**Petty Cash Fund for Management Project (PCF)**

1. PCF is the cash balance kept in the safe in a CO’s main office or a HQ unit to meet small expenses for management projects where the use of cheque or electronic funds transfer (EFT) is inefficient.
2. The maximum PCF balance is $2500 (or local currency equivalent) per CO or HQ Unit. However, this does not warrant an automatic establishment of PCF nor at the maximum level if there are alternative ways to pay small expenses without using cash. The CO management must determine the need and level which are based on business requirements. The general rule for choosing the appropriate level is the amount sufficient for one month PCF requirement.
3. PCF is maintained on an imprest basis. The imprest basis begins by establishing a lump sum amount as the PCF beginning balance. When the PCF balance reaches 20% of the initial balance, it is replenished by an amount of cash needed to bring the PCF back to the original balance.

Authority to Establish the PCF and Level

1. The Treasurer delegates his/her authority for establishing PCF to the Head of Office, up to the PCF maximum level for normal business.
2. Any CO with PCF requirement above $2,500 must seek Treasurer’s approval in advance by submitting an Annex 5 with detailed justifications. The Treasurer will evaluate such request, in addition to the consideration of the CO’s business needs, the CO’s track record of compliance with internal control framework (‘ICF’) and POPP Guidelines, particularly in the areas of adherence of monitoring, reconciliation, and year-end procedures for PCF, and make the decision to authorize the higher level requested,

***Caution: Failure to accurately and timely record PCF expenses and reconcile GL PCF Account 16105 may lead to delay or denial of the request until the internal control issues are resolved.***

Qualifying Expenses for PCF

1. Expenses qualified to be paid from PCF are as follows:

* 1. Small purchases for office’s management operations (not programmes), and
  2. Each such purchase not to exceed US$250 equivalent. Any request for a purchase exceeding $250 will need to be submitted to Treasury for exceptional approval.

***Caution: Salary and benefit payments including overtime, advances and allowances cannot be made from the PCF regardless of amount. These payments must be entered in Global Payroll without exception.***

PCF Custodian Appointment

1. The Head of Office appoints the PCF Custodian with the following Appointment criteria:

* 1. Staff holds UNDP Fixed Term Contract (FT).
  2. Staff is competent to fulfill the responsibilities including safeguarding, proper use of, accounting for, and physical counting of the PCF and maintaining PCF Register.
  3. Staff agrees to the terms and conditions of Petty Cash Custodian Appointment Form and signs the document (see Annex 1) including that any losses in the PCF are to be reimbursed to UNDP by the PCF Custodian or a deduction shall be taken from his/her salary.

Physical Security for PCF

1. The DRR (Operations) or Operations Manager ensures the physical security for PCF as follows:
   1. The CO must have a safe with strong security features.
   2. The safe is to be placed in a room with limited access by authorized personnel only.
   3. Cash must be kept in the safe at all times.

PCF Custodian Responsibilities

1. Custodian Responsibilities are the following:

* 1. Place the cash received for PCF initial funding and subsequent replenishment in the office safe.
  2. Maintain the PCF Register to record all activities in the PCF (see Annex 2). Use pre-sequentially numbered PCF Voucher for each disbursement made from the PCF.
  3. Ensure each PCF Voucher is filled out for accounting/budget purposes and properly approved and has an invoice/receipt as the supporting document.
  4. Count PCF balance after each disbursement and replenishment to ensure the amount is equal to the running balance on the PCF Register under supervision of the Operations Manager
  5. Make every reasonable effort to prevent theft, for example, including maintenance of PCF in secured location (i.e., office safe), requiring two keys to enter the safe room and the presence of two persons when safe is opened.
  6. Request the replenishment when PCF balance reaches 20% of the initial opening balance.

Initial Funding and Subsequent Replenishment for PCF

Initial funding of PCF is done by a Permanent Prepayment Invoice payable to the PCF Custodian as the “Supplier” recorded against

Debit GL Account: 16105 - Petty Cash Fund PCF

Operating Unit: CO’s operating unit

## Fund Code: 00001 for GL acct 16105 always

Department: Respective department

Supplier : PCF Custodian’s Staff/Supplier ID

1. . The supporting document for the Invoice is the approval from the Head of Office or Treasurer, as applicable.
2. Subsequent replenishment is done by Payment Voucher payable to the PCF Custodian. The amount of the subsequent replenishment should equal the amount of the total disbursements made during the period prior to the replenishment. The relevant vouchers and attached invoice/receipts serve as the supporting document for the subsequent replenishment.
3. After the subsequent replenishment, the PCF balance held in office safe should equal to the initial opening balance. For subsequent replenishment to the PCF, the Finance Manager or Operations Manager (other than the PCF Custodian) must review, certify and approve (as the case may be):
   1. Upload Spreadsheet list created by PCF Custodian for recording PCF disbursements, relevant supporting documents for charged expenses against relevant 7xxxx expense accounts, and observance of the $250 limit for each disbursement (
   2. Physical count to ensure the PCF balance in the safe equals to the balance on the PCF Register.
   3. PCF reconciliation to ensure that GL PCF Account 16105 balance is the same as the actual cash in the safe (after the APJV is posted) and on the PCF Register.
   4. Payment Voucher to pay the PCF Custodian as the replenishment for the PCF.

Internal Controls for PCF

1. Separation of duties should be maintained at all times.

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1. Pre-sequentially numbered PCF Vouchers must be used (either in paper form or in spreadsheet form with password control) to request the PCF disbursements; the proper approval obtained, and full Chart of Accounts (COA) indicated.
2. Invoice/receipt for small purchases should be attached to each PCF Voucher.
3. PCF Register must be maintained on per transaction basis and issued on the close of business of the last day of the month or prior to each replenishment period with no further alteration. A new PCF Register must be created for a new month or a new replenishment period.
4. AAA report for GL Account 16105 must be generated for each month end or each replenishment period to compare the balance in the PCF safe and PCF Register should be reviewed by Operations Manager or DRR (O).
5. Operations Manager must perform a physical cash count at the month end or prior to each replenishment request, whichever comes first, and sign the PCF Count Form (see Annex 3 - Cash Count Form. The signature on the PCF Count Form certifies that the balance in the safe equals to the balance in the PCF Register and the balance in the GL Account 16105.
6. Any discrepancies identified in the steps 17 to 19 must be investigated and resolved within seven (7) days. The Head of Office should be notified of the discrepancy and the resolution.
7. Steps from 17 to 20 constitute the monthly PCF reconciliation to be performed every month without exception.

On or before 31 December of each year, the CO must upload the last Spreadsheet for recorded expenses and deposit the PCF balance kept in the safe into the CO’s bank account. GSSC will take the necessary steps to ensure liquidation of the prepayment issued for PCF under GL Account 16105.***Caution: If the CO does not deposit the PCF balance in the safe into the bank account at the year-end, the office must notify Treasury and explain the circumstances preventing this action.***

***Caution: All transactions in PCF (Invoices, Credit Memos) ) must be recorded in the currency code in Quantum that matches the actual currency in which the PCF is held. Using incorrect currency code in Quantum will lead to inaccurate valuation of the PCF in the financial statements.***

***. FX gain/loss adjustment entries are monitored by GSSC Cash Management team on a monthly basis.***

PCF Reconciliation and Year-End Closure

1. Steps in Section 17 to 20 constitute the monthly PCF reconciliation to be performed every month without exception, including the year-end closure.
2. If the CO follows the Guidelines and Procedures herein, the AAA report for GL 16105 at 31 December should show the balance to be zero in local currency.
3. The DRR (O) must review the monthly PCF reconciliation results, complete and sign the Year-end PCF Certification and PCF Count Form. These two documents must be uploaded into the designated SharePoint on or before 31 January as part of the routine year end closing procedures.

***Caution: Pay attention to the currency in GL. Reconciliation is to be done for the currency in which the PCF is held. Typically, this means local currency. The CO should not reconcile the USD balance.***

***Caution: The DRR (O) is accountable for the accuracy and consistency of the balances in AAA report, in PCF Register, and in the safe.***

PCF Monitoring

1. The Head of Office is responsible for ensuring routine monitoring of GL Account 16105 for data quality and completeness. CO compliance with the Guidelines and Procedures should ensure:
   1. The PCF level not to exceed the authorized level by the Head of Office or Treasurer at any time.
   2. The per disbursement limit not to exceed USD250 equivalent.
   3. The expenses are recorded on a monthly basis or at each replenishment period.
   4. No GLJE should be used.
   5. All transactions recorded are in the currency for which the initial PCF balance is established.
   6. At 31 December, balance in AAA report for GL 16105 in local currency is zero.

***Caution: Strictly following the procedures are critically important to ensure UNDP cash assets***