unit as well as to the Office of Audit and Investigation Services (OAIS) using the defined communication channels of OAIS.

#### **STEP 5: Replenishing petty cash**

119. The petty cash account should be replenished when the balance is low and to meet the ongoing petty cash flow needs of the business unit, but not less than once a year at the year-end. A replenishment may be initiated by the petty cash custodian or the operations manager based on the operational needs of the unit.
120. To replenish a petty cash account, the petty cash custodian must complete a petty cash reconciliation by following the procedures in Step 4.
121. Once the reconciliation is approved and signed by the operations manager, the petty cash custodian forwards the signed petty cash reconciliation to the finance unit, along with the petty cash log, with a request to replenish the petty cash account. The reconciliation and the petty cash log form the supporting documentation for the replenishment.
122. The finance unit and operations manager follow the [Policy and Procedures for Accounts Payable](#) to make the electronic disbursement to the petty cash custodian using a non-purchase order standard accounts payable invoice in the ERP using the following chart of accounts:
  - a. GL Unit: UNFPA
  - b. Account: 11015
  - c. Fund: 00001
  - d. Cost center: Business unit cost center code
  - e. Operating Unit: Business unit operating unit code
  - f. Supplier Name: Petty Cash Custodian's ERP 'Supplier Name'
  - g. *Other COA fields should be left blank.*
123. The accounting entries should be entered in UNFPA's ERP System in the same currency as the petty cash account.
124. The amount of the standard accounts payable invoice must match the total amount of

petty cash vouchers issued and recorded in the log (i.e. the amount of petty cash spent during the reporting period). The petty cash log contains the chart of account information on the petty cash vouchers that must be charged with the petty cash expenses to replenish the petty cash account (i.e. the 7xxxx-series general ledger accounts).

125. The finance unit must notify the petty cash custodian when the disbursement has been processed. The petty cash custodian then completes procedures 2c and 2d to complete the replenishment. A new petty cash log must be set up after each replenishment.
126. The amount of the replenishment petty cash, plus the money physically in the cash box must replenish the petty cash balance to the amount of the authorized petty cash ceiling. The petty cash custodian must immediately notify the operations manager if the amount of petty cash physically on hand after the replenishment, does not agree to the authorized petty cash ceiling amount.

#### **STEP 6: Spot check of petty cash count**

127. As per the policy, the head of unit, or their delegate who is not the petty cash custodian, must perform a 'spot-check petty cash count' periodically (referred to as a 'spot check'), but not less than twice a year. An example spot check verification form is included in [Annex V](#).

#### **Procedure 6a: conduct a physical count of petty cash on hand in the petty cash box**

128. The head of unit, or their delegate:
  - a. Requests the petty cash custodian to provide the petty cash box, the petty cash log and any petty cash vouchers.
  - b. Counts the number of monetary notes and / or change in the petty cash box and records it in the spot check form (e.g. 7 x USD 20 notes, 10 x USD 5 notes, and 49 cents)
  - c. Calculates the total petty cash physically on hand.

#### **Procedure 6b: conduct a petty cash reconciliation**

129. The head of unit, or their delegate:
  - a. Records the authorized petty cash ceiling for this petty cash custodian, as stated in the petty cash designation letter
  - b. Records the petty cash balance from the ERP general ledger for this petty cash custodian
  - c. Records the amount of petty cash on hand from procedure 5a
  - d. Calculates the total amount paid out of the petty cash account by adding up the amounts recorded in the petty cash vouchers
  - e. Adds up the total petty cash paid out plus the cash on hand, and compares the total to the authorized petty cash amount (referred to as the 'reconciled amount'). If the petty cash process is being well managed, the reconciled amount will be zero.
130. If the reconciled amount is not equal to zero, the head of unit requests the petty cash

custodian to review and correct any administrative or clerical errors and records the comments of the petty cash custodian to explain the differences, on the form. Common causes of discrepancies and suggested solutions are listed in the table below.

131. Common causes of reconciliation issues include:

Issue	Solution
A) Petty cash reports or deposits have not been recorded in UNFPA's ERP System.	Reaffirm with UNDP locally how to identify petty cash receipts from UNFPA, and record miscellaneous receipts in UNFPA's ERP System. Ensure the correct COA is provided to UNDP to record the receipt.
B) Petty cash expenditure reports or deposits have not been recorded in the ERP against the petty cash account (general ledger code: 11015).	Review transactions recorded in general ledger account 11015 to determine if an expenditure or refund has been incorrectly recorded. Check whether the correct currency has been used in the ERP Non-Payment Accounts Payable invoice and miscellaneous receipt/s.
C) Petty cash deposits have not been recorded by UNDP as a miscellaneous receipt in UNFPA's ERP System.	Provide the UNDP CO with the correct COA, currency and amount for petty cash deposits, to enable them to correctly record or update the deposit COA.
D) Petty cash reports have been recorded twice in UNFPA's ERP System.	Complete a Non-Payment Accounts Payable invoice to reverse the entry of the expenditure report that has been recorded twice.

132. The completed petty cash spot check verification form must be signed by the petty cash custodian and the person conducting the spot check, and maintained for audit purposes.

**Procedure 6c: summarize the petty cash custodian's performance based on the spot check**

133. Based on the results of the spot check, the head of unit determines and records the rating of the petty cash custodian's performance by applying their judgment and selecting one of three options:

- a. **Satisfactory:** no issues were noted or minor clerical issues were noted;
- b. **Needs improvement:** training is required on the policy, process, or record maintenance to correct issues that are not minor clerical issues; cash has been

provided without the appropriate approvals in advance;

- c. **Poor:** Record maintenance or application of the policy and procedures is consistently weak, training from previous spot checks has not yielded improved performance, and / or cash is missing/ issues have been escalated to OAIS.

**STEP 7: Handing over to an alternate petty cash custodian**

**Procedure 7a: complete a petty cash reconciliation and evidence hand over**

- 134. To hand over a petty cash account to the alternate designated by the head of unit, during the custodian’s short absence, the petty cash custodian must complete step 4 and reconcile the petty cash account up to the date of handover.
- 135. The petty cash custodian hands over the cash remaining in the cash box to the alternate, who must acknowledge receipt of the cash and cash box in writing, countersigned by the operations manager.

**STEP 8: Year end actions**

**Procedure 8a: complete reconciliation and record expenses in the general ledger**

- 136. The petty cash custodian must complete a petty cash reconciliation following step 4 as part of the year-end activities communicated by the finance branch.
- 137. The finance unit must record all petty cash vouchers in the ERP within the timeline in the year-end instructions by posting a ‘non-payment accounts payable invoice’ using the chart of accounts below:

	Amount	GL unit	GL account	Fund	Cost center / operating Unit	Other COA fields
Credit	(-)local currency amount	UNFPA	11015	00001	Business unit cost center ID and business unit operating units ID	Blank
Debit	(+)local currency amount	UNFPA	7xxxx series*	Various*	As above	Various*

Note \*: Each expense line in a petty cash voucher must be charged to the COA listed on the petty cash voucher (i.e. to the COA approved by the budget holder).

**STEP 9: Closing a petty cash account**

**Procedure 9a: complete petty cash reconciliation, deposit cash and bring petty cash balance to**

**zero**

138. To close a petty cash account, the petty cash custodian must:
- a. Finalise their petty cash log, refer to procedure 3e.
  - b. Complete a petty cash reconciliation by completing Step 4.
  - c. Request the finance unit to record all petty cash vouchers in the ERP.
  - d. Provide any remaining cash to the local UNDP country office (as UNFPA's treasury provider) with a request to deposit the cash in the UNDP bank account. For headquarters in New York, this will be handled only by Finance Branch, DMS.
  - e. The finance unit must generate an accounts receivable miscellaneous receipt in the ERP, which should clear the petty cash balance to zero, and which must be posted to:
    - i. GL Unit: UNFPA
    - ii. Account: 11015
    - iii. Fund: 00001
    - iv. Cost center and OU: Business unit cost center code and OU
    - v. Other COA fields should be blank.
  - f. The petty cash custodian must return the petty cash box to the operations manager.
  - g. The petty cash balance issued in the petty cash custodian's name must be zero in the ERP using the business unit, supplier ID and account (this can be performed by the finance unit).
139. The operations manager confirms to the petty cash custodian that the petty cash balance issued in their name is zero in the ERP using the business unit, supplier ID and account.

**STEP 10: Changing a petty cash custodian**

140. A head of unit may decide to change a petty cash custodian for any reason, including:
- a. The contract of the petty cash custodian is ending
  - b. The petty cash custodian will be absent for more than one month
  - c. The performance of the petty cash custodian is poor; or
  - d. The operational and/or security needs have changed and petty cash payments are no longer needed and / or are advisable.

**Procedure 10a:**

141. The head of unit communicates their decision to the operations manager and the petty cash custodian, in writing (electronic or hardcopy), and requests the petty cash custodian to close their petty cash account in line with Step 8.

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142. Where the operational needs require / security situation allows, the head of unit can appoint a new petty cash custodian and set up a new petty cash account by following the procedures in 1e: Formally nominate a petty cash custodian and alternate for each petty cash account; and Step 2: operationalizing a petty cash account. This is performed simultaneous with closing the existing petty cash account so that the petty cash ceiling for the business unit does not exceed the policy limits.

#### IV. Process Overview Flowchart

143. Process flow charts are below for the five main petty cash processes:
- a. **Establishing:** Setting up the total petty cash ceiling per unit, including total amount, currencies, petty cash custodians and alternates and amount per petty cash account
  - b. **Operationalising:** Transferring funds to establish a petty cash account
  - c. **Managing:** Requesting and making a petty cash advance, or reimbursement, including maintaining petty cash vouchers and a petty cash log
  - d. **Reconciling:** Reconciling the petty cash balance in the ERP against the authorized ceiling for each petty cash custodian; and against the physical petty cash and amounts issued
  - e. **Closing:** Performing a final reconciliation, handing back the petty cash and cash box, depositing physical petty cash balance and reducing the petty cash account to zero in the ERP.

#### V. Other

159. No other content available.

#### VI. Risk Control Matrix

##### Definitions: High Level Risks

160. The following risks were considered and controls for first and second lines of control were balanced in drafting these policy and procedures:
161. **Fraud risk:** This includes the risk that cash can be diverted and either stolen or misused for personal benefit. Cash is by nature an inherently high-risk asset given how easily it can be used and converted, and its potential for personal benefit to a custodian. This risk is increased when the level of petty cash is equivalent to a significant portion of the monthly salary of a custodian, when custodians are not authorized, have not understood or been trained on the contents of this policy and process, when petty cash limits per float or per transaction are exceeded without prior authorization, and when the local context is fragile and/or volatile.
162. **Operations risk:** This includes whether the policy and procedures limit an office's ability to function in an agile manner such as: (i) processes are unnecessarily cumbersome and manual, (ii) require an excessive number or levels of approval, (iii) are excessively complex requiring specialized training, (iv) rely heavily on preventative controls which prohibit efficiency, and / or (v) require unnecessarily detailed records for recording in the ERP. The current risk is considered medium given the manual nature of cash and to balance the higher risk of fraud. Alternative methods for using petty cash, such as through mobile wallets, will be considered in future policy updates once the technology is available through UNFPA's treasury partner.



163. **Accounting risk:** This includes a subset of risks that impact whether petty cash is correctly recorded in UNFPA's ERP System, including where the balance is complete and accurate, the cash exists, and it is correctly valued. Given that petty cash is limited in amount and use, the overall accounting risk is considered low.
164. **Currency risk.** This includes risks that arise from operating in currencies different from the UNFPA's 'currency of account', which is in United States dollars.
165. A detailed risk matrix is presented below. Controls to address risks are either prevention (before a financial transaction takes place), review (after a transaction takes place) or correction (corrective actions based on review procedures).
166. The detailed risk and control matrix can be accessed at the link [here](#).

**VII. Annexes**

**Annex I: Sample petty cash custodian designation form**

**INTEROFFICE MEMORANDUM**

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

From: [Name, Title of head of unit]

Subject: Appointment of petty cash custodian/s and alternate

Dear [Names of UNFPA personnel],

You have been appointed as a Petty Cash Custodian for [department/cost center] with immediate effect until further notice. Mr./Ms. [enter name] will serve as your alternate.

As Petty Cash Custodian/alternate you must follow all UNFPA Regulations, Rules and Policies, including the Policy and Procedures for Petty Cash Management. Please note that per Financial Rule 114.7, you are personally responsible and financially liable for the proper management and safekeeping of the petty cash advances.

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

*This is to confirm that I have read the UNFPA Financial Regulations and Rules on petty cash as well as the Policy and Procedures for Petty Cash Management; I am aware of the actions and accountability required from me.*

*For the petty cash custodian only: This is to confirm that I have received a metal cash box with the keys to safeguard petty cash, and will use this for all petty cash amounts.*

For Petty Cash Custodian:

For Alternate:

\_\_\_\_\_  
[name, title, signature, date]

\_\_\_\_\_  
[name, title, signature, date]

Enc. UNFPA Policy and Procedures for Petty Cash Management (including annexes and sample forms)

**UNFPA**

**Annex II: Sample Petty Cash Voucher**

Business unit:		Petty Cash Custodian:	
ERP Cost Center ID:		Petty Cash Voucher ref	
Currency code:		Budget owner (name)	

**Maximum amount approved:**

**List of items the budget owner is requesting to be paid for by petty cash**

Item	Purpose	Expected amount* (local currency)	Actual amount (local currency)
(Add lines as needed)			
<b>Total</b>			

\*including sales taxes as applicable

**COA Information**

Account	Project	Fund	Implementing Agent	Activity

**Budget Owner:** *I certify all requested items above are eligible to be paid under the petty cash policy and can be charged to the above COA, for which there are sufficient funds available.*

\_\_\_\_\_

Name/Signature/Date

**Custodian:** *I certify all requested petty cash payments listed above are for items eligible to be paid under the petty cash policy.*

---

*Name/Signature/Date*

**Receiver:** *I certify I have received the items listed in the form above*

---

*Name/Signature/Date*

**Annex III: Example petty cash log**

Business unit name: \_\_\_\_\_ ERP Cost Center ID: \_\_\_\_\_  
 Currency code: \_\_\_\_\_ Name of Petty Cash Custodian: \_\_\_\_\_

For the month: August										
Date	Petty Cash Voucher No*	Name of payee	Description of expenditure	GL Account	Fund	Project	Activity	Implementing Agent	Amount (local currency)	Petty cash balance (local currency)
<i>Opening Balance:</i>										<b>8,000.00</b>
6 Aug	08/01	XXX	Supplies	72505	FPA 90	XXX	XXX	PU0074	250.00	[8,000 - 250 =] 7,750
24 Aug	08/02	XXX	Printer maintenance	73406	FPA 51	XXX	XXX	PU0074	300.00	[7,750 - 300 =] 7,450
			[Add rows]							
<b>Total:</b>									<b>500.00</b>	<b>7,450.00</b>

Note \*: To track vouchers easily, it is suggested that petty cash vouchers are numbered as month/sequence. For example, 08/01, which refers to the first petty cash voucher issued in August.

*Summary for the purpose of creating the voucher in the ERP:*

Amount in local currency	Account	Cost Center	Fund	Project	Activity	Implementing Agent

Prepared by: \_\_\_\_\_

Signature/date: \_\_\_\_\_

Approved by: \_\_\_\_\_

Signature / date: \_\_\_\_\_

**Annex IV: Sample petty cash reconciliation form**

**Petty cash reconciliation form**

Business unit name: \_\_\_\_\_  
 ERP cost center ID: \_\_\_\_\_  
 Currency: \_\_\_\_\_  
 Name of petty cash custodian: \_\_\_\_\_  
 Date reconciliation was performed: \_\_\_\_\_

Description		Amount in local currency
Petty cash account authorized amount:	A	4,000
ERP GL balance:	B	4,000
Difference [B - A] [ <i>Under no circumstances should this be &gt;0</i> ]		0
Cash on hand:	C	3,800
Total of petty cash vouchers pending replenishment:	D	200
<i>Total cash on hand + vouchers pending replenishment</i>	E	4,000
Difference between the ERP GL balance and the total petty cash (in row E) [B-E]	F	0
Comments if the difference in row E is not zero (0)		
<b>To be used only when a final reconciliation is performed and the petty cash account is being closed.</b>		
Please enter ERP Non-Payment AP Invoice Number		
Please enter ERP Miscellaneous Deposit ID:		
BU Comments if the Non-Payment AP Invoice or deposit ID information is not available:		

Prepared by: \_\_\_\_\_ Signature/date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Signature / date: \_\_\_\_\_

**Annex Va: Sample petty cash spot check form**

Business unit name: \_\_\_\_\_  
 ERP cost center ID: \_\_\_\_\_  
 Name of person conducting spot check: \_\_\_\_\_  
 Name of petty cash custodian/alternate: \_\_\_\_\_  
 Date of spot check: \_\_\_\_\_  
 Surprise or scheduled: \_\_\_\_\_

**Results of physical currency count**

Currency and note amount	Number of notes	Amount
E.g., USD 20	E.g., 7	E.g., USD 140
E.g., USD 5	E.g., 10	E.g., USD 50
<b>Total currency and change</b>		<b>Total change amount</b>
<b>E.g. USD</b>		E.g. 49 cents
<b>Total petty cash on hand</b>		<b>E.g. USD 190.49</b>

**Results of petty cash reconciliation**

A. Petty cash authorized amount:	(Amount in the signed designation letter)
B. ERP GL balance account 11015:	E.g. USD 600
C. Total petty cash on hand:	This must match the total of the physical currency account - e.g. USD 190.49
D. Total petty cash vouchers:	E.g. USD 409.51
E. Reconciliation B – C – D:	E.g. USD 0

If (E) ≠ 0: Record comments of petty cash custodian to explain the difference and actions taken



**Annex Vb: Petty cash custodian performance evaluation as a result of the spot check.**

Petty cash management for this petty cash custodian is evaluated as:   Select one

If ‘needs improvement’ is selected, additional training must be provided on the petty cash management procedures.

If ‘poor’ is selected the petty cash account must be closed and a new petty cash custodian appointed.

Petty cash spot check was performed by:

Petty Cash custodian:

*[Name / title / signature / date]*

*[Name / title / signature / date]*

**Annex VI: Sample request to increase the petty cash ceiling, and/ or foreign currency account****INTEROFFICE MEMORANDUM**

To: Chief, Finance Branch - Division for Management Services (DMS)

From: [Name and title of authorized official]

Subject: Request for increase in the petty cash ceiling for [enter business unit name] (and/or) to establish a petty cash ceiling in a currency other than local currency

[Enter 'business unit name'] is seeking DMS approval to increase the petty cash limit from USD 2,000 to USD [enter requested petty cash level requested] in line with the justification below. I confirm that the safekeeping of petty cash is ensured and all petty cash custodian/s have been/will be issued with a metal cash box prior to receiving petty cash and all petty cash boxes are stored in the office safe.

[Additionally], [Business unit name] is seeking DMS approval to establish a petty cash ceiling in [name of currency requested] of up to [enter amount in USD] in line with the justification below, which takes into consideration the local foreign currency laws in place at the time of this memorandum. By establishing this petty cash ceiling in [enter currency name], the total petty cash ceiling in place for this location in all currencies combined will be [enter amount in USD] and [does not exceed the petty cash ceiling established in the policy, or, a request to increase the ceiling has been requested above].

**Justification for increase in ceiling:** [enter justification here, including reference to operational context and business unit needs]

**Justification for alternative currency petty cash account:** [enter justification here, include reference to current national laws on the use of foreign currency for domestic purchases.]

Required information	Entered information
ERP cost center	[enter ERP cost center reference]
Office designation	[select from: HQ, S/RO, CO, LO]
Petty cash location	[Name of officially designated UNFPA unit]

*The section below is for the Finance Branch, DMS use only:*

Approved <input type="checkbox"/>	Not approved <input type="checkbox"/>
-----------------------------------	---------------------------------------

---

 [Name/ title]

---

 [Date signed]

**Annex VII: Sample memorandum to establish a total petty cash ceiling by currency****INTEROFFICE MEMORANDUM**

To: Chief, Finance Branch - Division for Management Services (DMS)

From: [Name and title of head of unit]

Subject: Total petty cash ceiling established for [business unit name] in [location name]

Based on the operational needs of [business unit name] located in [location name, ERP cost center], and in my capacity as (add position title), I am establishing a petty cash ceiling of (amount in) USD which does not exceed the ceiling limits as defined in the Policy and Procedures for Petty Cash Management. I confirm I have the requisite authority to establish such a petty cash ceiling for [location name].

*[(Optional - include if the office is establishing a petty cash ceiling in more than one currency): The petty cash ceiling will be established for the following currencies and amounts:*

(Currency 1) up to (amount in) USD;

(Currency 2) up to (amount in) USD;

Total amount combined: (amount in) USD

The office has sought, and DMS has approved, all amounts above that are not in local currency with due consideration of the local foreign currency laws in place at the time of this memorandum. The total amount combined does not exceed the total ceiling limit per location stated in the Policy and Procedures for Petty Cash Management.]

In the event of a humanitarian emergency being declared for [location name], the above ceiling/s will be automatically increased and managed on an as needed basis, and in line with the security assessment at that time. No further memorandum will be required to increase the combined petty cash ceiling for [location name] in a humanitarian emergency up to the petty cash ceiling limit established in the Policy and Procedures for Petty Cash Management.

\_\_\_\_\_  
[Name/ title]

\_\_\_\_\_  
[Date signed]