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### GENERAL

1. An accountable advance is a sum of money advanced to an individual to make change, payments, or disbursements on an on-going basis. Examples of an accountable advance are: Petty Cash, Change Funds, Imprest account, Travel Advance (temporary accountable advance), and Standing Advance. An individual to whom an accountable advance is issued is personally responsible and accountable for that advance and any loss or shortage in respect of that advance may be recovered from that individual. An accountable advance can be issued to NPF employees, Military personnel, Public servant, and in some instances to a member of a club not falling within the category of personnel stated previously.
2. Accountable advances are established only when required, used solely for the purpose for which they were issued, properly safeguarded, accounted for and accurately reported on a timely basis. Prior to issuing an accountable advance, other alternatives such as the NPP Corporate Credit Card and the Designated Travel Card (See Chapter 12, Non-Public Funds Credit Cards) should be examined. This chapter should be read in conjunction with Chapter 7 (Security of Non-Public Funds) for the proper safeguarding of cash and cash like instruments.

### PETTY CASH AND CHANGE FUNDS

3. Petty cash is used for minor expenditures where the NPP Corporate Credit is not accepted. The use of the NPP Corporate Credit Card (see Chapter 12, Non-Public Funds Credit Cards) is strongly encouraged. Change funds are issued for the purpose of facilitating the collection of money from customers in the course of completing a business transaction. Petty cash and change funds are issued only on the authority of the minutes of Mess and Base Fund committees or on the written authority of the B Comd, B Admin O, PSP Mgr, CANEX National Managers, or HQ National Managers as appropriate. Petty cash is not to be used to make change. Petty cash and change funds are not used to give salary advances or to make personnel loans.
4. Petty cash and Change Funds are operated under the following regulations:
  - a. [Annex A](#) – Petty Cash – Regulations Governing Use; and
  - b. [Annex B](#) – Change Fund – Regulations Governing Use
5. When issuing a petty cash or change fund, the NPPAM shall:
  - a. be provided with a duly authorized "Request for Cheque" found at [Annex C](#);
  - b. issue a cheque in favour of the authorized holder of the fund ensuring that the member's ME record is updated to reflect the Petty Cash and/or Change Fund details;
  - c. upon original issue, advise the appropriate personnel office (using the format at [Annex D](#)) that a payroll note must be annotated on the member's pay record for CF personnel or that an insertion in their NPF or DND civilian personnel file as appropriate is required. This procedure must indicate date issued, amount and fund type in order to ensure the return of the funds during Base clearance procedures; and
  - d. provide the holder with a copy of [Annex A](#) (Petty Cash) or [Annex B](#) (Change Fund), and brief the holder regarding the use of the fund.

6. A written acknowledgement shall be obtained from each authorized holder, to whom a petty cash or change fund is issued, using the form at [Annex E](#). This acknowledgement supported by the "Request for Cheque", [Annex C](#), shall be held on file by the NPPAM and secured as a cash voucher. A new acknowledgement shall be obtained on each change of responsibility for the funds.
7. For the holder of a petty cash of \$200 or less, once the petty cash is close to depletion, complete the Recap of Petty Cash Expenditures Form ([Annex F](#)) and get approval from the appropriate authority and then submit to the local NPP accounting office for replenishment. For the holder of petty cash greater than \$200, complete the Recap of Petty Cash Expenditures Form ([Annex F](#)) and get approval from the appropriate authority and then submit monthly to the local NPP accounting office for replenishment. At year-end all petty cash must be reconciled, submitted to the local NPP accounting office for replenishment.
8. A petty cash holder is responsible for reconciling the petty cash even when a petty cash is not used frequently. It should be reconciled once a week or at least once a month to verify that it balances and that no theft has taken place, and reports on the reconciliations provided to their supervisor/manager.
9. When a petty cash or change fund is no longer required, the funds shall be returned to the NPPAM who shall:
  - a. annotate the acknowledgement form that funding has been received and provide a copy of the acknowledgment form to the authorized holder;
  - b. acknowledge receipt for the funds on a form CF 602; and
  - c. advise the appropriate personnel office (using the format at [Annex D](#)) that a payroll note must be deleted from the member's pay record for CF personnel or that a deletion from their NPF or DND civilian personnel file as appropriate is required.
10. A petty cash or change funds shall not be permanently transferred from one holder to another without proper authority in accordance with paragraph 3
11. When a petty cash or change fund is temporarily transferred to another holder (e.g. During leave or temporary duty), a written acknowledgement (see paragraph 6) must be obtained from the temporary holder and management must be notified. The NPP local accounting office must be provided with a copy of the acknowledgement form and notified in writing when funds have been returned to the permanent holder.
12. The continuing requirement for a petty cash or change fund shall be reassessed annually by the NPPAM. The reassessment shall be recorded on [Annex G](#) and when completed, shall be retained on file by the NPPAM. In addition, on a monthly basis, the reimbursement register, provided at [Appendix 1 of Annex G](#), must also be maintained for each Petty Cash.
13. Petty cash and change funds shall be verified by the NPPAM, or a person appointed by the RAM or by the PSP manager, at least once a year using the form at [Annex H](#). The NPPAM shall maintain a register to record verifications and the verifying authority shall enter full particulars of all funds verified.
14. As per Chapter 26 (Stocktaking):
  - a. Base Fund, Subsidiaries and Messes – At the time of stocktaking, [Annex G](#) shall be completed to record the verification of all change funds, petty cash, and other funds that could potentially affect the inventory accountability (these funds are accounted for separately and are not to be included as part of inventory). Copies of the verifications are to be attached to the certificate of stocktaking (Annex B of Chapter 26, Stocktaking); and
  - b. CANEX Entities – Verification of Petty Cash & Change Funds are not normally conducted at the time of stocktaking due to the time and resources required however, as per paragraph 13 above, verifications must be conducted by the NPPAM, or a person appointed by the RAM, at least once a year.

15. At their discretion, the RAM, NPPAM, or Base/Wing/Unit Commander representative may order/conduct a surprise verification of a petty cash and/or a change fund at any time using the form at [Annex H](#).

## TAX EXEMPTION ON PETTY CASH PURCHASES

16. It is prohibited to use the PST exemption numbers detailed in Chapter 8 (Sales Tax) Appendix 1 to Annex A for reimbursement of petty cash. Any PST charged on petty cash expenditures will be reported as part of the expense. For participating and non-participating provinces, if the HST/GST number is reported on the receipt then the HST/GST portion will be charged as an Input Tax Credit (ITC). If the receipt does not report the HST/GST number of the business then the HST/GST amount will be included in the amount charged to the expense account.

## IMPREST ACCOUNT

17. An imprest account is a fixed amount of cash or inventory used for the operation of Messes, canteens, Deployed Operations, or temporary retail activity such as special events (Air Show, Armed Forces Day, etc). The amount of the imprest account shall be set by the NPP Accounting Manager and always be commensurate with the level of activity of the entity. Merchandise held in an imprest account should generally be of a consumable, fast moving nature and accounted at retail. An Imprest account should be maintained as small as possible in order to promote regular purchases from the entity and avoid the accumulation of dead stock.
18. An Imprest account are issued only on the authority of the minutes of Mess and Base Fund committees or on the written authority of the B Comd, B Admin O, PSP Mgr, CANEX National Managers, or HQ National Managers as appropriate. A written acknowledgement shall be obtained from each authorized imprest holder using the form at [Annex E](#). This acknowledgement shall be held on file by the NPP Accounting Manager and secured as a cash voucher. A new acknowledgement shall be obtained on each change of responsibility for the imprest account. In addition, the imprest holder must be provided with the governing rules of the imprest account ([Annex J](#)). The amount of the imprest shall be recorded within the chart of accounts and the ABACIS ME record of the individual will be annotated.
19. The NPPAM or equivalent will ensure that the holder of an imprest account understands that:
  - a. funds are to be used only for stock replenishment; and
  - b. stock is to be replenished regularly to avoid cash build-up.
20. Imprest account holders are not to issue a sub-imprest. At any given time, the value of the merchandise at selling price and cash on from sales will equal the imprest for that outlet. For Deployed Operations, do not include sales revenues from video machine revenue or barbershop ticket sales.
21. The imprest will be replenished with merchandise sold to the imprest in return for cash from sales made. Replenishment of imprest accounts must be recorded on a CF 603 (Merchandise Requisition or equivalent). Imprest holders must pay for the merchandise at the time of receipt from the warehouse or temporary retail activity. The warehouse or store manager will acknowledge receipt of the cash on copy one of the CF 603.
22. When issuing an imprest account, the NPP Accounting Manager shall:
  - a. upon original issue, advise the appropriate personnel office (using the format at [Annex D](#)) that a payroll note must be annotated on the member's pay record for CF personnel or that an insertion in their NPF or DND civilian personnel file as appropriate is required. This procedure must indicate date issued, amount and fund type in order to ensure the return of the funds during Base clearance procedures; and
  - b. provide the holder with a copy of [Annex J](#) and brief the holder regarding the use of the

imprest account.

23. The continuing requirement for an imprest account shall be reassessed annually the NPPAM. The reassessment shall be recorded on [Annex G](#) and when completed shall be retained on the by the NPPAM.

## TRAVEL ADVANCES

24. Travel advances are to be issued as per the NPP Travel Directive,

## STANDING ADVANCES

25. A standing advance shall only be issued to an employee when they must incur expenditures or make payments or disbursements in respect of their operations. In certain circumstances a temporary standing advance can be issued. An example of a temporary standing advance would be the requirement to make a large purchase at large retail supplier where the NPP Corporate Credit Card is not honored and payment is required at the time of receipt of goods. The advance shall not exceed the amount required to cover the expenditures that can reasonably be expected to be made for that purpose. Upon returning from the large retail supplier the individual shall present the receipt approved by the appropriate authority for accounting action. Any surplus shall be returned to the local NPP accounting office. Another example of temporary standing advance would be a NPF Ship's Exchange purchase. A temporary standing advance is not a petty cash and therefore the PST exemption can be claimed.
26. Other standing advances shall be issued to an employee when they must incur expenditures of make payments or disbursements in respect thereof on a continuing basis. Keep in mind that the NPP Corporate Credit Card and Designated Travel Card should be utilized to their fullest. The standing advance will be reported on an individual's ABACIS ME record and reviewed on an annually basis to ensure that the standing advance is still required. Any standing advance that is required to be repaid shall be repaid in full by the holder in a single payment.

[Annex A - Petty Cash – Regulations Governing Use](#)

[Annex B - Change Fund – Regulations Governing Use](#)

[Annex C - Request for Cheque](#)

[Annex D - Payroll Note Memorandum](#)

[Annex E - Acknowledgement Form](#)

[Annex F - Recap of Petty Cash Expenditures Form](#)

[Annex G - Reassessment of Requirement](#)

[Appendix 1 of Annex G - Reimbursement Register](#)

[Annex H - Verification of Petty Cash/Change Fund](#)

[Annex J - Imprest Account Regulations Governing Use](#)