

## **25- SOP For Temporary Advances**

### **SOP For Temporary Advances**

This policy shall cover all types of advances made to employees for specific purposes like stationery, T&P item, repair & maintenance. Services and training purposes etc.

### **Basic Procedure and Guidelines**

- 1) Requests for temporary advances shall be submitted by the person seeking advance in writing. The following information shall be provided.
  - i) **The amount requested.**
  - ii) **Purpose of the advance.**
  - iii) **Length of time the advance shall be needed**
  - iv) **Signatures of the receipt.**
- 2) The advances shall be issued for DISCOs related business activities.
- 3) All advances shall be initially charged to concerned DISCOs receivable account.
- 4) The individual receiving the advance shall be liable for any loss of a cash advance.
- 5) Unused advances shall be returned to the Accounts Section immediately after the activity completion.
- 6) Advances for approved purchases shall be given to authorized personnel accounting of which shall be completed at the time of payment.
- 7) In case the actual amount spent is excess, it will be reimbursed subject to approval of the DDO.
- 8) Next / another advance will not be issued prior to adjustment of the previous advance.
- 9) The maximum endeavor should be made to adjust the advance within the same month in which the advance is being issued. Moreover adjustment of the advance should be made within a period not exceeding the 30-days strictly.

### **PROCEDURE OF ADJUSTMENT**

After completing the job / work done through advances the recipient of Temporary Advance will submit the adjustment supported by original cash memo / documents. The same will be approved and passed under all departmental rules / policies in the light of

delegation of financial powers. It will be ensured that the adjustment of advance will be made as soon as the job completed.

**Journal Entries.**

1. On issuance of Temporary Advances to Employees, the following entry is posted by the Payment Section of Finance Directorate / Accounts Section of the Concerned Accounting Unit.

Description	Debit	Credit
--- Accounts Receivables – Other	***	
--- Bank – Imprest Account		***

2. If amount of expense exceeds the amount of Temporary Advance, the following entry is posted by the Payment Section of Finance Directorate / Accounts Section of the Concerned Accounting Unit.

Description	Debit	Credit
Relevant Expense	***	
Accounts Receivable – Other		***
Bank – Imprest Account		***

3. If amount of expense is less than the amount of Temporary Advance, the following entries are required to be posted.

- a) On deposit of excess amount of Temporary Advance into Imprest Bank Account, the following entry is posted by Payment Section of Finance Directorate / Accounts Section of concerned Accounting Unit.

Description	Debit	Credit
Bank – Imprest Account	***	
Refund Clearing Account		***

- b) On adjustment of expense against Temporary Advance, the following entry is posted by the Payment Section of Finance Directorate / Accounts Section of concerned Accounting Unit.

Description	Debit	Credit
Relevant Expense	***	
Refund Clearing Account	***	
Accounts Receivable – Other		***

4. If an amount of expense equals the amount of Temporary Advances, the following entry is posted by Payment Section of Finance Directorate / Accounts Section of concerned Accounting Unit.

Description	Debit	Credit
Relevant Expense	***	
Accounts Receivable – Other		***