

Common problems with Cash Advances

Problem	Solution	Comments
Advances are “forgotten” or recipients deny receiving them	All advances are signed for by the recipient	Signing for advances is essential from the start.
	All advances are recorded in the Cash Book and in the Advances Register	If there are many advances, it is worth keeping an Advances Register.
The team does not understand their responsibilities for accounting for advances	Staff members can only receive cash advances after they have signed the Cash Advance Regulations	Accept that some cash will be advanced before the regulations have been drawn up but prepare them as soon as possible.
Payments from advances are made without proper receipts	Proper receipts are required for all payments Payments without proper receipts will not be accepted and the cash will have to be refunded by the staff member	Insist that all payments are recorded in writing Accept that some payments will not have proper receipts especially in the early days of an emergency Make sure that receipts are used as soon as possible. Watch out for and be tough on anyone who does not provide receipts. Act quickly, if you find any dishonesty, see Controls and security
Cash from an advance is lost or stolen	The missing amount will be deducted from the team member's salary unless they can show a police report.	Ask the team member to write a report if they can not get a police report. Use your judgement but it is better to be tough.
Private money is muddled with organisational money	Keep them separate	See also salary advances for personal expenses below
Money is spent on activities which have nothing to do with the programme's purpose and goal	This should be taken out of the team member's salary	Check whether team members understand the programme purpose, goal and budget Consider exceptions in the early days but tighten up as quickly as possible.
Cash advances become complicated	Advances are only made by one designated staff member	Staff usually do advance or more correctly loan cash, to other staff. But make sure that so far as possible staff settle these loans between themselves using their own money. They will not then have to be entered into the organisation's accounts.
A further advance is requested without accounting for a previous advance	No further money is made available without accounts for the previous advance.	Only allow this in the earliest days. Time pressure is not usually the reason – it is more likely to be a warning sign that no records are being kept or cash has been lost or cannot be accounted for. Remember - sorting out any problem gets more difficult if you ignore it.
Losses or unaccounted money are covered by requesting further advances	Cash balances are checked regularly and each time that a further advance is made.	Get staff into the habit of having their balances checked as soon as possible.

Personal and organisational expenses are muddled	Advances are only made for expenses linked to the organisations (e.g. travel) Salary Advances are for personal expenses	International staff who are paid their salary outside the programme country sometimes face difficulties obtaining cash for personal expenses (e.g. entertainment, newspapers). These are not the personal expenses such as travel, accommodation and food which are linked to the organisation. They should be encouraged to find a solution and repay any debt to the organisation as soon as possible. A possible solution is to arrange to pay part of their salary locally by agreement with Headquarters.
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