



1.0 SCOPE OF THIS SOP

Sections:

- A. Request for Opening Cash Journals by Offices
- B. Establishment of Cash Journals
- C. Maintenance of Cash Journals
- D. Submission of Expenditure Reports
- E. Replenishment of Cash Journals
- F. Closure/Handover of Cash Journals
- G. Quality Assurance Requirements

2.0 REFERENCES IN CONJUNCTION WITH THIS SOP

Financial Regulations and Rules of the UN

Umoja Job Aid Guide

BFMS Procedures Manual

OPPBA Interoffice memo dated 13 July 2009 (Annex C)

3.0 ROLES INVOLVED IN THIS SOP

Cash Journal Custodian – the person who maintains the Cash Journal

Approving/Certifying Officer – the person who authorizes payments

Cash Journal Operator (Umoja FA.04) - the person who makes Umoja entries

Section A: Request for Opening Cash Journals by Offices

1. Offices requiring a Cash Journal must identify a Cash Journal Custodian and submit a completed Annex A to this SOP (Request for opening a Cash Journal) to their Headquarters for further completion, approval and onward transmission to BFMS (petty.cash@unon.org).
2. Headquarters officials are to ensure they provide details of the Fund to be used, the maximum funding level and the currency of operation. Note that only one currency can be used per Cash Journal.
3. Only one Cash Journal is to be opened in each Location - Cash Journals may be shared by a number of custodians.



Section B: Establishment of Cash Journals

4. On receipt of the approved Annex A, BFMS UNON staff are required to:
 - a. Check the form for proper completion and, if satisfactory, open a new folder in BFMS K Drive.
 - b. Submit a ticket to Umoja Help Desk via i-Need to request set-up of the Cash Journal in Umoja (see Procedures Manual).
 - c. On notification of the Umoja Cash Journal and GL details, Update master spreadsheet records with details of the new account and check Cash Journal in Umoja to ensure it has been correctly set up (see Job Aid).
 - d. Notify custodian and requesting office of the effective date of operation of the account and issue Guidelines on operation of a Cash Journal (Annex B).
 - e. Arrange for initial funding of the account (see Section E - Replenishment of Cash Journals).

Section C: Maintenance of Cash Journals

5. Cash Journals are to be operated strictly in accordance with Financial Regulations and Rules of the United Nations and the specific instructions contained within Annex C to this SOP. Additionally, expenditure may be subject to constraints imposed by Project Sponsors, Donors or UN Organizations. Cash Journal Custodians and Certifying Officers must ensure they are fully conversant with, and strictly comply with, all Regulations and Rules which govern the management of Cash Journals/Petty Cash Accounts.
6. Generally, Cash Journals should be used for small, local expenditure items where it is impractical to use other means of payment. All payments must be properly authorized and they should not be used for:
 - a. Regular payments to vendors which should be set up as Business Partners in Umoja e.g. Monthly office rental payments, cell phone bills, utility bills, training.
 - b. Payment of installments or a series of individual bills as a means to bypass the UN Maximum Expenditure Rules (see para 7).



7. The maximum that can be used for any single transaction may not under any circumstances exceed \$350. The maximum overall cash advance limit to be authorized for individual account holders is determined by Organization Headquarters but should not exceed \$5,000 (Annex C). Cash Journal limits are to be regularly reviewed.
8. Items purchased from Cash Journals may require to be recorded on local property management systems e.g. below IPSAS Threshold items which require to be managed/monitored. Each Office will determine which items fall into this category. The fact a purchase was made from petty cash does not negate the need for asset tracking and management, where applicable.
9. Details of all Receipts and Expenditure should be immediately recorded directly into Umoja or in the Expenditure Report (Annex D). Custodians should not wait until the time of submission of reports before completing details/making entries in Umoja, as this increases the risk of error and loss.

Section D: Submission of Expenditure Reports

10. Cash Journal custodians are required to periodically (normally monthly) submit their Expenditure Reports to BFMS, UNON. The Reports must be signed by the Certifying Officer who will normally be an FMO or authorized representative of Office Headquarters. Additionally, custodians who do not make entries directly into Umoja must submit a soft copy of the Expenditure Report (Excel format).
11. Certifying Officers are to ensure that the nature and purpose of all expenditure is in accordance with para 5 above and within the constraints of paras 6 and 7. If a Certifying Officer is uncertain as to the validity of a payment from a Cash Journal, s/he is to seek advice from Petty Cash Unit, UNON (petty.cash@unon.org) or from his/her parent Organization.
12. After being checked by the certifying Officer, all supporting vouchers are to be scanned and submitted to UNON in support of the Expenditure Report. Originals are then to be 'crossed through', marked as 'PAID' and signed. Vouchers are then to be placed into a sealed envelope and retained in a secure location for audit purposes.
13. Upon receipt of the Expenditure Report, Petty Cash Unit, UNON is to review the entries to confirm that all expenditure has been properly recorded and authorized, correct GL Accounts and Cost Centres/WBSE have been identified and that all supporting documentation has been properly submitted.



Note: All expenditure reports on behalf of UNON cash journals are to be reviewed by Budget Section prior to input of data into Umoja for confirmation of funds to be charged.

14. To ensure that there is no delay to processing bona fide Cash Journal entries, entries which are not supported by correct documentation are to be immediately rejected and returned to the submitting office with an explanation, adjusting the Expenditure Report as necessary. Similarly, expenditure which is not authorized or strictly in accordance with relevant Rules, Regulations and Instructions is to be rejected and brought to the attention of the relevant Headquarter Office.
15. For all entries which are justified and correct, the Umoja Cash Journal Operator is then to enter all the details into the correct Cash Journal and, after ensuring the entries recoded in Umoja properly reflect the details contained within the (revised) Expenditure Report, send the Umoja entries for approval via workflow.

Section E: Replenishment of Cash Journals

16. After expenditures are approved in Umoja, UNON Petty Cash Unit is to ensure that Cash Journals are replenished up to their total authorization level. Petty Cash Custodians should ensure they have notified the most appropriate payment method when completing Annex A as this will determine how quickly accounts will be replenished.

Section F: Closure/Handover of Cash Journals

17. Closure of Cash Journals will normally occur when a project has ended or an office ceases to operate in a particular location but occasionally it will be the case that an individual leaves the organization or is posted to a new location and there is no need for a Cash Journal to be maintained in the original location. The organization which authorized the establishment of a Cash Journal will be responsible for ensuring that accounts are properly closed and that any outstanding balance advanced to an individual is recovered before the end of the current accounting period.
18. In the event of a change of custodian, Headquarters officials are to submit a new Annex A to Petty Cash Unit UNON before the account is handed over. Petty cash Unit UNON will issue Annex B to the new custodian and issue instructions for the return or handover of any outstanding balance.

**Section G: Quality Assurance Requirements**

19. The key Quality Assurance (QA) Requirements for the proper maintenance and control of Cash Journals are as follows:

- a. BFMS, UNON is to ensure that all Cash Journals set up by UNON, UNEP and UN-Habitat are properly authorized and that a nominated custodian and supervisor is provided for each account. Forms (Annex A) are to be retained on file by BFMS.
- b. UNON, UNEP and UN-Habitat are to ensure requirements for maintaining Cash Journals are regularly reviewed (at least annually), including a full review of limits and names of account custodians and supervisors.
- c. Supervising Officers are to ensure that all original documents are properly secured and that access is restricted to External Auditors or properly-authorized representatives of Headquarters Organizations.
- d. BFMS, UNON is to ensure that Procedures Manuals, Job Aids and Desktop Instructions are regularly reviewed and updated as necessary and that all relevant changes are brought to the attention of Custodians and Certifying Officers.
- e. Certifying Officers, Entity HQ Offices and BFMS, UNON are to ensure that effective monitoring and checking systems are in place to minimize the risks of fraud, theft or misuse of United Nations funds.
- f. To ensure correct funds have been charged, Budget Section BFMS to review all UNON expenditures prior to input of data into UNON cash journals in Umoja.

Annexes:

- A. Request to Establish a Cash Journal.
- B. Guidelines for Operation of a Cash Journal.
- C. OPPBA Interoffice Memo – Guidelines and Instructions for Operating Petty Cash Accounts dated 13 July 2009.
- D. Cash Journal Expenditure Reports (Excel File).

**ESTABLISHMENT OF CASH JOURNAL
REQUEST FORM
(Annex A to BFMS SOP 110)**

From:

Ref:

Through:

To: Director,
Programme Support Division

Date:

I hereby request approval to establish a Cash Journal for my office. I agree to adhere to the policies and guidelines for the establishment and operations of a Cash Journal.

Details for managing the Cash Journal are as follows:

1. Name of custodian of the Cash Journal:

2. Index Number:

3. Designation of custodian*:

4. **Level/Grade: (e.g. L-4)**

5. **Payrolled by:** UNON UNDP

6. **Justification for establishing Cash Journal:**

7. **Expected Cash Journal expenditure categories and average amount:**

a)

b)

c)

8. **Requested limit of Cash Journal fund:**

9. **Replenishment to be made in (currency):** US Dollars Local currency

10. **Replenishment to be made via:** EFT UNDP transfer

APPROVAL

Establishment of a Cash Journal is approved for the above office at the limit of US\$ _____.

Signed: _____ **Date:** _____.

Name: _____ **Appointment:** _____.

MEMORANDUM

GUIDELINES ON OPERATION OF A CASH JOURNAL

(Annex B to BFMS SOP 110)

TO:

THROUGH:

THROUGH:

FROM:

SUBJECT:

1. PURPOSE

- a) Under Financial Rule 104.10, a Cash Journal is utilized when it is impractical to make payments by other means (e.g. by cheque or EFT).

2. RESPONSIBILITY OF CUSTODIANS

- a) A Cash Journal custodian is personally responsible and financially liable for the proper management and safekeeping of cash advanced for the fund.
- b) Such advances should be used for the purpose for which they were authorized.
- c) If a Cash Journal custodian is transferred to another department or leaves the Organization or goes on extended leave, the CJ should be closed or transferred to a new authorized custodian. Advice should be sought from UNON Treasury in accordance with BFMS SOP 110.

3. OPERATION OF CASH JOURNAL

- a) A file for all Cash Journals should be maintained by Treasury BFMS UNON and should contain:
 - (i) The authorization for the establishment of the Cash Journal,
 - (ii) A description of the type of expenditure to be paid from the Cash Journal,
 - (iii) The designation of the custodian and
 - (iv) Any other instructions.
- b) The Cash Journal should be maintained on the imprest system and an expenditure report should be kept by the custodian in which all receipts and disbursements are recorded.
- c) Cash Journals should be replenished once a month or more frequently when the balance is deemed to be insufficient to cover the expenses of the period.
- d) All payments must be supported by disbursement vouchers duly signed by the appropriate Certifying Officer and must be supported by available receipts.
- e) No receipts other than the replenishment of expenditure shall be deposited into the Cash Journal.

- f) Any cash balance on hand in the Cash Journal must be deposited by the last working day of each year in your office's bank account and an official receipt issued.
- g) The supervisor of the custodian must check the Cash Journal periodically to ensure that it is appropriately managed in accordance with these instructions and that the cash is kept in safe custody at all times.
- h) On expiry of the current service contract, the last salary payment to the custodian will **only** be released upon proper presentation and accounting of all cash journal transactions and surrender of any cash balance on hand.

4. ACKNOWLEDGEMENT

Please acknowledge receipt of these guidelines by signing below and returning a copy to treasury, BFMS, UNON as soon as possible.

I acknowledge receipt of these guidelines and agree to adhere to BFMS SOP 110

Name:

Date :

United Nations Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

To: Directors/Chiefs of Administration,
a: Peacekeeping Missions, Special Political Missions and Other Offices
Away from Headquarters, Executive Officers
DATE: 13 July 2009

THROUGH:

SIC DE:

FRoM: Raj Rikhy, Officer-in-Charge

DE: Accounts Division, OPPBA



suBJEcT: **Guidelines and instructions covering the operations of
oBJET: petty cash funds**

1. The following revised guidelines and instructions are being issued to incorporate the Controller's decision to increase the maximum cash payment per transaction from \$200 to \$350 for all petty cash funds. The limit is increased taking into account inflation and other changes that have occurred since 2000, and are effective 1 August 2009. The maximum petty cash level remains at \$5,000. This memorandum supersedes the memorandum dated 24 May 2000 from the Director, Accounts Division, on the same subject.
2. Petty cash fund may only be established by officials designated by the Controller in accordance with the provisions of the United Nations Financial Rule 104.8 and ST/AI/2004/1.
3. Except when authority to establish petty cash funds has been delegated, the Chief Finance Officer or an officer with comparable financial functions must submit the requests for establishment of petty cash funds to the Director of Accounts Division, who shall review and convey the decision to the requesting office.
4. A request to establish a petty cash fund must be justified by defining its purposes and the level thereof, the amount being held to a minimum compatible with the operational requirements and based on at least a monthly replenishment cycle. It should also specify the name of the custodian and the supervising officer and its location.
5. Disbursements from the petty cash fund are only made in instances where it is impractical to make payments by cheque or wire transfer or electronic funds transfer in accordance with Financial Rule 104.10. These disbursements should be

limited to small cash payments up to maximum of \$350 or itsequivalent in other currency per transaction and only for the purposes for which the funds was established.

6. The level of the fund shall be based on the requirement for the period of one month. Any request with a level in excess of \$5,000 shall be considered an "imprest fund".
7. The Chief Administrative Officer must ensure that appropriate security arrangements/measures are in place for the safe- keeping of the petty cash funds established.

Responsibility of Custodians

8. Designated petty cash custodians shall make use of such funds only for the purpose for which the funds were authorized in accordance with Financial Rule 104.9 and shall be personally responsible and financially liable for the proper management and safekeeping of the petty cash funds and all related documentation in support of expenditures incurred.

Operations and Management

9. Pursuant to Financial Rule 104.9, the petty cash fund shall be operated as follows:
 - a) The office concerned should establish a permanent file for each petty cash fund. This should contain all documentation related to its operations, including the following:
 - i) authorization for the initial establishment of the petty cash fund and all subsequent authorizations for changes of levels, custodians, purposes and locations;
 - ii) description of expenses to be paid from the fund;
 - iii) any other special instructions.
 - b) Petty cash funds shall be maintained on an imprest system and the custodian shall keep petty cash records, in which details of all receipts and disbursements shall be recorded, in chronological order.
 - c) The petty cash fund should be replenished at least once a month or more frequently when the balance of the fund is deemed to be insufficient to cover the expenses during the period. On request for replenishment, a summary of disbursements by valid allotment account (BAC) including object of expenditures should be prepared by the custodian,

certified by the supervisor and submitted to the Finance Section.

- d) All payments must be supported by petty cash vouchers duly signed by the designated certifying officer and approving officer and must be supported by receipts.
- e) Finance Section will examine the documents presented for replenishment and, if needed, make recommendations for improvements in its operations.
- f) In principle, no cash receipts, other than the replenishment of expenditures, should be mixed with the petty cash fund. However, in rare circumstances, where it is necessary for funds to be submitted to the Organization at a remote site without a bank account, the custodian may record minor miscellaneous receipts into the petty cash fund, issuing a proof of receipt and must immediately inform the Chief Finance Officer or an officer with compatible functions. Subsequent requests
- g) IOUs from the petty cash fund are not allowed under any circumstances.
- h) Any cash balance on hand in the petty cash fund must be deposited with the Cashier or in an official bank account on or before the last working day of each financial period. Such deposit must be documented by issuance of an official receipt or a bank deposit slip.
- i) Where logistics and lack of banking facilities make such deposits impractical or for petty cash funds established solely for the purpose of making change, the custodian must count the cash on hand on the last working day and submit a written confirmation of the balance signed by the Custodian and the Chief Finance Officer or an officer with comparable financial functions. The related expenditure report detailing usage of petty cash should be promptly submitted to the Accounting/Finance Unit for reporting purposes.
- j) Surprise cash counts shall be conducted periodically by a Finance Officer, who shall be designated by the Chief Finance Officer, and the results of which shall be reported to Chief Finance Officer and to the Chief of Administration.

k) Alternate custodians may be designated in order to ensure continuing operations of an office or mission if deemed necessary. Alternatively, a temporary custodian may be designated with authorization from the Director of Accounts Division or the official with delegated authority during any absence of the designated custodian. In either case, a properly documented hand over of the fund must be submitted to the Chief Finance Officer. This should include a certificate of cash count duly signed by both the receiving and the departing officers and counter-signed by their supervisors.

10. Please ensure that the above guidelines/instructions are strictly adhered to by all concerned staff in your Mission/Office.

cc: Mr. J. Yamazaki
Mr. J. Huisman

Drafted/Reviewed: SW/CK

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