



Standard Operating Procedures Manual SOPs

Finance

“Petty Cash Fund Management”

Presented to:

Independent Elections Commission (IEC)

Funded and Supported By

United Nations Development Programme (UNDP)

Kabul- Afghanistan

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1. Objective and Scope 1

Small amount of cash held onsite by a budget unit to pay for small, incidental expenses. The purpose of the fund is to improve administrative efficiency and to limit the need and frequency for small value checks to be requested from Treasury.

The petty cash fund limit can be increased above 50,000 AFN through a formal letter request to Treasury. The letter including the justification for requesting the increased amount must be submitted by the Custodian to the Director General of Treasury. The Director General will authorize or reject the request. In general, the allowable limit of the petty cash fund will depend on the frequency of small value procurements and frequency of replenishment of the fund. To maximize efficiencies the petty cash fund should be sufficient in size to only require replenishment once a month.

Procurements out of petty cash should be done in accordance with Procurement Law. Normally, this will consist of single-source procurement and will be recorded using an object code under major object code 22 excepting travel advances. Unless otherwise agreed by the Treasury,

Expenditures are also limited to the minor object code 221 - Goods and Services Non-Utilities. Using the petty cash fund to pay wages and salary under minor object code 210 is strictly prohibited. Similar to requesting an increase in the petty cash fund limit above 50,000 AFN, the custodian can request to increase the one time allowable expenditure up to 5,000 AFN. The ceiling amount of the petty cash one-time payment is based on the requirements of the budget unit.

Purchases made from petty cash must still be undertaken in accordance with all applicable Laws and Regulations, and in particular the Procurement Law of 1394.

Petty Cash funds cannot cross the boundaries of allotments, and where petty cash is required for spending out of more than one allotment, a separate petty cash fund must be established for each allotment.

This SOP covers the following areas:

- a) Setting up petty Cash Fund (PCF)
- b) Recording & reporting the petty Cash Fund
- c) Petty cash accounting and Disbursement
- d) Petty cash replenishment& acquittal and
- e) Cash counts and Monitoring of PCF

2. Terms, Definitions & Abbreviations

M2: Cash Purchase order (using for petty cash purchases)
M3: Purchase order (using for all purchases except petty cash)
M7: Goods Received Note (GRN)
M10: Advance Request form (both for petty cash other Advance)
M12: Advance Acquittal form
M16: Payment Voucher
M75: Petty Cash request form
M76: Cash control register

CEO: Chief Executive Officer
IEC: Independent Election Commission of Afghanistan
SOP: Standard Operating Procedure
AFN: Afghani
PCF: Petty Cash Fund
PM: Procurement Manager
GRN: Goods Received Note
GoIRA: Government of Islamic Republic of Afghanistan
PFEML: Public Finance & Expenditure Management Law
CoA: Chart of Accounts

3. Tasks, Responsibilities and Accountability

Task	Authorized	Responsible
Preparing & Requesting the documents	PM	Procurement/ Employee
Approval Authorization	CEO	-
Providing Cash and Updating the Report M76	GOCA	Custodian

4. Operating procedure

a) Setting up A Petty Cash Fund

Overview

The Petty Cash Fund is setup using the standard advance procedures, Advance and Acquittals with some differences related to the administration and use of the petty cash funds. When a new petty cash fund is established, a check will be issued in the name of the fund and the Custodian will become responsible for managing, accounting and securing the assets of the fund.

All petty cash funds must be approved by the Director General of the Treasury. In order to request the creation of a petty cash fund, the budget unit should make the request in the form of a letter and attach the M-75 Request of Petty Cash Fund Form to be filed as at the Treasury. The request letter requires the following information:

- Amount requested
- Purpose of the fund (i.e., reason the fund is needed).
- Physical location of the fund
- Plans for safeguarding the fund (e.g., locked in safe, etc.)
- Name and job title of the Custodian
- Name and job title of the Fiduciary

Budget units may have more than one petty cash account, where geographic circumstances dictate. The need for multiple accounts, and their locations, needs to be addressed in each application letter.

Petty Cash Setup Process

This section provides detailed instruction on how to setup a petty cash fund.

Error! Reference source not found. Provides a graphical presentation of the process.

b) Petty Fund Cash book

Overview

A cashbook is a ledger that records debits and credits of transactions for the petty cash fund. Budget units that setup a petty cash fund are required to use the M-76 Cashbook Form as their cashbook or a format (i.e. Excel, PDF, ledger book) that includes the same information and fields.

Note: A separate cashbook must be maintained for each individual petty cash fund approved for a budget unit.

One cashbook cannot be used for two petty cash funds even if they are located in the same budget unit and have the same Fiduciary.

Sample Cashbook Transactions

The cashbook records simple transactions related to deposits of cash and withdrawals of cash. If cash is added to the petty cash fund (e.g. initial setup, by refunds from employees who received advances to make petty purchases or replenishments) then the amount cash account is debited. Withdrawals result in a credit to the cash account.

Figure 2: Sample Cashbook provides an illustrated example of several hypothetical transactions which are recorded in the Cash Control Register section of the M-76 Cashbook Form.

c) Petty Cash accounting and Disbursement

Overview

The primary document used to manage petty cash disbursements is the M-2 Cash Purchase Order Form. The M-2 Cash Purchase Order Form can be considered a voucher that is used to approve the use of funds for a cash advance very similar to the way the M-3 Purchase Order is used to commit funds for ordinary expenditures. Specifically, petty cash purchases have simpler procurement requirements and will not necessarily require a requisition number or the need for a purchasing committee or competitive statement.

The state administration or program office requesting to make a purchase from the petty cash fund will fill out the M-2 Cash Purchase Order and after approval by the appropriate authorizing authority send it to the Custodian for review. The Custodian will review the M-2 Cash Purchase Order for accuracy and check the M-76 Cashbook to verify that sufficient cash is available to make the purchase. Assuming sufficient funds are available the Custodian will provide the state employee with necessary cash and post the withdrawal in the M-76 Cashbook. The state employee will make the purchase and return any excess cash and invoices/receipts back to the Custodian who will then file the M-2 Cash Purchase Order and receipts and make a final posting to the M-76 Cashbook as necessary.

In general, it is recommended that the M-2 Cash Purchase Order Form be used as the voucher and document of record for petty cash transactions, but since petty cash transactions are only maintained for internal accounting purposes, budget units have the option to use their own vouchers or documentation to record transactions in the M-76 Cashbook if they have already something in place or special requirements.

Petty Cash Transaction Process

This Section describes the steps used to process a petty cash transaction. **Error! Reference source not found.** provides a graphical overview.

d) Petty Cash Replenishment and Acquittal

Overview

Once a petty cash fund has used up 80% of its cash then it can be reimbursed to its authorized limit. This process consists both of an acquittal using an M-12 Advance Acquittal Form, original receipts and a request for a new petty cash advance using the M-10 Request for Advance Form.

Petty Cash Replenishment and Acquittal Process

This Section provides instructions Petty Cash Replenishment and Acquittal Process. **Figure 4: Petty Cash Replenishment and Acquittal Process** provides a graphical overview of the procedure.

e) Cash Counts and Monitoring of Petty Cash Funds

Weekly Counts

The fund should be counted/totaled and balanced each week it is used but at least once per month. Differences should be investigated and adjusted promptly. At all times M-2 Cash Purchase Order voucher amounts plus cash on hand, or cash book balance, must equal the authorized amount of the petty cash fund.

Surprise Counts

Ministry of Finance staff (under authority of Director General Treasury / Treasurer of Mustofiat) and Internal or External (National Audit Office) Audit can go to the Custodian at any time for performing a surprise cash count. The Custodian must give access to the cash and watch the count as it is done. If no discrepancies are found, the Custodian should document that the cash count was completed and correct. Internal or External Audit may at any time require a copy of the register of approved Petty Cash Funds from Treasury or the Mustofiat.

Discrepancies found in a surprise cash count must immediately be investigated, and no further transactions undertaken against the petty cash fund until such time as the discrepancy is resolved.

Limitations on Petty cash Expenditures

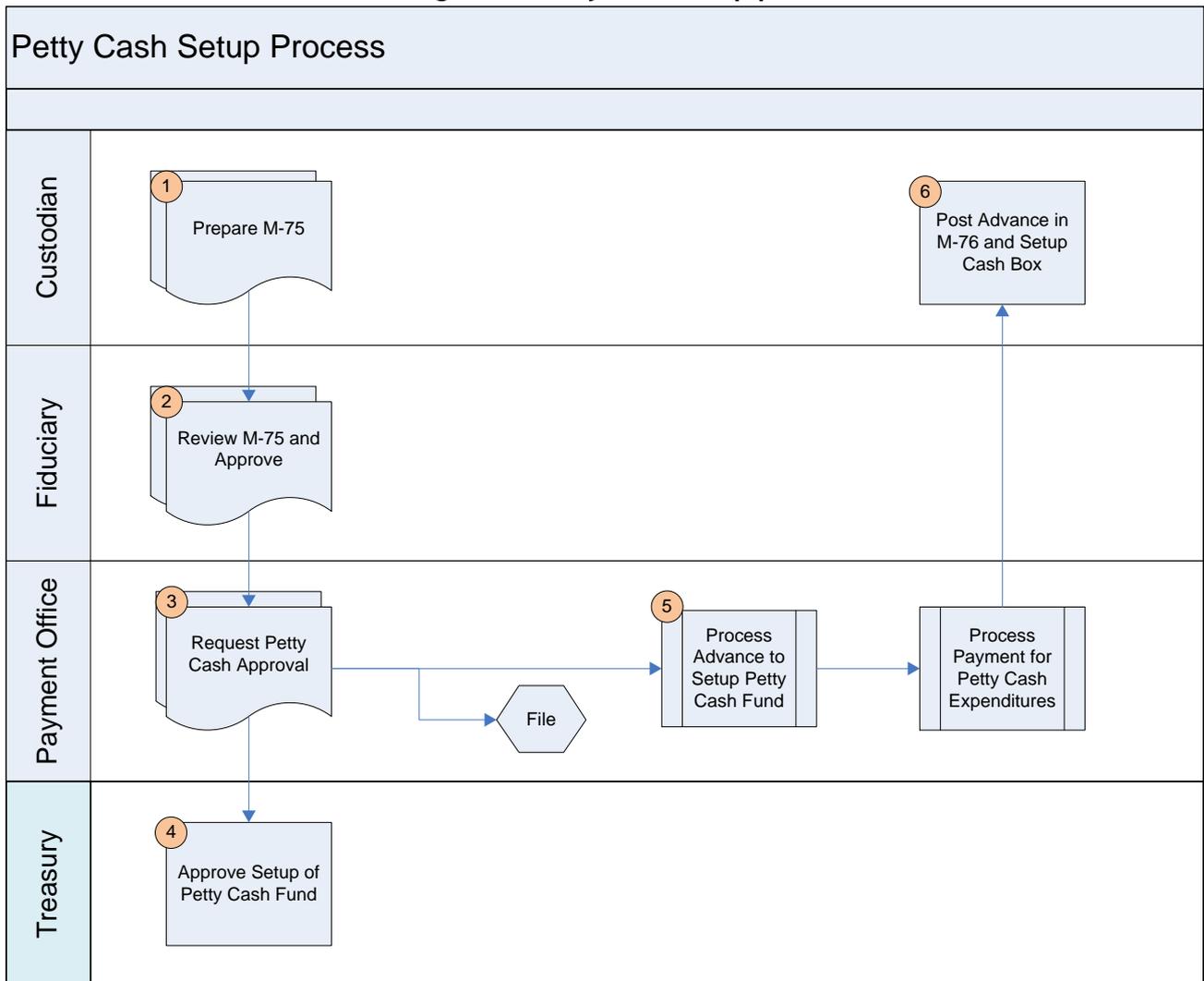
Petty cash funds must not be used to pay any of the following expenditures:

- Any form of salaries, including allowances, overtime or bonuses (Major Object Code 21).
- Contracted services in Major Object Code 22 in the nature of salaries or wages. The simple test for whether a payment for contracted services is in the nature of salaries or wages is whether or not wage withholding tax must be withheld from the payment in accordance with the Income Tax Law of Afghanistan.
- Loans to any person or organization.
- Expenses that are not within the scope of the fund's purpose may not be paid From the petty cash fund.
- A purchase amount above the petty cash fund's established maximum single disbursement amount. The Fiduciary of the fund must approve any disbursements over the maximum amount.

Revenues must not be used to establish or increase the size of a petty cash fund.

5. Related Documents

Figure 1: Petty Cash Setup process



Detailed Steps:

Step #1: Fill out Fields 1 to 5 and 7 to 11 for an original and one (1) copy of the M-75 Request of Establishment or Update of the Petty Cash Fund Form. Sign and date Field 13 - Custodian. Obtain the Allotment Code from the Bookkeeping Office and the code in Field 6 - Coding Block (Allotment #2). Prepare a request letter with the information. Send the request letter and the original and copy of the M-75 Form to the Fiduciary for review and approval.

Responsible Party: Custodian

Step #2: Review the M-75 Request of Establishment or Update of the Petty Cash Fund Form and verify the petty cash limit, the purpose of the petty cash fund and plan for safeguarding the petty cash fund. Sign and date Field 12 - Authorizing Authority to approve the setup or changes to the petty cash fund. Review and sign the request letter.

Send the request letter and the M-75 Form to Payment Office.

Responsible Party: Fiduciary

Step #3: Complete Steps #1 to #12 of the Advance and Acquittal Process to request and process an advance for the petty cash fund. Send the M-16, M-10 and M-75 Forms, as well as

the Request Letter to the Treasury. This step also includes validation of the availability of funds for the advance.

Responsible Party: Payment Office

Step #4: Review the M-75 Request for Establishment or Update of Petty Cash Fund. Approve or reject the request and notify the budget unit.

Responsible Party: Treasury

Step #5: Complete the steps in Scenario #3 - Ordinary Expenditure with Commitment and Partial or Full Prepayment in order to acquire the items necessary to setup and manage the petty cash fund. This consists of two parts.
First, process an advance to receive the petty cash funds using an M-10 Form.
Second, process an M-16 Payment Order for purchasing equipment required for physical custody and maintenance of the petty cash fund including safes, keys and other tools. After completion of this process, a copy of the M-75 should be filed along with the M-16 and M-10 Forms at the Payment Office.

Responsible Party: Payment Office

Step #6: After the receipt of funds from the processing of the M-16 for the petty cash advance, post the first entry in the M-76 Cashbook Ledger recording the advance of funds.
Setup of the petty cash box and ensure safekeeping of funds.

Responsible Party: Custodian

Notes

In order to make changes to a petty cash fund including raising the limit, changing the Custodian, updating the location, etc. use the relevant steps Petty Cash Setup Process. For example, if the update to the petty cash fund consists of merely changing the Alternative Custodian, complete step #1 and #2. However, if the petty cash fund limit is increased then steps #1 to #3 and #5 will need to be completed.

In order to make a permanent change to the Fiduciary, Custodian, or fund location, a new petty cash fund request letter should be sent to the Treasury. When the Fiduciary or Custodian of a petty cash fund changes, the fund should be reimbursed to its original amount based using the Petty Cash Replenishment Process.

Figure 2: Sample Cashbook

Cash Control Register								
5. Post Date	6. Document Ref.	7. Object Code (5)	8. Recipient	9. M-12 Acquittal	10. Description	11. Debit	12. Credit	13. Balance
11/28/2011	M-10: S3	22900	Jamil : Custodian		Initial advance to setup petty cash fund	50,000		50,000
11/30/2011	M-2: S1	22701	Zabi Khetab		Advance to purchase office supplies		5,000	45,000
12/15/2011	WSlip No. #2	22704	Hamid Ayer		Advance to purchase group dinner		5,000	40,000
12/16/2011	Dslip No. #1	22701	Jamil : Custodian		Return of Funds for purchase of office supplies	1,000		41,000
12/31/2011	M-10: S7	22900	Jamil : Custodian		Replenishment of Funds	9,000		50,000
3/31/2011	M-29: S98	22999	Treasury		Return of Remaining Petty Cash Funds		50,000	0

The first transaction in petty fund cashbook consists of the posting the original advance by debiting the cash book. In the sample above, the posting takes place on 1/28/2011 (Field 5), the date the cash was received and added to the physical cash box. The advance was processed using an M-10 Request for Advance Form with the Application No. of S3 (Field 6). The five (5) digit object code is 22900 - Petty Cash Advances (Field 7) and the recipient of the cash is Jamil Besmillah who is the petty cash fund Custodian (Field 8). Since this increases the petty cash fund balance, the cash account is debited (Field 11). Finally, a running balance is maintained in Field 12 of the cashbook. Since this is the first transaction, the balance equals the amount of the first debit of 50,000 AFN.

Now that the petty cash fund has been setup, the Custodian can now make advances to employees in the budget unit to make small or petty purchase. The first advance posted in the sample cashbook is for purchases of office supplies with an estimated cost of 10,000 AFN. The advance is given to Zabi Khetab and the object code matching the description of the purchase is 22701 - Office Equipment and Supplies¹.

¹ It is not required that the Custodian enter the object code in the Cashbook. However, by adding the object code at the time of advance, this will simplify the acquittal process necessary to replenish the petty cash fund.

The Document Ref. is an M-2 Petty Cash Purchase Order with an Application No. of S1. Finally, since cash is being withdrawn from the petty cash fund, the cashbook is debited resulting in a new balance of 45,000 AFN.

An advance for the purchase of a group dinner is the second transaction posted in the sample cashbook. In this case an M-2 Petty Cash Purchase Order has not been filled out, thus in this case the Document Ref. is the slip number that the Custodian provided to the recipient at the time of advance. The 5,000 AFN debit of this transaction reduces the balance to 40,000.

The third transaction is the return of cash to the petty cash fund after the purchase of office supplies from the 11/30/2011 advance. In this case the original advance was for 10,000 AFN, but the cost of office supplies was less than expected. Thus, the employee Zabi Khetab was able to return 1,000 AFN. This amount is credited to the cashbook and the balance is now 41,000 AFN.

The next posting is a replenishment transaction that is processed using an M-10 Form. In this case the replenishment is the difference between the petty fund cash limit (50,000 AFN) and the current balance (41,000 AFN) or 9,000 AFN. At the end of this transaction the balance is 50,000 AFN.

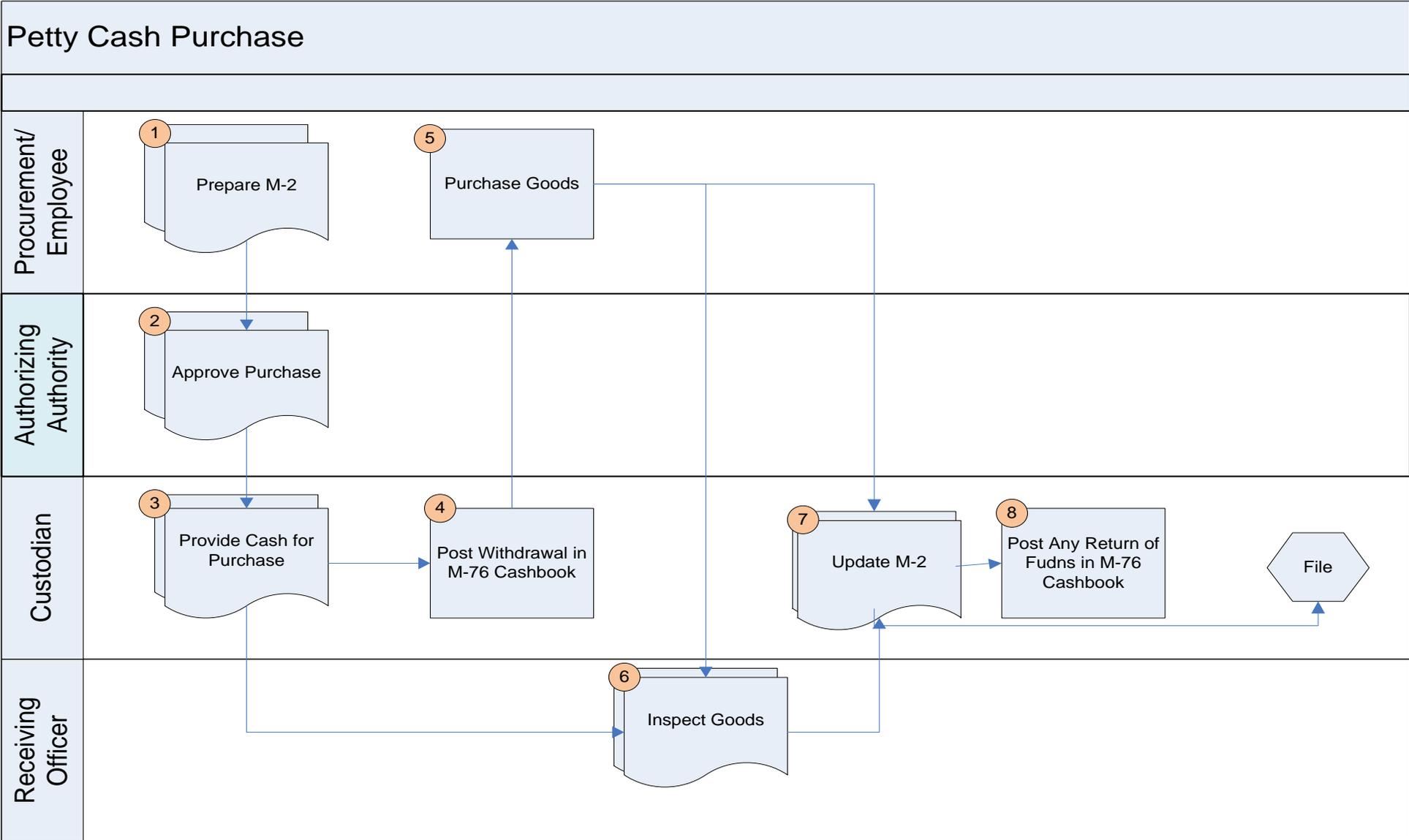
The final posting is a transaction to close a petty cash fund. In this case the remaining funds in the petty cash are being returned to the Treasury. The Document Ref. is an M-27 Revenue Collection Form. The recipient is the Treasury and the cashbook account is credited. The balance after this transaction should be equal to 0 AFN.

Notes

It is recommended that the full chart of accounts coding block is recorded in the Cashbook in order to simplify the replenishment and acquittal process, however this information is not essential, and Custodians and Bookkeeping Offices may choose not to maintain this information in the cashbook.

The cashbook may be maintained either in hard copy or electronically.

Figure 3: Petty Cash Transaction process



Detailed Steps:

Step #1: Fill out Fields 1 to 4, 6, and 8 to 11 for an original and one (1) copy of the M-2 Cash Purchase Order Form. In most cases the petty cash purchase will not require a requisition, thus in Field 4 - Requesting Unit and Requisition No., the Requisition No. is not needed. Sign and date Field 19 - Procurement Officer.

Send the original and copy of the M-2 Form to the manager/employee with the authority to approved petty cash fund purchases.

Responsible Party: State Administration/Procurement Office

Step #2: Review the M-2 Purchase Order Form for accuracy and completeness. Sign and date Field 20 - Authorizing Authority. Send the original and copy of the M-2 Form to the petty cash fund custodian.

Responsible Party: Authorizing Authority in the budget unit to approve petty cash purchases.

Step #3: Review the M-2 Purchase Order Form for accuracy and completeness. After completing the review of the M-2 Form, provide the state employee charged with making the petty cash purchase, the cash amount recorded in Field 14 - Total and Field 11 - Price Est.

Send a copy to the Warehouse or other office responsible for reviewing the goods received. If the Custodian is responsible for reviewing received goods, then the second copy is not necessary. The second copy will be retained in order to send to the Payment Office as part of the petty cash replenishment process

Responsible Party: Custodian

Step #4: Post the withdrawal of cash in the M-76 Cashbook including the name of person who received the cash in Field 8 - Recipient. Update the petty cash fund balance in Field 12 - Balance.

Responsible Party: Custodian

Step #5: Purchase goods and services identified in M-2 Cash Purchase Order. Make sure to obtain a copy a receipt for all purchases. Provide the goods and services to the Warehouse or other unit responsible for verifying goods received. In many instances this will be the Custodian.

Return any excess cash back to the Custodian.

Responsible Party: Procurement Office or State Employee tasked with making the petty cash purchase.

Step #6: Reconcile the goods and services identified in the M-2 Cash Purchase Order Form with actual goods received. Initial each item in the Form for which the good or services was delivered. Sign and date Field 13 - Warehouse Officer. Add any additional remarks in Field 18.

Send one (1) copy of the M-2 Cash Purchase Order to the Custodian and file one (1) copy.

Responsible Party: Warehouse or designated State Employee to receive petty cash purchases.

Step #7: Accept any excess cash received from employee who made the petty cash purchase depositing into petty cash fund. In the case of the employee using their own money to complete a purchase due to insufficient funds, withdraw funds from the petty cash fund and provide to the employee.

Complete the original and one copy of the M-2 Cash Purchase Order Form by filling out Fields 12 and 15 to 17. Sign and date Field 20 - Custodian.

Responsible Party: Custodian

Step #8: Update the M-76 Cashbook recording either a debit or credit based on whether or not the petty cash recipient returned the funds or requested additional funds.

File one (1) copy of the M-2 Form and send one (1) copy to the Bookkeeping Office for their reference.

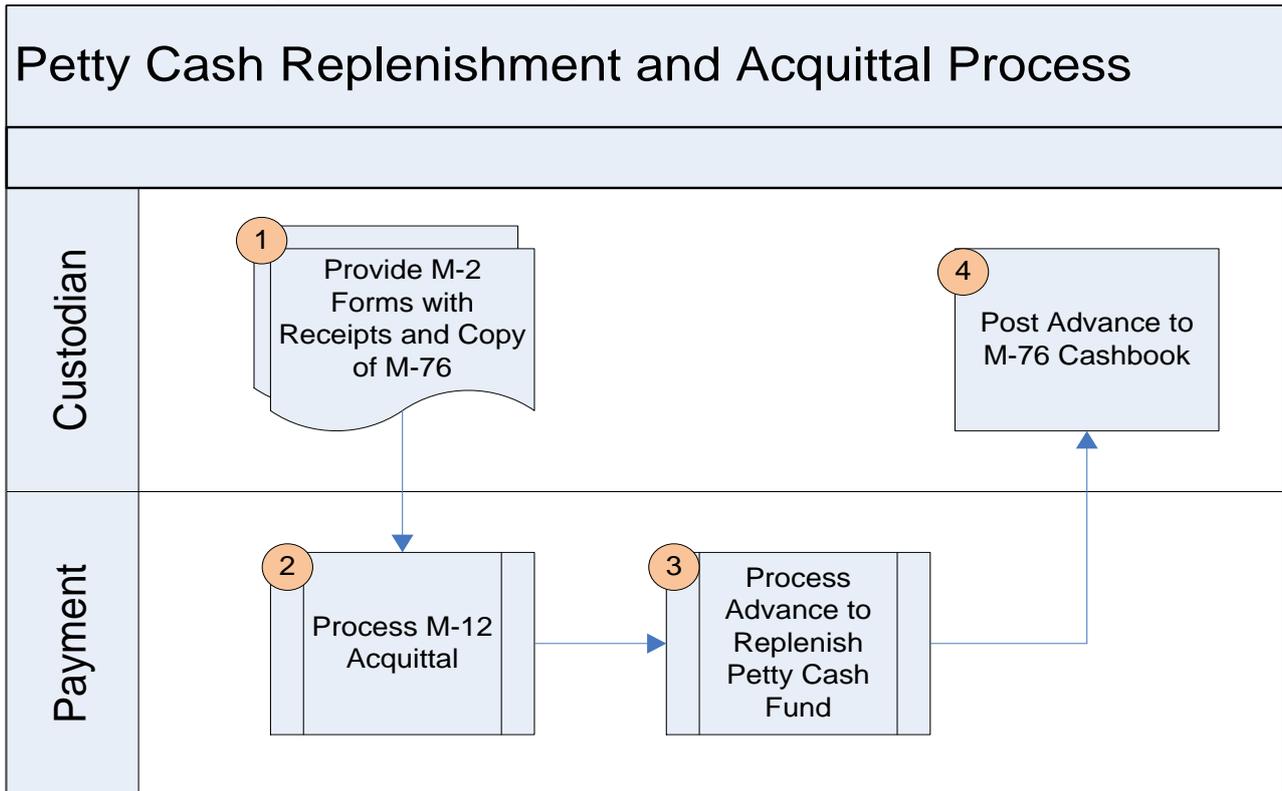
Responsible Party: Custodian

Notes

Purchases made from petty cash fund must still be undertaken in accordance with all applicable Laws and Regulations, and in particular the Procurement Law of Afghanistan.

The balance in the cash book must always equal the summation of each M-2 Cash Purchase Order and cash on hand in the petty cash fund.

Figure 4: Petty Cash Replenishment and Acquittal Process



Detailed Steps:

Step #1: Provide M-2 forms, receipts and copy of the M-76 Cash Book to the Payment Office.
Responsible Party: Custodian

Step #2: Follow the instructions to replenish the petty cash fund using M-10 and M-16 forms.
Responsible Party: Payment Office

Step #3: After the receipt of replenishment funds from a bonded trustee, update the M-76 Cashbook by debiting cash and using the M-10 as the document reference.
Responsible Party: Custodian

Step #4: After the receipt of replenishment funds from a bonded trustee, update the M-76 Cashbook by debiting cash and using the M-10 as the document reference.
Responsible Party: Custodian

Notes

Acquittals must be provided either monthly or whenever the cash balance on the fund is less than 20% of the total fund value - whichever is sooner

M-75 - Request for Establishment or Update of Petty Cash Fund



Ministry of Finance - Treasury Department

Form M-75 - Request For Establishment or Update of Petty Cash Fund

Section A: (This Section shall be filled by Treasury Advances Unit and Custodian)

1. Item No.		2. Ministry/Org.		3. Issue Date	4. Custodian Name & MOFID		5. Purpose of the Form		6. Fund Limit
							New <input type="checkbox"/> Update <input type="checkbox"/>		
7. Coding Block (Allotment #2)					8. Alternative Custodian		9. Fiduciary Name		10. Physical Location
Org. (4)	Project (6)	Program (3)	Fund (5)	Object (3)					
11. Purpose					12. Plan for Safeguarding Fund				

Section B: Review and Authorization

13. Custodian (Sign & Date)		14. Authorizing Authority (Sign & Date)		15. Reasons for Disapproval	

Section C: (This Section shall be filled by Financial Controller)

16. Financial Controller (Sign & Date)		16. Remarks	

M-75 Instructions

Purpose: To setup or make changes to a petty cash fund. The Form, properly completed, provides the information Treasury needs to approve a line ministry's petty cash fund request.

Prepare an original and one (1) copy as follows:

Section A: (This section shall be filled out by Treasury and Custodian)

- 1) Item No. - Number each good to be purchased, beginning with "1" for the first item, "2" for the second item, etc.
- 2) Ministry/Org. - Enter the name of the Ministry/Organization where the petty cash fund is maintained.
- 3) Issue Date - Enter the date the request form is completed.
- 4) Custodian Name & MOF ID - Enter the name of Custodian and their Ministry of Finance identification number. This person will be responsible for managing the petty cash or cash book.
- 5) Purpose of the Form - Indicate whether the Form is to be used for the establishment of a new petty cash fund or to make changes to an existing petty cash fund.
- 6) Fund Limit- Enter the amount that is being requested as the ceiling of the petty cash fund.
- 7) Coding Block (Allotment #2)- Enter each section of the Allotment coding block from which the petty cash fund advance will be applied.
 - a) Org. (4) - Insert the four (4) digit Sub organization Code of the ministry.
 - b) Project (6) - Insert the six (6) digit Project Code.
 - c) Program Code (3) - Insert the five (5) digit Program Code.
 - d) Fund (5)- Insert the five (5) digit Fund Component.
 - e) Object (3) - Insert the three (3) digit Object Code.
- 8) Alternative Custodian - Enter the name and Ministry of Finance identification number of the person designated as the alternative Custodian in circumstances where the Custodian is unable to perform their duties.
- 9) Fiduciary Name - Enter the name and Ministry of Finance identification number of the person who has been designated as the petty cash fund Fiduciary.
- 10) Physical Location - Provide a brief description of where and how the cash in the petty cash fund will be stored.
- 11) Purpose - Explain the business purpose of the petty cash fund and why it is necessary for the office/department to setup the fund.
- 12) Plan for Safeguarding Fund - Provide a brief description of the plan the Custodian will use to keep the petty fund cash secure.

Section B: (Review and Authorization)

- 13) Custodian (Sign & Date) - This space is provided to the Custodian to sign and date in order to request the setup or changes to the petty cash fund.
- 14) Authorizing Authority (Sign & Date)- This space is provided to the Authorizing Authority who will approved the setup or changes to the petty cash fund.
- 15) Reasons of Disapproval-If the setup or changes to the petty cash fund is not approved, describe the reasons for disapproval by the Authorizing Authority.

Section C: (This section shall be filled out by Financial Controller)

- 16) Financial Controller (Sign & Date) - This space is provided for the Financial Controller to sign and date after their review and approval.
- 17) Remarks - This space is provided for the Financial Controller to provide additional remarks and comments.

Distribution

Original: Administrative Office
Copy: Treasury/Mustofiat

Purpose: To authorize the disbursement of cash from petty cash funds for minor expenditures. The form is also used as a receipt of goods form once the purchases have been made.

Prepare an original and two (2) copies as follows:

Section A: (This Section shall be filled by Procurement Office and/or Custodian)

- 1) Cash Purchase Order No.-Serial number which creates a unique identifier and reference for the cash purchase order that is assigned consecutively prefixed by the ministry symbol number.
- 2) Ministry/Org. - Enter the name of the organization/ministry from which the cash purchase order is issued.
- 3) Issue Date- Enter the date that the cash purchase order form is prepared.
- 4) Requesting Unit and Requisition No. - Enter the name of the department or office for which the cash purchase order applies, thus enabling proper delivery of the goods. If applicable, enter the requisition number created as part of a procurement process.
- 5) M-75 Ref. No. - Enter the serial number of the M-75 Request for Establishment or Update of Petty Cash Fund Form from which the cash purchase order will be made
- 6) Item No. - Number each good to be purchased, beginning with "1" for the first item, "2" for the second item, etc.
- 7) Object Code- Insert the five (5) digit Object Code to which the cash purchase order item applies.
- 8) Qty- Enter the unit of measurement such as meter, liter, or kharwar to measure the commodities received for each item, in this column.
- 9) Unit- Enter the unit of measure for each cash purchase order items, e.g. kilograms, kharwar, meter, or for single objects type "each".
- 10) Description - Enter a brief description of each cash purchase order item.
- 11) Price Est.- This column is used to show the estimated cost of articles required as a basis for advancing the cash. Enter the best estimate of the purchase price if the actual price is unknown.
- 12) Price Paid - After the cash purchase is made enter the actual price paid for each item.
- 13) Warehouse Officer- This space is provided for the person in warehouse, office or storeroom responsible for receipt and review of purchased goods to sign and date verifying the receipt of goods.
- 14) Total-Sum the total price estimate and price paid for all items in the cash purchase order.
- 15) Cash Advance Received From Custodian - The amount of cash advanced by the Custodian will be entered here. This amount will be the same as the total of Field 11 (Price Est.). The purchasing committee, procurement office staff or other individuals receiving cash from the Custodian will initial this line.
- 16) Balance Refunded from Custodian - If the Total Price Paid (Field 12) is less than the amount of cash advanced (Field 15); the difference is to be refunded to the Custodian. When the Custodian receives the refunded amount, they will initial this block and enter the amount.

- 17) Additional Cash Received from Custodian - When the Total Price Paid (Field 12) exceeds the amount of the cash advance (Field 1); the difference will be entered here by the Custodian. When this amount is paid by the Custodian a member of the purchasing committee or other individuals for purchase will initial this line.
- 18) Remarks-This space is provided to the Warehouse Officer to note any exceptions to the condition of the goods and to record the item numbers of goods not received. Also, the Custodian may record any information which they consider essential to the clarity of the cash purchase order.

Section B: Review and Authorization

- 19) Recipient (Sign and Date) -This space is provided for the procurement officer, purchase committee representative or other individuals responsible for purchasing to sign and date the form indicating receipt of cash to make purchase.
- 20) Authorizing Authority (Sign and Date) - This space is provided for the manager or other representative who has the authority to approved purchases for the cash advance identified in Field 5 - Advance Ref. No.
- 21) Custodian (Sign and Date) - This space is for the Custodian responsible for the cash advance to sign and date to certify the cash advance was disbursed to purchase the items listed in the cash purchase order.
- 22) Recipient (Sign and Date) -This space is provided for the Recipient to sign after they have made the required purchase to verify that they have either returned any unused cash or been reimbursed for any out-of-pocket expenses that the original cash advance did not cover..

Section C: (This Section shall be filled by Financial Controller)

- 23) Financial Controller- This space is provided for the Financial Controller to sign and date after their review and approval.
- 24) Remarks-This space is provided for the Financial Controller to provide additional remarks and comments.

AFMIS Transactions: None

Distribution:

Original and copy - Custodian (one to be forwarded to Payment Office for Replenishment)

Copy - Warehouse

Copy - Procurement Office

M-76 Instructions

Purpose: This ledger will be maintained by the petty cash fund Custodian. Properly maintained, it will furnish the Custodian with record of cash payments and cash receipts, and thus will provide an up to date current cash balance.

Maintain as follows:

- 1) Custodian Name- Enter the name of the Custodian responsible for managing the petty cash or cash book.
- 2) Name and Location Code - Enter the four (4) digit Location Code and name of the office where the petty cash fund has been setup.
- 3) Coding Block (Allotment #2) -Enter each section of the coding block to which the cash book applies.
 - a. Org. (4) - Insert the four (4) digit Sub organization Code of the ministry.
 - b. Project (6) - Insert the six (6) digits Project Code.
 - c. Program (3) - Insert the three (3) digits Program Code.
 - d. Fund (5) - Insert the five (5) digits Fund Component.
 - e. Object (3) - Insert the three (3) digits Object Code.
4. Fund Limit - Enter the petty amount for which the petty cash fund has been approved.
5. Post Date - Enter the post date of the cash transaction.
6. Doc Ref. - Enter the document name and reference number which records the petty cash transaction.
7. Object Code (5) - Enter the five (5) digits Object Code describing the cash transaction. This includes the Object Code for Advances, Acquittals and Refunds.
8. Description - Enter a brief description of the transaction and its purpose.
9. M-12 Acquittal- Enter the serial number of the M-12 Form used to acquit an expense item.
10. Debit - Enter the debit amount of the cash transaction.
11. Credit - Enter the credit amount of the cash transaction.
12. Balance - Maintain a running balance of the cash position of the petty cash or cash book.

AFMIS Transactions:

None

Distribution:

Original - Custodian

M-10 Instructions

Purpose: To authorize cash advances for prepayment of vendors, travel advances and payments to petty cash funds, Prepare an original and one (1) copy as follows:

Section A - This Section to be filled by the Payment Office.

- 1) Application No. - This number will be entered when the application is received with approval signature. Each approved form will be numbered consecutively, beginning with "1" prefixed by the ministry symbol.
- 2) Ministry/Org. - Enter the name of the organization/ministry to which the advance will apply.
- 3) Issue Date -Enter the date the request for advance is filled out and signed by the applicant requesting the advance.
- 4) Requesting Unit/ Employee Name and ID - Enter the name and employee of the individual to receive the advance and the office/department for which they are receiving the funds.
- 5) Advance Request Amount- Enter the advance amount requested by the applicant.
- 6) Outstanding Advance - on receipt of this form, the Accounting Officer will check if there is any outstanding advance against the applicant.
- 7) Advance Request Type-Mark the box identifying the type of advance being requested (i.e. Salary, Travel, Purchase, Other). If "Other" is selected, specify the advance type in the space provided.
- 8) Repayment Schedule - - Insert here the manner or schedule by which the applicant agrees to repay the advance. In the case of a salary advance, the agreement would be to make payroll deduction of a specified amount each month for a calculated number of months.
- 9) Advance Justification: - Provide a justification for the advance. For example, in the case of travel advance, the justification would state that the money is to be used to cover travel expenses authorized by M-13 Travel Request and Authorization Form.
- 10) Coding Block (Allotment #2) -Enter each section of the Allotment #2 coding block to which the advance will be applied.
 - a. Org. (4) - Insert the four (4) digit Sub organization Code of the ministry.
 - b. Project (6) - Insert the six (6) digits Project Code.
 - c. Program (3) - Insert the three (3) digits Program Code.
 - d. Fund (5) - Insert the five (5) digits Fund Component.
 - e. Object (3) - Insert the three (3) digits Minor Object Code.
- 11) Applicant's Signature (Sign & Date) - This space is provided for applicant to provide their signature and date.
- 12) Bookkeeping Officer (Sign & Date) - This space is for the signature of the bookkeeping officer or his designee and signifies that funds are available in the allotment identified in the coding block.

Section B: Review and Authorization

13) Authorizing Authority- This space is provided to the officer/manager authorized to sign and date in order to grant the advance.

14) Amount Approved for Advance - Enter the amount of advance approved by the authorizing authority. This will be the amount to be paid to the applicant.

Section C: Status of Advance

- 15) Date - Insert the date appearing on the document recording the payment of advance.
- 16) Reference Document - Enter the serial number of the transaction document (e.g. M-16 No).
- 17) Advance Amount - Enter the total amount advanced as per the transaction document.
- 18) Acquitted Amount -As acquittal of the advance or portions thereof is made, record the amount here. For example, if repayment is made by payroll deduction, record the amount of deduction shown on the payroll M- 16.
- 19) Balance - After data is entered in Field 18 - Acquitted, bring forward the new balance.

Section D: (This Section is to be filled by the Financial Controller)

- 20) Financial Controller - This space is provided for the Financial Controller to sign and date the form for their approval.
- 21) Remarks - This space is provided for the Financial Controller to provide additional remarks and comments.

AFMIS Transactions: None

Distribution: Original - Accounting Office
Copy -- Treasury/Mustofiat

6. References

- Accounting Manual 1.26 of GoIRA
- Financial Regulations Developed pursuant to Public Finance and Expenditure Management Law, Gazette #893
- CoA (Chart of Accounts)

7. Attachments (Soft)

- M2
- M3
- M10
- M12
- M75
- M76