

Operational Advances

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Key points

- DO recall that only staff members request operational advances, and this is not possible for affiliate workforce
- DO ensure that operational advances are requested for well justified reasons, they are based on estimated costs and recorded via the Expense Module. No additional advances should be released for the same purpose until the first advance is liquidated
- DO NOT authorize total open advances exceeding US\$4,000 to a single individual, except for specific cases (e.g., CBI)
- DO ensure that operational advances are kept to the minimum necessary
- DO ensure that approved advance requests are processed for payment via bank transfer or, if unavoidable and operational circumstances clearly justify so, by cash advance
- DO ensure that staff members settle operational advances within 30 calendar days of receipt by filing an expense report. Any residual or uncleared balances may be recovered by UNHCR after this period
- DO NOT have recurring and long-term Operational Advances. In cases where the need for reoccurring Operational Advance is identified, consideration should be given to establishing commercial relationships with the suppliers whose invoices are frequently settled directly by UNHCR staff members

1. Overview

From the initiation of operational (expense) advance requests to the tracking of expenditure and recovery, each aspect of the process is designed to ensure financial accountability, transparency, and responsible resource allocation. By adhering to established guidelines, leveraging technological tools, and fostering a culture of accountability, UNHCR endeavors to optimize the

utilization of resources and enhance its ability to respond swiftly and effectively to humanitarian crises across the globe.

Operational advances are essential for UNHCR staff to cover expenses related to their duties, ensuring smooth operations while maintaining financial responsibility and accountability. The process involves staff initiating requests through the Expense Module, which are then approved by their line managers. To prevent misuse, limitations are placed on advances, taking as a guiding principle that open advances to a single individual should not be more than US\$4,000. Once approved, advances are disbursed via bank transfer, with expenses settled within 30 days through expense reports. The Expense Auditor oversees advance recovery, ensuring accountability and timely reimbursement. If unavoidable and operational circumstances clearly justify so, operational advances might be provided via a UNHCR Cash or Petty Cash account.

Budgetary Control is not enabled in the Expense Module. This means that budget availability will only be checked in AP module, after the validation of the invoice but not up-front. Therefore, only low value expense transactions and advance amounts (which do not yet consume budget) may be processed through this module. It is the responsibility of the supervisors who approve a claim to ensure that budget is available for the relevant expense at the time of approval.

2. Relevance for emergency operations

Due to the nature of UNHCR's mandate and its challenging operating environment worldwide, designated UNHCR staff members may be granted operational advances to effect cash payments on behalf of UNHCR to suppliers or other recipients of cash where the use of other payment methods is not feasible. This may happen away from the immediate area of the Country Office, for project or administrative purposes. Regarding the amount of the operational advance, judgement needs to be exercised to apply a reasonable limit depending on the situation, preserving UNHCR's assets while facilitating operational responsiveness. Operational advances enable staff working in these locations to access funds necessary for immediate expenses on behalf of UNHCR that have been previously communicated and approved by their supervisors, either verbally or through a formal Spend Authorization Request, purchase essential supplies, arrange transportation, and address unforeseen costs, thereby supporting the organization's field operations. This ensures that staff can respond promptly to emerging situations, adapt to evolving needs on the ground and provide essential services to refugees and displaced persons.

While providing flexibility, operational advances are subject to strict guidelines and approval processes to ensure financial accountability and transparency. By tracking and monitoring advances, UNHCR can effectively manage its financial resources, prevent misuse, and maintain compliance with internal policies and external regulations.

3. Main guidance

Wherever feasible, operations should always try to follow standard payment processes, raising a purchase order with an approved supplier and - when goods or services are duly received and

receipted - pay suppliers via bank transfers without using advances or claims by staff members to make payments. However, due to the nature of UNHCR's mandate and its challenging operating environment worldwide, designated UNHCR staff members may be granted operational advances to effect cash payments on behalf of UNHCR to suppliers or other recipients where the use of other payment methods is not feasible. Refer to the [Cloud ERP User Manual for Finance and Administration](#) for detailed guidance on requesting operational advances and reporting expenditures against them.

Operational advances (OAs) can be granted for project or administrative purposes only once the Office has been established - through documented local market research - because of the absence of prospective vendors able to receive payments by bank transfer. Operational advances therefore let staff members cover expenses in the field without it affecting their own personal finances. OAs are classified as an Account Receivable (UNHCR Asset) on the recipient's staff account until the moment they are recovered or matched to approved actual expenses claimed by the staff member. Further guidance is available in the [Process Overview Document - Operational Advances and Expense Reports](#).

Only staff members can request an operational advance which will be then settled through an expense report, and any unutilized advances will be repaid by staff members or recovered from salary. Step-by-step guidance on the recovery of unutilized advances can be found in the [Cloud ERP User Manual for Finance and Administration](#).

Checklist

- Ensure staff members utilize the Expense Module to submit operational advance requests. The amount and reason (expense category/type) should be added here.
- Verify that advance requests include detailed estimates of anticipated expenses. Almost all goods must be purchased through purchase orders (POs). Thus, the Expense module and expense reports can be used for only a very minor range of goods, specifically those items that are never stored as inventory.
- The Expense Module tracks all requests for advances by each individual staff member.
- An employee's line manager (supervisor as defined in Workday) can approve or reject the operational advance request. Train line managers to review and approve advance requests promptly.
- Confirm that line managers adhere to UNHCR guidelines and policies during the

approval process.

- Educate staff members that as a guiding principle, no operational advance exceeding 50% of the monthly salary of a staff member should be provided.
- Provide guidance on alternative solutions for recurring expenses to minimize the need for frequent advances.
- Operational advances must primarily be provided via bank transfer. Ensure staff members select the appropriate payment method when submitting requests – bank transfer or if applicable (unavoidable), by cash advance.
- No additional advances should be given to the same staff member and for the same purpose until the first advance is liquidated.
- Settling and clearing of operational advances takes place when filing an expense report. It is therefore important to remind staff members to submit expense reports within 30 days of receiving the advance.
- Verify that expense reports accurately document expenses and reconcile them with the advance amount.
- Collaborate with Expense Auditors to track advance recovery and record closed advances as receivables.
- Expense Auditors are responsible for ensuring that all transactions recorded in the Expense module are duly justified and incurred only when strictly necessary in line with UNHCR's priorities.
- Establish procedures for recovering outstanding balances, including payroll deductions or other means as necessary.

- Implement monitoring mechanisms to track the utilization of operational advances and identify instances of misuse or non-compliance. Regular monitoring of outstanding advances and expense report trends is essential; this helps to ensure effective processing and to identify unusual trends, old outstanding items due for recovery and peak times in processing.
- Organize training sessions for staff members and managers on the operational advance processes.
- Provide support and guidance to address questions or concerns related to advance management.
- Ensure all advance-related activities comply with UNHCR's financial policies and procedures.
- Maintain accurate documentation of advance requests, approvals, expense reports, and recovery efforts for audit purposes.

4. Learning and field practices

Cloud ERP Training Hub links:

[Cloud ERP User Manual for Finance and Administration](#)

[Process Overview Document - Operational Advances and Expense Reports](#)

[Operational Advances Microcourse](#)

[Cloud ERP End-user Training - Cash/Operational Advances and Petty Cash](#)

5. Links

[Cloud ERP Training Hub - Home](#) [Cloud ERP Training Hub - Cloud ERP Glossary](#) [Financial and Administrative Policies, Instructions and Procedures](#)

6. Main contacts

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