


Date: 05/05/17	Guideline Finance: Petty Cash and Advance Management	
Prepared by: Finance/Administrative Manager	Approved by: Board of Directors, STEWARDWOMEN	Valid from: 13 th May 2017
Revised by: Program Director		Valid for: STEWARDWOMEN

FINANCE – Petty Cash and Advance Management

1. Purpose

Petty Cash is an accessible store of money kept by STEWARDWOMEN to pay for small expenditures such as reimbursement for travels, mileage, meals, per diem, postage, office supplies rather than writing Cheques. The unit price of these single reimbursements should not exceed \$500. Cash expenditures with the unit price exceeding \$500 as set by the Board should either be paid by Cheque or draw the cash out of the bank separately and the cash kept separate from the Petty Cash Fund. This is to ensure proper balancing of the Petty Cash and Advance fund.

The Petty Cash and Advance Fund is stored in a secured safe.

Petty Cash should not be used to pay for the following expenses.

- Salaries or wages
- Procurement of major Assets and other invoices for other goods and services that are subject to reporting and withholding as a taxable income.
- Loans or personal cash advances;
- Expenditures with unit price of more than \$500.
- Reimbursement of vouchers and receipts that are older than 90 days.
- Personal expenditures or borrowings in any amount by the fund custodian or staff are strictly prohibited.

The main purpose of this Petty Cash and Advance Management guideline is to ensure that funds entrusted to STEWARDWOMEN by our donors, are managed and secured properly. Through proper procedures and routines for cash management, STEWARD WOMEN can significantly reduce the risk of embezzlement of funds.

In a broader perspective, proper Petty Cash management is therefore also an important step to reduce the risk for loss of donor confidence.

Definitions:

Cash Box:

A small portion of Petty Cash kept by the Finance and Administration Assistants for specific purposes. This is determined based on need.

Petty cash management:

A system of recordkeeping to track the usage of petty cash funds. This is both in the physical cash book and QuickBooks where every incoming cash and expenses are recorded and posted in the respective charts of account.

Petty cash reconciliation:

The process of verifying transaction involving petty cash funds. Its purpose is to ensure that funds are being used appropriately. It is an important internal control and fraud prevention system.

Reimbursable Expense:

Any expense substantiated as acceptable in accordance with STEWARDWOMEN Policy.

Petty Cash Float:

An authorized Petty Cash amount administered by Finance and Admin Manager for use by the organization.

2. Scope

This policy guideline provides guidance for the establishment and maintenance and authorization of Petty Cash Funds, including appropriate uses and security standards.

It applies to managers and all finance and accounting staff in STEWARDWOMEN, both in Juba and field Offices. Local supplementary guidelines can define more narrow or detailed regulations or routines, but shall under no circumstances deviate from the overall regulations stated herein.

3. General Principles

Petty Cash and Advance fund is maintained by STEWARDWOMEN for the purpose of disbursing approved reimbursements for small office running expenses and field activities including travel expenses, per diems, mileage, meals and the purchase of low cost goods that cannot be accomplished by other methods.

Large, recurring payments, such as salary payments to employees, procurement of Assets and other major expenses be paid for separately by either a separate cash withdrawal or other means such as cheques and bank transfer where possible. Where local banks are not operating, or in long distances from the projects, major cash payments and receipts will have to be handled, but should still be kept at the minimum possible level. If possible, long distance travelling with major cash holdings should be avoided.

It is the responsibility of the Program Director that funds are properly kept and secured at the STEWARDWOMEN Offices.

It is STEWARDWOMEN policy to seek to do transfers of funds through bank whenever possible. This reduces the need for high-volume Petty Cash handling in risky environments. Generally, it also reduces workload for the organization.

Approved Petty Cash vouchers accompanied by appropriate documentation shall only be acceptable for payment from STEWARDWOMEN staff. Qualifying vouchers for the payment of other parties who are not an employee of STEWARDWOMEN should be presented by the responsible staff. Such Cash released to the respective staff who will then hand it over to the vendor or respective third party.

3.1 Maintaining The Petty Cash and Advance Fund

Maintaining the Petty Cash and Advance Fund shall include timely replenishing, increasing, or decreasing the authorized amount or float set by the BoD.

The authorized maximum float for Petty Cash and Advance fund shall be \$ 8,000, which must be reimbursed at the minimum level of \$ 1,000 to ensure adequate sum of funds is available to cater for urgent expenses.

Reimbursement claims from the Petty Cash and Advance fund must be accompanied by a receipt and approved Petty Cash voucher. A receipt for the actual expense with any unspent cash must be provided within 5 working days of the advance.

3.2 Replenishment of Petty Cash Funds:

In order to replenish the Petty Cash Fund, there are two procedures that should be followed depending on the timing and the requirements.

3.2.1 Beginning of the Month Re-imbursement. This shall follow the approval of the Monthly Budget. Once the monthly budget is approved. Major Items such as Salaries and Assets are sorted for separate procedures and a cheque is prepared for Petty Cash withdrawal.

STEPS	PETTY CASH REIMBURSEMENT PROCESS	RESPONSIBLE PERSON
1.	Approval of the monthly budget and work plan requiring Petty Cash	Senior Management Committee
2.	Preparation of withdrawal requisition form	Finance and Admin Manager
3.	Recommendation of the withdrawal requisition form.	Program Coordinator
4.	Approval of the withdrawal requisition form	Program Director
5.	Writing of the Cheque	Finance and Admin Manager
6.	Signing of the Cheque and cashing	Program Coordinator or Program Director

7.	Storage and management of the cash	Finance and Admin Manager
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3.2.2 Other Mid- Month Re-imburements.

In the event that the cash withdrawn at the beginning of the month gets the limit of \$1,000, another Petty Cash shall be withdrawn to cover the remaining costs for the month as per the approved budget.

A statement of accountability shall be prepared by the Finance and Admin Manager to be submitted and approved for withdrawal. This shall be accompanied by receipts and other documents for all payments made from Petty Cash funds.

An acceptable receipt should include the date of the transaction, a brief description of the materials purchased or the services rendered; the total cost; and a clear indication that the charge has been paid. Receipts that bear evidence of alteration cannot be accepted or processed. When the vendor's printed invoice form is used as a receipt, the invoice must clearly indicate that it has been paid by either stamping the invoice with the official "Paid" stamp of the firm and sign or initials.

STEPS	PETTY CASH REIMBURSEMENT PROCESS	RESPONSIBLE PERSON
1.	Preparation of Petty Cash reconciliation and accountability together with the Petty Cash Re-imburement Voucher.	Finance and Admin Manager
2.	The re-imburement request sent for recommendation	Program Coordinator
3.	Approval of the Petty Cash Re-imburement request	Program Director
4.	Writing of the Cheque	Finance and Admin Manager
5.	Signing of the Cheque and Cashing	Program Coordinator or Program Director
6.	Cash Storage and management	Finance and Admin Manager

All Petty Cash must be kept in a cash box kept in a safe and reconciled, replenished or cleared monthly. Petty Cash in different currencies must have separate account numbers in Quick Books and be kept in separate cash boxes.

4. Cash Boxes

4.1 Opening of Cash Boxes

Cashboxes can be established from the main Petty Cash to be used for specific need at the head Office in Juba or the field offices according to the needs of the organization.

The Finance and Admin Assistants shall be the custodian of each cash boxes. Any other person entrusted by a Cash Box must be authorized by the Program Director and must be informed about all procedures relating to it.

Each Cashbox shall have unique Quick Books account numbers. Before opening a new Cashbox, a request must therefore be sent to the Program Director at Juba Office for approval. The maximum float for the Cash Boxes shall be SSP 4,000 for Juba Office and SSP 2500 Nimule or Field Offices respectively. The lower limit shall be SSP 1,000 for Juba and SSP 250 for Nimule or Field Offices.

The re-imbursement of the Cash Boxes shall be reviewed periodically for appropriateness and proper documentation. The Cash Box custodians must report to the Finance and Administration Manager with proper reconciliation of the cash boxes before a replenishment is done.

4.2 Closure of Cash Boxes.

A Cash Box must be closed immediately if the purpose for which the fund was established ceases to exist or changes significantly, or if the fund has been inactive for one year. This may mainly apply to field offices or due to insecurities or end of program. Such closures must be authorized by Program Director.

In order to close a Cash Box, a final reconciliation, approved by both the custodian and the Finance Officer must be submitted to Finance and Admin Manager accompanied by all remaining cash and required documents as specified in Procedure. The Finance and Admin Manager shall present it to the Program Director for Accountability.

The Program Director may at his/her discretion, close a Cash Box in the event of mismanagement, misuse of funds or other violation of this policy.

5. *Responsibility for Petty Cash;*

The Finance and Administration Manager is personally responsible for contents of Petty Cash and Advance Fund. The Finance and Administration Manager is responsible that cash at hand is always in accordance with the Cash journal including all the other cash boxes. Unexplained cash shortages must be covered by the Finance and Administration Manager.

The Finance and Administration Manager can never approve or authorize cash payment vouchers.

The Finance and Administration Manager must confirm in writing that he/she has read and understood the responsibilities as described in this guideline, in addition to the procedures and forms for Petty Cash and Advance Fund handling.

Since the Finance and Administration Manager is personally responsible for the cash entrusted to him/her, access to the safe/cash box should not be given to anyone else.

6. *Handing Over of Petty Cash and Cashboxes.*

If the responsibility of the Petty Cash and Advance fund or a cashbox is handed over, either temporarily or permanently, from one person to another, the cash must be counted and verified before the actual hand-over can take place. Both employees sign the cash counting

form, which must be approved and co-signed by a third member of management. (For Juba Office, preferably the Program Director)

In addition a standard STEWARDWOMEN Safe/Cashbox handover form must be filled in and signed.

7. Petty Cash and Advance Accounting

7.1 Petty Cash and Advance Handling

Cash holdings must always be kept in a safe. Cash could be kept in a cash box during the day, however to be locked in the safe outside office hours. Cash payments or receipts are always to be made within the physical location of the safe/cash box. Petty Cash and Advance holdings in different currencies must be kept and recorded separately.

7.2 Petty Cash and Advance Accounting

A daily Cash book must be kept for each cash box. All payments, without exceptions, from/to the cash box must be recorded into the book. Also advance payments, or short term advances of cash to be repaid the same day, must be recorded. The transactions into the journal must be made chronologically, indicating date of payment, purpose, and amount for each payment.

For all payments and withdrawals in cash, a separate cash receipt must be issued and signed both by the Finance and Administration Manager and the recipient of the cash. There must never be any doubt about the name of the recipient, date or the amount received.

All offices in STEWARDWOMEN shall use prenumbered cash receipts printed in three copies. (The original cash receipt shall be attached to the cash voucher, one copy to the recipient of the cash, and one copy shall remain in the cash receipt pad).

All cash vouchers must be supported by a prenumbered cash receipt, and all relevant underlying documentation, before entering into Quick Books.

The daily cash book must always be kept up to date and daily controls of cash holdings should be made. Monthly reconciliation with the cash journal, cash holdings and printouts from Quick Books must be made and recorded. One person, senior to the Finance and Administration Manager, should acknowledge the reconciliation.

7.3 Petty Cash and Advance Counts and Reconciliations

As a minimum, all cashboxes have to be reconciled monthly and STEWARDWOMEN templates for Bank and Cashbox reconciliation and Cash count confirmation form shall always be used.

For cashboxes with a high volume of movements especially in the Juba Office, it is strongly recommended to do reconciliations more frequently. The physical process of counting the cash shall be performed by the Finance and Administration Manager, as well as a senior member of the finance department or a part of management.

A folder with each month's Bank and Cashbox reconciliation form for every cashbox shall be available. Attached must be a copy of the Daily Cash book for the respective month, Cash count confirmation forms as well as printouts from Quick Books showing the period's movements and balance. All open items must be clearly marked and given a clear and understandable text, and must be followed up closely by the Finance and Administration Manager.

In addition to the normal Petty Cash counts done each month, the Program Director must perform unannounced surprise cash counts at least two times per year. The cash must be counted and verified with the cash journal by both parties jointly and the result recorded in a Cash count confirmation form.

The documentation for the surprise cash count must be available in the archive for audit purposes.

7.4 Handling and Reporting of Discrepancies, Losses, etc.

All Petty Cash shortages must be immediately reported to the Program Director. The Finance and Administration Manager is responsible that cash at hand is always in accordance with the cash journal. Unexplained cash shortages must be covered by the Finance and Administration Manager.

All major Petty Cash shortages have to be reported by the Program Director. If there are any suspicions of corruption, fraud or mismanagement by the Finance and Administration Manager or others related to the cash shortage, the case should be reported to Head Office immediately (or at least within one week) following the 'procedures for incident reporting'. The suspicion should be reported through Program Director to Chairperson BoD with a COPY to the Program Advisor and internal auditor. Within 4 weeks the Program Director should send a formal report to the same recipients using the template 'Incident Report'. No amounts can be written off as loss, unless approved by Program Director after seeking endorsement from the BoD Chairperson.

Fraud/embezzlement shall always be reported to the police and administrative measures taken. It is the responsibility of the Program Director. Further reporting to donors, auditors and other external stakeholders shall only be done by Finance and Administration Manager at the Head Office.

8. Transportation of Petty Cash

STEARAWOMEN operates in many high risk areas of South Sudan and transportation of large amounts of cash should therefore be reduced to a minimum. When the situation demands that cash is transported, the Program Director must ensure that local routines for transportation of cash are made. The routines must ensure that methods of transport never put STEARAWOMEN staff in danger. It should always be considered if cash transports should be outsourced to a security company, if these are available in the local market.

9. Risk-reduction – Segregation of Duties

9.1 Process of Paying Out Petty Cash

Segregation of duties is one of the key concepts of internal control, but very often it is one of the most difficult to achieve. Segregation of duties does in basic terms mean that no single individuals should have controls over too many phases of a transaction or operation. Dividing tasks between employees for different stages in a process reduces the chance of a deliberate fraud to occur because the fraud then would require cooperation between two or more employees.

In all aspects of cash handling, segregation of duties is of highest importance. It is the Program Directors' responsibility to ensure that all cash handling tasks are organized in a way to achieve adequate segregation of duties.

STEWAROWOMEN appreciates the fact that for many small expenses at field offices, an ideal segregation of duties are difficult to achieve. When difficulties or doubt arises, contact the Finance and Admin Manager at Juba office for advice.

In all aspects of Petty Cash handling, segregation of duties is of highest importance. While the Finance and Administration is responsible for the Petty Cash Management, the following steps have to be followed to ensure segregation of duties and a proper supervision by the Finance and Administration Manager.

Step 1: All Petty Cash requisitions are directed to the Finance Officer who then raises and fills the information on the standard requisition form. The Standard requisition form is forwarded to the Finance and Administration Manager.

Step 2: The Finance and Administration Manager verifies the genuineness of the request, the supporting documents and the budget line for the item. The Finance and Administrative Manager raises the Payment Voucher and forwards the requisition, the payment voucher and the supporting document to the Program Coordinator for recommendation.

Step 3: The Program Coordinator checks the documents and recommends the documents for approval.

Step 4: The Program Director approves the documents for payment.

Step 5: The Finance/Administrative Manager shall pay petty cash against duly approved petty cash vouchers. After payment, the voucher with all its supporting documents shall be stamped "PAID." In the absence of the Finance and Administration Manager, an entrusted officer shall take over petty cash payments.

A "hand-over" report shall be prepared and signed by both the Finance and Administration Manager and the entrusted Finance officer. On returning, the entrusted Finance officer shall hand over petty cash to the Finance and Administration Manager and a hand-over report shall be prepared to that effect. A copy of the hand-over report shall be given to the Finance and Administration Manager.

10. **Record Retention.** The Finance and Administration Manager must ensure that the Petty Cash Replenishment requests, with original vouchers and receipts attached are retained for at least 5 years or a period stipulated by internal and external auditors.

The end!