

**UNFPA**

Policy Title	Policy and Procedures on Management of Cash Disbursements
Previous title (if any)	Policy and Procedures on Project Cash Advances (2016)
Policy objective	The purpose of this policy is to outline the procedures and internal controls, as well as the related roles and responsibilities, for cash disbursements to suppliers of goods and services procured at field locations and to individuals participating in programme activities when it is either not practical or possible to process such payments following the established UNFPA payment processes.
Target audience	This policy applies to all UNFPA personnel responsible for the approval, management, recording and control of cash disbursements.
Risk Matrix	Controls of the process are detailed in the <u><a href="#">Risk Control Matrix</a></u> .
Effective date	1 June 2019
Revision History	Issued: 15 May 2019
Mandatory revision date	May 2022
Policy owner unit	Division for Management Services, Finance Branch
Approval	Link to <u><a href="#">signed approval template</a></u>

**Contents**

I.	Purpose	1
II.	Policy	1
III.	Procedures	2
	Step 1: Engagement of PSPs	2
	Step 2: Disbursement authorization	4
	Step 3: Approval of cash advances	5
	Step 4: Issuance of advances	7
	Step 5: Disbursement of funds to payees	8
	Step 6: Reporting of disbursements	8
	Step 7: Refund of undisbursed advance amounts	9
	Step 8: Review of disbursement reports and clearing of advances	9
	Step 9: Monitoring and reconciliation of outstanding advances	9
	Step 10: Monitoring of disbursements	10
	Step 11: Fraud risk mitigation	10
	Step 12: Second line of defense controls	11
	Other matters	11
IV.	Process Flowchart	13
V.	Risk Control Matrix	14
	Cash Disbursement Approval Form	19
	Cash Disbursement Summary Report	21
	Cash Advance Reconciliation Form	22
	Summary of Key Policy Timelines	23
	Summary of Required Finance Branch Approvals	23

## I. Purpose

1. This policy establishes the process for the effective management of disbursements to (i) suppliers of goods and services procured at field locations to implement programme activities, and (ii) individuals participating in programme activities (i.e., training activities, workshops, surveys, census enumeration, etc.), both referred to as “payees” for purposes of this policy, when it is either not practical or possible to process the disbursements following established UNFPA payment processes<sup>1</sup> due to the lack of, or limitations in, access to banking services by payees; or on account of their limited frequency (one-off or sporadic) and low value. Any such disbursements are referred to as “cash disbursements” for purposes of its policy.

## II. Policy

2. This policy outlines UNFPA’s cash disbursement process, identifies control actions to mitigate potential risks related to the process, defines related roles and responsibilities for the effective management of cash disbursements and establishes the following:
3. Cash disbursements within the scope of this policy, including those made on behalf of implementing partners under the direct payment cash transfer modality<sup>2</sup>, must be processed utilizing the services of payment services providers (PSPs), such as banks, micro-finance institutions, money-transfer companies, post offices, mobile money payments providers, and trusted payment broker networks unless exceptional and properly justified situations (for example, lack of availability of reliable payment services, lack of access by payees to banking or mobile telephony services) prevent it.
4. PSPs must be duly licensed and reliable organizations with whom UNFPA has established adequate contractual arrangements, either directly or by leveraging contracts awarded by other United Nations organizations, in line with the guidelines outlined in Section 14 of the [Policy and Procedures for Regular Procurement](#).
5. Disbursements conducted by issuing cash advances to UNFPA personnel (referred to as “cash custodians” for purposes of this policy) for subsequent disbursement to payees is strongly discouraged due to the personal safety and asset safeguarding risks associated with physically handling cash. In exceptional and properly justified situations where use of cash is unavoidable, the Office<sup>3</sup> must manage the related cash advances following the procedures outlined in section III of this policy.
6. Cash disbursements under this policy, whether through PSPs or cash custodians, must be approved by heads of office and not exceed USD 500 per individual disbursement. In addition, the total amount of disbursements to a single payee must not exceed USD 1,500 in a given calendar year. Operations managers (or the most senior staff member in operations, if an office

---

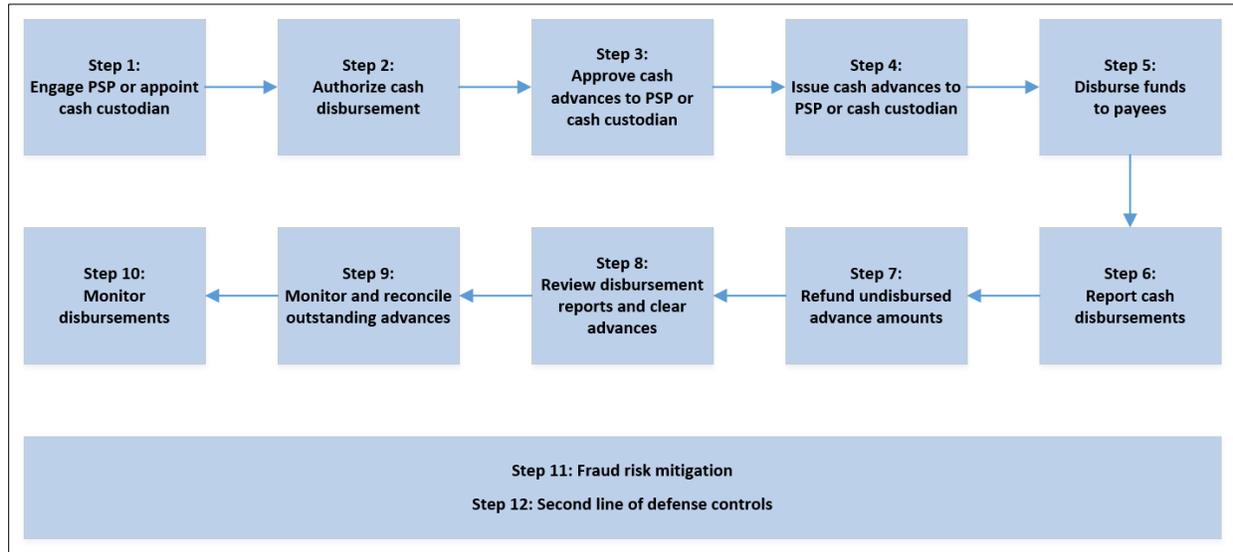
<sup>1</sup> As established in the UNFPA [Policy and Procedures on Accounts Payable](#); [Policy on Petty Cash Management](#); and [Purchasing Card Policy](#).

<sup>2</sup> [Policy and Procedures for Management of Cash Transfers to Implementing Partners \(2018\)](#).

<sup>3</sup> The word “Office” is used throughout this policy to refer to country, regional and liaison offices and headquarters units.

does not have an operations manager) are responsible for ensuring compliance with these requirements. Disbursements in excess of these thresholds must follow the established UNFPA payment processes or, when not possible or practical, waivers requested from the Chief, Finance Branch.

7. Figure 1 below provides an overview of the key steps of the process:



**Figure 1 - Overview of cash disbursement process**

### III. Procedures

#### Step 1: Engagement of PSPs

8. Offices must select PSPs following the [UNFPA Policy and Procedures for Regular Procurement](#)<sup>4</sup>.
9. The following key requirements must be met in order to engage PSPs:
  - a) PSPs must have:
    - i. Demonstrable experience in providing cash disbursement services in the locations where they are expected to take place.
    - ii. The capability to transfer cash to payees a) electronically, b) directly to their bank accounts or mobile phones/wallets, or c) make cash available to them at convenient and secure facilities at the locations where disbursements may be required.
    - iii. All authorizations, permits and licenses required by the country of operation.
    - iv. A solid financial position, evidenced through audited financial statements and/or ratings from the relevant regulatory authorities or credit agencies.

<sup>4</sup> The type of solicitation process required for contract awards must be determined based on the expected amount of transaction fees to be paid to PSPs, not the estimated amount of disbursements to be conducted through them.

- b) PSPs must be able to complete the disbursements and related reports within the timeframes required by UNFPA to satisfy its programmatic and operational needs.
  - c) The process to complete cash disbursements and the related roles and responsibilities, including those of any contractees engaged by PSPs, must be clearly documented.
  - d) The process must provide adequate assurance that cash will be disbursed only to authorized payees and that any amounts advanced by UNFPA to PSPs, but not disbursed, will be promptly reimbursed.
  - e) UNFPA must have knowledge of and consensual right to the choice of contractees and the related sub-contractual arrangements. Fees due for services provided by contractees must be clearly defined.
  - f) The cost structure must be clearly and transparently defined, as a flat fee or percentage per transaction, with volume-related discounts and adequate fee caps.
  - g) Cost adjustment formulas must be clearly documented, and prevent large or unpredictable cost increases over the contract period.
  - h) There must be no minimum transactional volumes / values and/or fee commitments by UNFPA.
  - i) No costs or fees should be incurred by payees other than those they would incur for their own transactions.
  - j) PSPs must be able submit disbursement reports for each cash advance received, providing, as a minimum, the information and supporting documents indicated in paragraphs 43 - 44 below, and refund to UNFPA any undisbursed advances no later than 21 calendar days after the completion of the disbursements.
  - k) Fees must only be paid to PSPs following receipt of disbursement reports and refund to UNFPA of any undisbursed advances.
  - l) PSPs must be fully liable for any losses incurred in the processing of cash transfers and handling of cash, with the sole exception of losses attributable to UNFPA's gross negligence or willful misconduct. No caps on PSP liability shall be allowed.
  - m) PSPs must maintain adequate insurance covering on-site cash deliveries.
  - n) Adequate controls must be in place to ensure the safeguarding, confidentiality and privacy of payee data provided by UNFPA during its transmission and processing and while it remains stored by PSPs.
10. To the extent possible, offices should leverage contracts awarded by other United Nations organizations provided they meet the key requirements outlined in paragraph 9 above.
  11. The award by UNFPA of contracts to PSPs, and their renewal, must be approved by heads of unit, and the contracts submitted for clearance by the Chief, Finance Branch prior to signing. Clearance must be requested through an email addressed to [qmu.group@unfpa.org](mailto:qmu.group@unfpa.org).
  12. Once engaged through appropriate contracts, offices must set up PSPs as vendors in Atlas following the process outlined in the [Guidance Note on Vendor Maintenance in Atlas](#). The performance of PSPs must be assessed by operations managers on an annual basis against the provider responsibilities and service levels established in the contract.

**Step 2: Disbursement authorization**

13. All cash disbursements must be authorized by the programme officers responsible for the implementation of the activities for which the disbursements are required, and by the heads of unit<sup>5</sup>, using the '[Cash Disbursement Approval](#)' form prior to issuing fund advances to PSPs or cash custodians for subsequent disbursement to payees.
14. '[Cash Disbursement Approval](#)' forms must clearly indicate the programme activities to which the cash disbursements relate, the period in which they will be completed, the total amount to be disbursed and the disbursement method to be used. In addition, they must clearly justify the need for the use of cash disbursements, and the outcome of the security risk assessment and the related security arrangements.
15. '[Cash Disbursement Approval](#)' forms must be supported by 'authorized payee lists' identifying the payees and their contact information, when known at the time of authorizing the disbursements, supplemented by the appropriate supporting documents (for example, supplier invoices that meet local commercial and tax law requirements, and allowances calculations).
16. While no specific 'authorized payee list' template is mandated by this policy, the information included therein must be sufficient to allow PSPs and cash custodians to process disbursements to the authorized payees, as well as allow UNFPA to contact the payees for purposes of monitoring and control, including:
  - a) Complete name of payee.
  - b) Valid personal identification document<sup>6</sup> number, for individual payees.
  - c) Address and tax registration number, or other alternative identifiers available, for suppliers.
  - d) For disbursements to programme partners' personnel, name of the partner and employee ID number.
  - e) Payee email address and phone number.
  - f) Payee mobile telephone number when cash will be disbursed to payee mobile wallets.
  - g) Payee bank account number, when cash will be disbursed to payee bank accounts.
  - h) Currency of disbursement.
  - i) Amount to be disbursed to each payee.
17. Disbursements cannot be authorized when the payee information indicated in paragraph 16 above is not provided in situations where such information would be reasonably expected to be available at the time of authorizing the disbursements (for example, disbursements to training workshops participants and census enumerators).
18. In those situations where payees are not known at the time of authorizing the disbursements (for example, census enumeration field expenses), '[Cash Disbursement Approval](#)' forms must

---

<sup>5</sup> The UNFPA head of unit refers to the representative, division or branch director, regional or sub-regional director, country director or the chief of operations (or the delegated officer), as appropriate.

<sup>6</sup> National identity card, passport, driver's license, social security card, or any other government issued form of identification.

be supported by ‘itemized cost estimates’ detailing the different types of disbursements to be made and their estimated amounts.

19. ‘Authorized payee lists’ and ‘itemized cost estimates’ must be reviewed and approved by the programme managers responsible for the implementation of the activities for which the cash disbursements are required, prior to the approval of the cash disbursements by the heads of unit. Approval must be documented by signing and dating the above documents.

### **Step 3: Approval of cash advances**

#### Advances to PSPs

20. Advances to PSPs must be approved by the Chief, Finance Branch, when their cumulative uncleared balance would exceed USD 250,000 after issuing a new advance. The approval for any such advances must be requested through an email addressed to [qmu.group@unfpa.org](mailto:qmu.group@unfpa.org).
21. No new cash advances can be issued to PSPs when they have uncleared advance balances older than 60 calendar days (computed from the date the advances were issued), regardless of their amount. Operations managers are responsible for ensuring compliance with this requirement at the time of preparation and approval of the ‘[Cash Disbursement Approval](#)’ forms. Additional approval must be obtained from the Chief, Finance Branch, through an email addressed to [qmu.group@unfpa.org](mailto:qmu.group@unfpa.org), should there be a need to issue additional advances to PSPs with aged uncleared balances.
22. Authorized payee lists must be transmitted to PSPs in a manner that would prevent unauthorized modifications. The use of encrypted files, together with scanned copies of the signed payee lists, reflecting control totals of the number of payees and amounts to be paid, to allow reconciliations, is strongly encouraged.

#### Advances to cash custodians

23. Issuance of cash advances to UNFPA personnel for disbursements in the field is strongly discouraged due to the personal safety and asset safeguarding risks associated with physically handling cash, and must be limited to exceptional and properly justified situations where the use of cash is unavoidable due to factors such as the lack of availability of reliable PSPs, or when payees do not have bank accounts or mobile wallets.
24. The ‘[Cash Disbursement Approval](#)’ form must identify the designated cash custodians, who must accept, in writing, their responsibility for managing the funds in accordance with the requirements of this policy. Cash custodians must hold UNFPA permanent, fixed term, temporary appointment or service contracts. UN volunteers and individual consultants can also serve as cash custodians, in justifiable circumstances, such as humanitarian response activities, if approved as part of the activation of the [Fast Track Procedures](#) financial management component. Cash custodians, other than UNFPA permanent or fixed term staff members, must have at least 3 months valid contract duration from the date of the cash advance.
25. Heads of unit are responsible for ensuring a rigorous assessment of the risks associated with the handling of cash is completed prior to issuing cash advances to cash custodians, taking in consideration the conditions prevailing at the locations where the cash must be stored and

disbursed, based on security assessments conducted in cooperation with the United Nations Department of Safety and Security or qualified third party security services providers.

26. Heads of unit are also responsible for ensuring that appropriate security arrangements are established, based on the outcome of the risk assessments, to protect cash custodians and any cash in their possession, as well as arrangements for the safekeeping of cash between the time of receipt and disbursement or subsequent refund to UNFPA. Measures required would include:
- a) Withdrawing funds required for disbursements on the same day of the disbursements or as close as possible to the date for which these have been scheduled.
  - b) Limiting the amount of cash on-site to the lowest level required to make the disbursements.
  - c) Varying flight schedules and ground routes.
  - d) Establishing adequate security and logistical arrangements to safeguard the cash custodian and the cash from the point the funds are withdrawn, including the use of security guards and armored vehicles where appropriate.
  - e) Engaging cash delivery services providers to transport the funds to the locations where disbursements will be made.
  - f) Keeping funds in locations with adequate physical security arrangements, including security guards, alarms and safety boxes, before proceeding on to the locations where the disbursements will take place.
  - g) Making the timing of cash movements and disbursements as unpredictable as possible.
  - h) Conducting communications on the movement and disbursement of cash over secure channels, such as encrypted email.
  - i) Limiting knowledge of the amount of funds and date of withdrawal and disbursement to a “need to know” basis.
27. Cash custodians must ensure the cash entrusted to them is only used for the designated purposes, and safeguard the cash and complete the disbursements in accordance with the security arrangements established by the heads of unit and documented in the ‘[Cash Disbursement Approval](#)’ forms. In addition, they must not use their own funds to conduct disbursements and subsequently claim them for reimbursement, unless authorized in advance by the heads of unit.
28. Due caution must be exercised, and the amount of cash issued limited, or cash advances suspended, if the risk level is assessed as unacceptable or conditions in the field change subsequent to the completion of the risk assessment.
29. Outstanding cash advances issued to any single cash custodian cannot exceed USD 10,000 at any point in time. In addition, outstanding cash advances issued to all cash custodians of an office cannot exceed USD 30,000 at any point in time. Heads of unit must exercise caution when authorizing the cash advances, the amount of which, not to exceed the above thresholds, must always be determined with due consideration of the risk level and the available security arrangements.

30. Operations managers are responsible for ensuring compliance with the above thresholds at the time of preparation and approval of the '[Cash Disbursement Approval](#)' forms. Cash advances to cash custodians that would cause the above thresholds to be exceeded must be submitted for approval by the Chief, Finance Branch, by submitting the completed 'Cash Disbursement Approval' forms to [qmu.group@unfpa.org](mailto:qmu.group@unfpa.org).
31. No new cash advances can be issued to cash custodians when they have uncleared advances older than 60 calendar days (computed from the date the advances were issued), regardless of their amount. Operations managers are responsible for ensuring compliance with this requirement at the time of preparation and approval of the '[Cash Disbursement Approval](#)' forms. Additional approval must be obtained from the Chief, Finance Branch, by submitting the completed 'Cash Disbursement Approval' forms to [qmu.group@unfpa.org](mailto:qmu.group@unfpa.org), should there be a need to issue additional advances to cash custodians with aged uncleared balances.

#### Step 4: Issuance of advances

32. Cash advances to PSPs and cash custodians must be issued in the currency in which expenses will be incurred, as close as possible to the date in which the disbursements are expected to be completed, through electronic fund transfers to the accounts designated in the Atlas Vendor Master File. When convenient for purposes of safeguarding and handling of the funds, advances to cash custodians can be made by issuing cheques in their names.
33. Advances must be processed through Atlas Accounts Payable (AP) non-PO vouchers and charged to account No. 16007, under the following chart of accounts (COA) code:

Debit GL Account:	16007
Fund Code:	As appropriate
Department:	Relevant department code
Project ID:	Relevant project ID
Implementing Agent:	As appropriate
Activity ID:	As appropriate
Open Item Key:	FPAHQ01 <sup>7</sup> Index ID number for UNFPA staff members, service contract holders and UN Volunteers.

34. Budget availability is reduced by the amount of the advances once the Atlas AP vouchers are approved and budget-checked. The amount of outstanding advances at the year-end is automatically rolled forward, creating a "first claim" on next year's budgets and reducing implementation rates for the current year.
35. Under no circumstances should the advances be expensed at the time they are disbursed.
36. Approving managers must ensure that advances have been charged to the correct account fund, project, activity and implementing agency codes, and that the Atlas AP vouchers are supported by '[Cash Disbursement Approval](#)' forms, approved 'authorized payee lists' or

<sup>7</sup> This open key item reference must only be used for advances to PSPs and individual consultants.

‘itemized cost estimates’ and other appropriate supporting documents, and that, when appropriate, the advances have been approved by the Chief, Finance Branch.

### **Step 5: Disbursement of funds to payees**

37. PSPs and cash custodians must obtain receipts from payees at the time disbursements are made. Receipt of funds by payees can be evidenced, for example, through PSP transaction detail reports demonstrating the deposit of the funds in the payees’ bank accounts or mobile wallets, by obtaining their signatures on the authorized payee lists, or by completing or signing receipt forms. Disbursements to suppliers of goods and services can only take place based on detailed invoices and delivery notes, and upon receipt of the goods and services procured.
38. PSPs and cash custodians must take adequate steps to ensure disbursements are made only to authorized individuals and for the authorized amounts, as indicated in paragraphs 39 and 40 below.
39. When the disbursements are made based on ‘authorized payee lists’, the identity of the payees must be validated by reviewing the identification documents indicated therein, and contact information confirmed. Changes to authorized payee lists must follow the previously described approval process before disbursements can be conducted.
40. Special care must be exercised to ensure disbursements are made to authorized payees when ‘authorized payee lists’ are not available. In any such cases, adequate payee identification and contact information, similar to that requested for ‘authorized payee lists’ must be obtained and validated, and included in the disbursement reports.
41. Cash disbursements to participants in venues and other field programme activities should be made as close as possible to the expected completion of the venues or activities and upon validation of attendance or completion. Should there be a need to process cash disbursements at an early stage of a field programme activity, adequate steps should be taken by the PSPs or cash custodians to confirm satisfactory attendance or completion, and refunds sought from payees when their participation was not completed as required.
42. Unless exceptional and justifiable circumstances prevent it, cash disbursements made through UNFPA cash custodians should be made in the presence of at least another UNFPA or implementing partner representative, and completion of the disbursements certified by both of them.

### **Step 6: Reporting of disbursements**

43. Cash custodians and PSPs must submit to UNFPA [‘Cash Disbursement Summary Reports’](#), along with detailed ‘cash disbursement reports’ within 21 calendar days of the date of completion of the disbursements. The reports must be reviewed and approved by the programme officers responsible for the implementation of the programme activities to which the disbursements relate.
44. Cash disbursement reports must reflect the location(s) and date(s) of the disbursements, the names and contact information of the payees, the individual and total amounts paid, and the

amount of undisbursed advances, and be accompanied by the appropriate, supporting documents, such as receipts, invoices, and delivery notes.

### **Step 7: Refund of undisbursed advance amounts**

45. PSPs and cash custodians must refund any undisbursed advance amounts as soon as possible after completing the disbursements, at the latest at the time of submission of the ‘disbursement reports’.
46. Operations managers must ensure that undisbursed funds advanced to cash custodians are refunded and deposited in UNFPA’s bank accounts at the latest within 1 working day of submission of the disbursement reports.
47. Refunds of undisbursed amounts must be recorded through Accounts Receivables (AR) Direct Journals under the same COA codes used to record the issuance of the advances. The original cash advances references should be documented in the deposit transactions line description fields to facilitate the matching and application of the deposits.

### **Step 8: Review of disbursement reports and clearing of advances**

48. Operations managers must ensure that disbursement reports and the supporting documents provided are reviewed and reconciled to the approved ‘authorized payee lists’ and ‘itemized cost estimates’, within 7 calendar days of their receipt, to obtain adequate assurance that funds were effectively disbursed to the authorized payees and for the amounts authorized and reported.
49. Advances must be cleared, and expenses recorded, within 7 calendar days of receipt of the disbursement reports, through Atlas AP Journal Vouchers, with credit to account No. 16007, under the COA codes and open item keys used for the cash advances, and debit to the appropriate expense COA codes:

Debit GL Accounts:	7XXXX – applicable expense accounts
Fund Code:	As appropriate
Department:	Relevant department code
Project ID:	Relevant project ID
Implementing Agent:	As appropriate
Activity ID:	As appropriate

50. Approving managers must verify that expenses have been charged to the correct account, fund, project, activity and implementing agency codes, and ensure that the AP vouchers submitted for approval are supported by disbursement reports and appropriate supporting documents, as specified in paragraph 44 above.

### **Step 9: Monitoring and reconciliation of outstanding advances**

51. Operations managers must regularly monitor cash advance transactions and balances and ensure these are reconciled with the general ledger on a monthly basis, within 15 days of the month-end, using the [‘Cash Advance Reconciliation’](#) form.

52. Operations managers are responsible for reporting to programme managers and heads of unit any situations of lack of compliance with requirements established in this policy and procedures as regards reporting of disbursements, clearance of advances, refund of undisbursed amounts, and outstanding advances balances, and ensuring appropriate measures are promptly taken to remediate the issues noted.
53. Operations managers are also responsible for ensuring that any outstanding advances to personnel terminating its employment with UNFPA are timely communicated to human resources to enable their recovery as part of the check-out process.

#### **Step 10: Monitoring of disbursements**

54. Operations managers must ensure that cumulative records of cash disbursements, demonstrating advances to PSPs and cash custodians, refunds of undisbursed amounts, and disbursements by payee, are maintained, updated within 7 days of the issuance or clearance of the cash advances, and reconciled and reviewed on a monthly basis, within 15 days of the end of the month, for potential exceptions, such as inconsistencies in payee information (for example, different payees with the same phone or bank account number); potential duplicate disbursements; repeat or concurrent transactions with the same payees; and cumulative transactions by payee in excess of the thresholds established in this policy.
55. Disbursements reported must be validated, on a sample basis, by confirming their dates and amounts with the concerned payees. The scope of validation, which must be sufficient to provide reasonable management assurance that the disbursements were made to the authorized payees and for the approved amounts, and the results thereof must be documented in a note to file to be attached to the disbursement reports.

#### **Step 11: Fraud risk mitigation**

56. All personnel involved in the management of cash disbursements must maintain awareness, when performing their duties, of the different fraud scenarios that can affect cash disbursements and prevent the delivery of funds to legitimate and authorized payees.
57. Key fraud scenarios to be considered include (i) reporting of disbursements to “ghost” (i.e., fictitious) payees; (ii) “skimming” of disbursement amounts (i.e., reporting of disbursements for amounts larger than those actually disbursed); and (iii) misappropriation of funds by cash custodians or PSPs. These schemes typically occur in conjunction with the submission of falsified supporting documents, or not providing them.
58. Internal controls defined in this policy and procedures could contribute to the prevention of fraud in the process or allow for a more timely identification of potential red flags of the occurrence of fraud. Key anti-fraud controls include: a) use of reliable PSPs for processing cash disbursements; b) adherence to the limits established in this policy on the amount of individual and cumulative cash disbursements to payees; c) clear individualization of payees and their identification and contact information through ‘authorized payee lists’; d) adherence to the mechanisms established in this policy for physical safeguarding of cash; e) obtention of payment receipt from payees; f) validation and documentation of the identity and contact information of payees at the time of disbursement; g) completion of cash disbursements made

through cash custodians in the presence of at least two individuals; h) review of disbursement reports for unusual, duplicate, unauthorized or other potentially exceptional disbursements; i) subsequent confirmation of the completion and amount of disbursements with payees; j) and review of long outstanding balances in account 16007.

59. Red flags potentially indicative of fraud or other financial irregularities identified by the above controls should be immediately brought to the attention of heads of unit to determine appropriate next steps, including their referral to the Office of Audit and Investigation Services (OAIS) as outlined in the [Policy against Fraudulent and Proscribed Practices](#).

### **Step 12: Second line of defense controls**

60. The Finance Branch must periodically monitor compliance with the requirements of the policy and report on exceptions identified through the Financial Management Performance reporting process.
61. Regional office international operations managers (IOMs) must follow-up on any exceptions identified in the Financial Management Performance reports, and ensure that appropriate remedial measures are implemented by the concerned offices (follow-up of remedial measures required by headquarter business units and regional offices will be the responsibility of the Finance Branch).

### **Other matters**

#### PSP fees

62. Operations managers must ensure that PSP fees are calculated in accordance with the fee structures specified in the agreements signed, and paid only upon submission of the disbursement reports. Fees must be charged to account No. 74510 – Bank Charges, and the fund, project, activity and implementing agent codes under which the related expenses were recorded.

#### Cash disbursements on behalf of implementing partners

63. For cash disbursements by UNFPA on behalf of implementing partners operating under the direct payment cash transfer modality, implementing partners must submit duly authorized direct payment requests in the Global Programming System (GPS), accompanied by ‘authorized payee lists’ or ‘itemized cost estimates’ providing the information indicated in paragraphs 16 and 18, respectively.

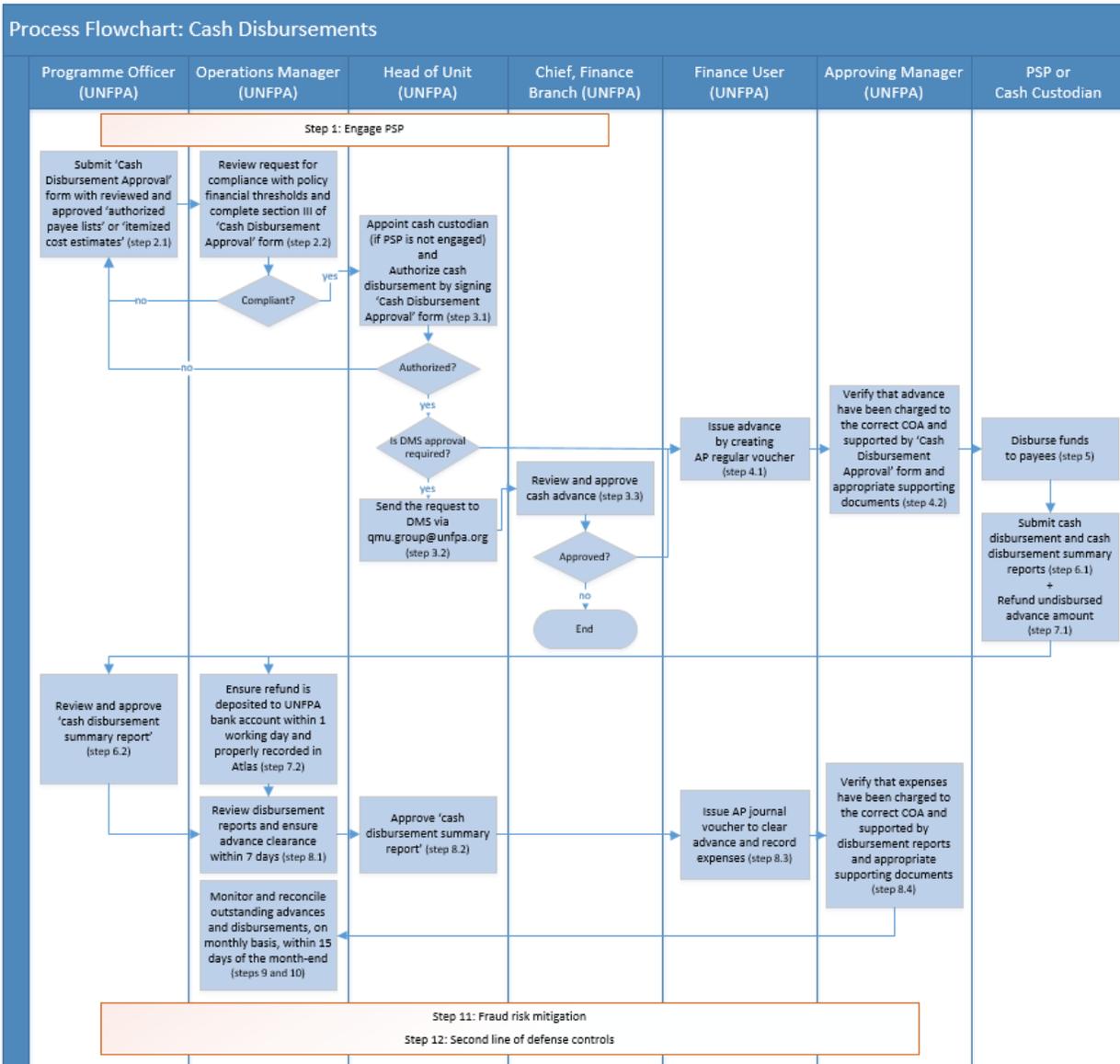
#### Cash disbursements by implementing partners

64. Implementing partners must be encouraged to conduct all cash disbursements funded from UNFPA cash transfers through PSPs, following a process that satisfies the key requirements outlined in this policy.
65. Cash disbursements reported to UNFPA by IPs as expenses must be assessed as ineligible whenever detailed disbursement reports clearly identifying the payees and their up-to-date contact information, and supporting documents, are not made available for review by UNFPA.

Differentiation

66. Regional office directors are authorized to establish lower approval thresholds or additional control requirements related to cash disbursements for offices within their regions, as considered necessary based on any relevant factors such as the local operating context, scale of programme activities, frequency and nature of cash disbursements, etc. Regional directors must communicate any such differentiated requirements in writing to the heads of the concerned units.

IV. Process Flowchart



## V. Risk Control Matrix

Risk Description	First line of defense controls			Second Line of Defense Controls		
	Control Activity Description	Reference	Who performs	Control Activity Description	Reference	Who performs
PSPs do not have the capacity to adequately process cash disbursements on behalf of UNFPA	All PSPs must meet the minimum requirements established in the policy.	Para. 9	Heads of unit	All contracts awarded to PSPs and their renewals must be cleared by the Finance Branch before signing.	Para. 11	Finance Branch
	Heads of unit must approve contracts awarded to PSPs and their renewal.	Para. 11		Performance of PSPs is assessed annually	Para 12	Operations Managers
Cash disbursements are used without adequate justification and/or authorization	All cash disbursements must be authorized using ' <a href="#">Cash Disbursement Approval</a> ' forms that clearly identify the programme activities for which the disbursements are required and justify the need to use cash disbursements.	Paras. 13 and 14	Programme officers and heads of unit	Monitoring of compliance with policy requirements through the Financial Management Performance process	Paras 60 and 61	Finance Branch, and Regional Office IOMS
	' <a href="#">Cash Disbursement Approval</a> ' forms must be supported by 'authorized payee lists' or 'itemized cost estimates' prior to issuing fund advances to cash custodians or PSPs.	Paras. 15 and 18	Programme officers			

	‘Authorized payee lists’ and ‘itemized cost estimates’ must be reviewed and approved prior to the approval of heads of unit.	Para. 19	Programme officers			
	The Atlas AP vouchers created to issue the advances are supported by signed ‘ <a href="#">Cash Disbursement Approval</a> ’ forms, approved ‘authorized payee lists’ or ‘itemized cost estimates’ and other appropriate supporting documents.	Para. 36	Approving managers			
Cash advances issued to PSPs and cash custodians for subsequent disbursement to payees are excessive vis-à-vis the amounts to be disbursed	‘ <a href="#">Cash Disbursement Approval</a> ’ forms must be supported by ‘authorized payee lists’ or ‘itemized cost estimates’ prior to issuing fund advances to cash custodians or PSPs.	Paras 15 and 18	Programme officers	Advances to PSPs must be authorized by the Finance Branch when their cumulative uncleared balance would exceed USD 250,000	Para 20	Finance Branch
	The Atlas AP vouchers created to issue the advances are supported by ‘ <a href="#">Cash Disbursement Approval</a> ’ forms, approved ‘authorized payee lists’ or ‘itemized cost estimates’ and other appropriate supporting documents.	Para. 36	Approving managers			

The personal safety of cash custodians while in possession of funds for disbursement is not adequately ensured	Heds of unit must establish appropriate security arrangements for the personal safety of cash custodians and the safeguarding of cash between the time of receipt and disbursement or subsequent refund to UNFPA.	Para. 26	Heds of unit	Monitoring of compliance with policy requirements through the Financial Management Performance process	Paras. 60 and 61	Finance Branch and Regional Offices IOMS
Cash issued to cash custodian is not adequately safeguarded.	Outstanding cash advances to cash custodians cannot exceed USD 10,000 at any point in time	Para 29				
Cash is not accurately or correctly disbursed to the authorized payees.	The identity of the payees must be verified at the time of completion of the disbursements.	Paras. 39 to 40	PSPs and cash custodians	Disbursement reports and the supporting documents provided are reviewed in detail and reconciled to the approved 'authorized payee lists' and 'itemized cost estimates'.	Para. 48	Operations managers
	Receipt of funds by payees must be evidenced through PSP transaction detail reports, receipt forms and other appropriate supporting documents	Para. 37				
	Cash disbursements by UNFPA cash custodians are made in the presence of another UNFPA or implementing partner representative unless	Para. 42	Cash custodians	Disbursements reported are validated, on a sample basis, by confirming their dates and amounts with the concerned payees.	Para. 56	Operations managers

	exceptional circumstances prevent it.			Monitoring of compliance with policy requirements through the Financial Management Performance process	Paras. 60 and 61	Finance Branch and Regional Offices IOMS
	Detailed 'cash disbursement reports' are submitted, along with ' <a href="#">Cash Disbursement Summary Reports</a> ', and the appropriate supporting documents for review and approval.	Paras 43 to 44	Programme officers			
Cash advances are not timely cleared	Cash advances are recorded and tracked using Account No. 16007	Paras 32 to 36	Approving managers	Cash advance balances are reconciled with the general ledger on a monthly basis, within 15 days of the month-end. Exceptions to policy requirements are promptly reported to programme managers and heads of unit and appropriate actions taken to remediate the issues noted.	Pars 51 and 52	Operations managers
	Cash custodians and PSPs must submit detailed 'cash disbursement reports' within 21 calendar days of the date of completion of the disbursements.	Para 43	Cash custodians			
	Outstanding cash advances issued to any single cash custodian cannot exceed USD 10,000 at any point in time.	Paras 28 and 29	Operations managers			
	Outstanding cash advances issued to all cash custodians of an office cannot exceed USD 30,000 at any point in time					

	No new cash advances can be issued to PSPs and cash custodians when they have uncleared advances older than 60 calendar days regardless of their amount.	Paras 21 and 31		in excess or policy thresholds.		
Undisbursed advances are not refunded in a timely manner by PSPs and cash custodians	Operations managers must ensure that funds refunded by cash custodians are deposited in UNFPA's bank accounts within one working day of receipt of the refunds.	Para. 46	Cash custodian, PSP, Operations Manager	Cash advance transactions and balances are reconciled with the general ledger on a monthly basis, within 15 days of the month-end, using the ' <a href="#">Cash Advance Reconciliation</a> ' form.	Para. 51	Operations managers

**Cash Disbursement Approval Form – [editable version available here](#)**
**SECTION I – DISBURSEMENT AUTHORIZATION**
*To be completed by programme officer responsible for implementation of activities for which cash disbursements are required*

<b>Dept. ID</b>			<b>Dept. name</b>	
<b>IP code</b>			<b>IP name</b>	
<b>GPS project and activity id</b>				
<b>Programme activity description</b>				
<b>Activity period</b>	<b>From</b>	<i>[dd/mm/yyyy]</i>	<b>To</b>	<i>[dd/mm/yyyy]</i>
<b>Cash disbursement</b>	<b>Currency</b>		<b>Amount</b>	
	<b>USD equivalent<sup>8</sup></b>			
	<b>Disbursement report due no later than</b>			<i>[dd/mm/yyyy]</i>
<b>Disbursement method</b>	<input type="checkbox"/> <b>PSP</b>	<i>[Vendor ID and name]</i>	<input type="checkbox"/> <b>Cash custodian</b>	<i>[Open item key / vendor ID and name]</i>
<b>Supporting documents</b>	<input type="checkbox"/> <b>Authorized payee list</b>		<input type="checkbox"/> <b>Itemized cost estimate</b>	
<b>Justification for use of cash disbursements</b>				
<b>Security risk assessment and arrangements</b>				

<sup>8</sup> For advances provided in local currency

<b>SECTION II – CASH CUSTODIAN APPOINTMENT</b> <i>(To be completed by programme officer responsible for implementation of activities for which cash disbursements are required)</i>			
<b>Name</b>		<b>Title</b>	
<b>Index/Vendor No</b>		<b>Contract type</b>	
By accepting this appointment, I agree to the following: <ul style="list-style-type: none"> <li>I have read and will follow the Policy and Procedures on Management of Cash Disbursements and the security arrangements indicated above in fulfilling my responsibilities.</li> <li>I will be personally responsible and financially liable for the cash amount under my custodianship in accordance with Financial Rule 114.6 (c);</li> <li>I will not transfer or sub-delegate this responsibility. If circumstances prohibit me from fulfilling my responsibilities, I will notify the head of the unit through my direct supervisor.</li> </ul>			
<b>Name</b>		<b>Title</b>	
<b>Signature</b>		<b>Date</b>	[dd/mm/yyyy]
<b>PROGRAMME OFFICER APPROVAL</b>			
<b>Name</b>		<b>Title</b>	
<b>Signature</b>		<b>Date</b>	[dd/mm/yyyy]

<b>SECTION III – COMPLIANCE WITH POLICY THRESHOLDS</b> <i>(To be completed by operations manager)</i>			
<b>Disbursements thresholds by payee:</b>			
<b>Individual disbursements over USD 500 threshold?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Comments<sup>9</sup>:</b>	
<b>Cumulative disbursements over USD 1,500 threshold?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Advances issued to cash custodians:</b>			
▪ <b>Previous balance of uncleared advances held by cash custodian<sup>10</sup></b>		USD	
▪ <b>New balance including this advance<sup>10</sup></b>		USD	
▪ <b>Current balance of aged advances by cash custodian<sup>11</sup></b>		USD	
▪ <b>Previous balance of uncleared advances by all office cash custodians<sup>12</sup></b>		USD	
▪ <b>New balance of uncleared advances including this advance<sup>12</sup></b>		USD	
<b>Advances issued to PSPs:</b>			
▪ <b>Previous balance of uncleared advances by PSP</b>		USD	
▪ <b>Balance including this advance</b>		USD	
▪ <b>Current balance of aged advances by PSP<sup>13</sup></b>		USD	
<b>Advance to be issued over thresholds? Cash custodian / PSP have uncleared balances older than 60 calendar days</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Comments<sup>9</sup>:</b>	
<b><u>DMS approval</u> required?<sup>14</sup></b>	<input type="checkbox"/> Yes <input type="checkbox"/> No		

<b>HEAD OF UNIT APPROVAL</b>			
<b>Name</b>		<b>Date</b>	[dd/mm/yyyy]
<b>Signature</b>			

<sup>9</sup> DMS approval if the response is “yes”

<sup>10</sup> Cash advances to cash custodian cannot exceed USD 10,000 at any point in time

<sup>11</sup> No new cash advances can be provided to cash custodians when they have uncleared balances older than 60 calendar days (computed from the date the advances were issued)

<sup>12</sup> Cash advances to all cash custodians of an office unit cannot exceed USD 30,000 at any point in time

<sup>13</sup> No new cash advances can be issued to PSPs when they have uncleared balances older than 60 calendar days (computed from the date the advances were issued)

<sup>14</sup> DMS approval should be required when advances must be issue over the monetary thresholds established in the policy, when the PSP or cash custodian has aged balances, or for any other deviation from requirements established in the policy.

Cash Disbursement Summary Report - <a href="#">editable version available here</a>						
Disbursements	Date	[dd/mm/yyyy]	Location			
	Programme activity					
Cash advance	Date	[dd/mm/yyyy]	AP voucher number			
	Currency		A. Amount			
<b>Description of disbursements</b>					<b>Amount<sup>15</sup></b>	
1. Relevant expense category 1						
2. Relevant expense category 2						
3. Relevant expense category 3						
4. Relevant expense category 4						
5. Relevant expense category 5						
<i>Insert as many rows as needed</i>						
<b>B. Total disbursements</b>						
<b>C. Undisbursed cash advance balance (A-B)</b>						
Summary of chart of accounts (COA) to which disbursements are to be charged						
Account	Fund	Dept.	Project	IP	Activity	Amount
<i>Insert as many rows as needed</i>						
<b>D. Total (should be equal to B)</b>						

Cash custodian certification (if applicable)	
I certify that the disbursements summarized above and included in the attached 'detailed disbursement report' were made in line with the corresponding cash disbursement authorization form and authorized payee list / cost estimate to the authorized payees and for the amounts and purposes specified in the above documents.	
Cash custodian	Name/Title:
	Signature:
	Date:
Programme officer approval <sup>16</sup>	Name/Title:
	Signature:
	Date:
Operations manager clearance <sup>17</sup>	Name/Title:
	Signature:
	Date:

<sup>15</sup> Disbursements should be reported and recorded in the currency in which they are made, same as the currency of the relevant cash advance

<sup>16</sup> In accordance with paragraph 43 of the policy

<sup>17</sup> In accordance with paragraph 48 of the policy

Cash Advance Reconciliation Form - <a href="#">editable version available here</a>				
General ledger balance reconciliation			Account No. 16007	
<b>A.</b> GL account balance	Date	[dd/mm/yyyy]	Amount	\$
<b>Outstanding cash advances – cash custodians</b>				
Cash custodian	Programme activity	End date	Amount	
1.			\$	
2.			\$	
3.			\$	
4.			\$	
<i>Insert rows as needed</i>			\$	
<b>B.</b> Sub-total cash custodian advances				
<b>Outstanding cash advances – PSPs</b>				
PSP	Programme activity	End date	Amount	
1.			\$	
2.			\$	
3.			\$	
4.			\$	
<i>Insert rows as needed</i>			\$	
<b>C.</b> Sub-total PSP advances			\$	
<b>D.</b> Total outstanding cash advances (B+C)			\$	
<b>Difference (A-D)</b>			\$	
Comments / remarks				
Explanation of reconciliation differences identified				
Actions taken to resolve reconciliations differences				
Actions for advances not cleared / refunded within policy periods				
Prepared by:	Name/Title:			
	Signature:			
	Date:			
Reviewed and certified by:	Name/Title:			
	Signature:			
	Date:			

**Summary of Key Policy Timelines**

Requirement	Timeline	Policy Reference (paragraph)
Submission of disbursement reports	Within 21 calendar days after the completion of the disbursements	43
Refund of undisbursed advances	As soon as possible after completing the disbursements, at the latest at the time of submission of the 'disbursement reports'	45
Deposit of refunds	Within 1 working day of receipt of the disbursement reports	46
Review of disbursement reports and reconciliation of 'authorized payee lists' or 'itemized cost estimates'	Within 7 days of receipt of the disbursement reports	48
Clearance of advances and recording of expenses		49
Reconciliation of cash advance balances	Within 15 days of the end of each month	51
Update of cumulative cash disbursement records	Within 7 days of issuance and clearance of cash advances	54
Reconciliation and review of cumulative disbursement records	Within 15 days of the end of each month	54

**Summary of Required Finance Branch Approvals**

Send to at <a href="mailto:qmu.group@unfpa.org">qmu.group@unfpa.org</a> for approval....	Policy Reference (paragraph)
<b>Disbursements in excess of the thresholds by payee</b>	
▪ If cash disbursements would exceed USD 500 per individual disbursement	6
▪ If total amount of disbursements to a single payee would exceed USD 1,500 in a given calendar year	6
<b>For advances to PSPs</b>	
▪ Before awarding contracts to PSPs	11
▪ Prior to issuing a new advance, when the cumulative uncleared advance balance would exceed USD 250,000 after issuing the advance	20
▪ Prior to issuing a new advance, when the PSP has uncleared advance balances older than 60 calendar days (computed from the date the advances were issued)	21
<b>For advances to cash custodians</b>	
▪ Prior to issuing a new advance, when the cash custodian cumulative uncleared advance balance would exceed USD 10,000 after issuing the advance	29-30
▪ Prior to issuing a new advance, when outstanding cash advances issued to all personnel of an office would exceed USD 30,000 after issuing the advance	29-30
▪ Prior to issuing a new advance, when the cash custodian has uncleared advance balances older than 60 calendar days (computed from the date the advances were issued)	31