



Financial Policies and Accounting Procedural Manual

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1.0 INTRODUCTION

1.1 Organizational Back ground

De Nazarin Community Relief Uganda is a not for profit and humanitarian organization. The organization works with its partners to enable processes that build capacity and provision of technical support within the community.

1.2 Objects of the organization

To promote sanitation by massive community cleaning and environment protection awareness, access to clean water is a right for every individual through these interactions new programs and trainings come up, information to acquire clean water is embraced and exchange of ideas is supported, considering that clean water and sanitation play a vital role in preventing infectious diseases for example diarrhea, dysentery among others;

To liaise with our Partners and co-ordinate the activities of groups and organizations internationally and within Uganda to assist or support communities living in slums or other by way of the exchange of skills, resources, ideas and strategies;

We support and promote equal and quality access to education and learning (for all children and young people) with more emphasis on young girls and young women from early learning to secondary, technical and higher education.

To work with policy makers and service providers and to supplement any Government and other institutional programs relating to health, innovation and creativity and building projects to improve the living conditions of the poor urban communities in Uganda.

1.0 OVERVIEW OF ACCOUNTING AND PROCEDURES MANUAL

2.1 Objectives, Purpose and Scope of accounting manual

2.1.1 The objective of the manual:

To ensure that:

- The financial management procedures are explained to and understood by all staff, especially the finance and accounts staff;
- The financial management activities are carried out in accordance with the policies and procedures outlined in this Manual and international standards;
- The roles and responsibilities of the various staff / stakeholders of De Nazarin Community Relief in matters of financial management are clearly understood; and
- There is a reference document for auditors, consultants, donors and other stakeholders who may wish to understand the accounting- & financial management systems of De Nazarin Community Relief.

2.1.2 The purpose of the manual:

The Purpose of this manual is to provide a comprehensive documentation and description of De Nazarin Community Relief's accounting policies and procedures, the organization of the accounts functions and accounts systems. The manual shall guide all organizational staff involved in the day- to- day operations of De Nazarin Community Relief.

The manual shall be used as follows:

- To present in a single document all the accounting procedures to be adopted by De Nazarin Community Relief to: -
 - Record all financial transactions
 - Monitor and expenditure
 - Satisfy the reporting requirements of the organization
 - Ensure timely and accurate financial and management reporting
- As a reference material by staff in the performance of accounting tasks and as a training document for accounts staff.
- By auditors, consultants and other related parties who want to understand and evaluate De Nazarin Community Relief's financial systems.
- This Manual describes the financial policies and procedures for ensuring accountability on effective and efficient use of funds. The procedures are aimed to give Management (including the Board of Directors) accurate, complete and timely financial information.

The primary users of the manual will include:

- i. De Nazarin Community Relief Board of directors, management and staff.
- ii. The internal and external auditors of De Nazarin Community Relief.
- iii. Donors who support different programs of De Nazarin Community Relief.
- iv. Other stakeholders.

2.1.3 Scope of the manual

The Sub-sections covered in this manual include:

- Roles and responsibilities of different stakeholders
- Accounting Policy for De Nazarin Community Relief
- Grant Management Policy
- Budget Preparation and Monitoring
- Bank Accounts Management
- Request and Receipt of Funds Procedures
- Disbursements
- Petty Cash Management
- Travel Advances Procedures
- Pay Roll Processing
- Pay Roll Advances
- Fixed Assets Management System
- Anti- Fraud Policy
- Vehicle Management

2.1.4 Manual Procedures

- 1 De Nazarin Community Relief Accounting and Finance Management Policy & Procedure Manual shall be a document that will periodically be reviewed to identify procedures to be amended to reflect the way it interacts with a changing environment.

- 2 It is the responsibility of all **users** to ensure that the policies & procedures under finance management correctly describe / guide their operation, and ensure that adequate controls are in place.
- 3 This Manual is not exhaustive but provides a framework for accounting and financial procedures within the organization.

As circumstances and requirements change the manual should be reviewed and updated **annually** to take into account potential new donor regulations, tax law regulation, as well as new developments in the accountancy profession and changes in the organization.

1.0 ROLES AND RESPONSIBILITIES IN RESPECT TO FINANCIAL MANAGEMENT

3.1 Policy objective

To ensure that:

- 1 The roles and responsibilities of the various key stakeholders and staff with tasks on financial management are adequately explained; and
- 2 The activities in the finance function / unit (Functions in the Finance unit) are carried out in a transparent and ethical manner and in accordance with the outlined roles and responsibilities.

3.2 Policy Statement

All De Nazarin Community Relief staff shall carry out their activities in accordance with their roles and responsibilities as stipulated in the policy document.

3.3 Documents

The following are the key documents that shall be used to guide staff with financial responsibility on their respective roles and responsibilities with respect to the Accounting and Financial Management Policy:

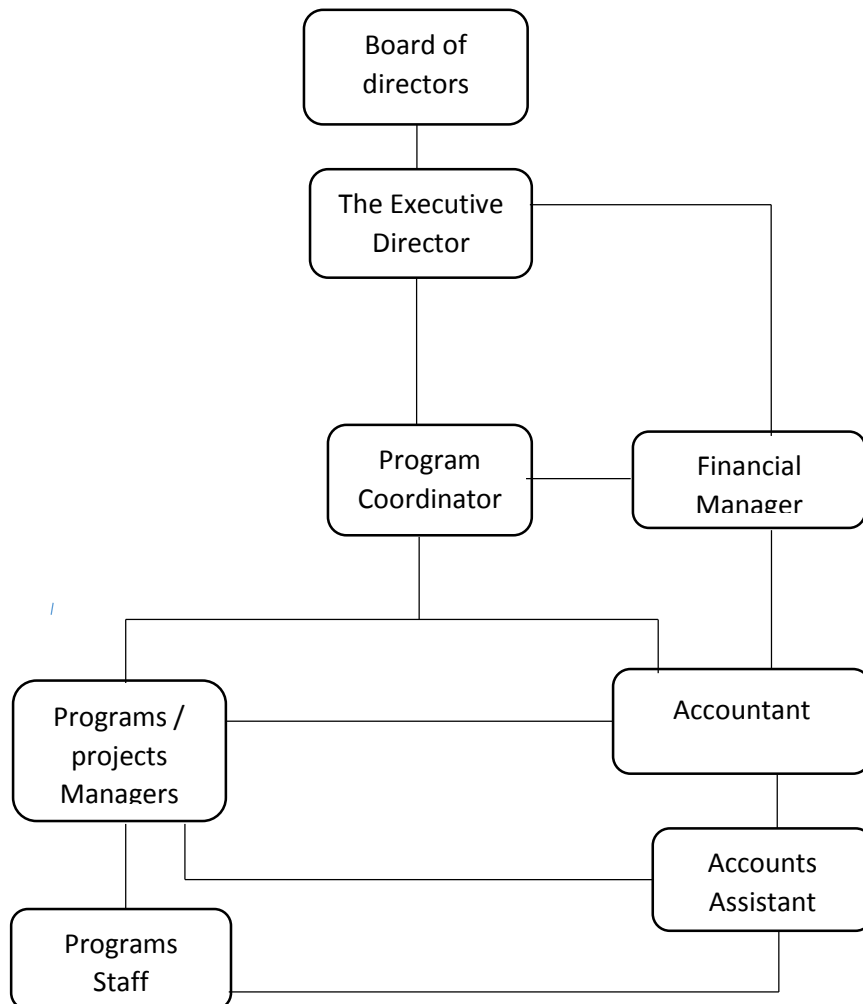
- De Nazarin Community Relief – Accounting and Financial Management Policy & Procedures Manual.
- Grants Agreements.
- Programs' Documents
- Staff Contracts / Appointment Letters.

3.4 Responsibility

The following are directly responsible for De Nazarin Community Relief in relation to Financial Management:

- The BOD headed by the Chairman
- The Executive Director
- Program Coordinator
- Finance Manager

4.0 FINANCIAL REPORTING HIERARCHY IN DE NAZARIN COMMUNITY RELIEF



4.1 Key Roles and Responsibilities

The BOD headed by the Chairman

The BOD headed by the Chairman is the overall Accounting Officer of De Nazarin Community Relief and is responsible for the overall financial management of the organization including, but not limited to, being the Principle Signatory to all bank accounts operated by the organization.

This responsibility implies inter alia the following:

- Is the legal holder of De Nazarin Community Relief as the head of the Board.
- The appointing authority for the Directors and approves the appointment of all organization's staffs.
- Approves all financial, human resources, and other operational manuals formulated for the proper and efficient administration and management of the organization.
- Endorses all Memorandum of Understanding (MOU) with donor organizations and the other partners.

- e. Establishment of secure and efficient regulations, systems and procedures for the economic administration of the organization.
- f. Through the Executive director, ensure proper use of funds made available to De Nazarin Community Relief to facilitate its activities and programs.
- g. Establishment of detailed rules for authorization to sign payment vouchers and cheques.
- h. Responsibility for all cash and bank holdings and others assets recorded in the books of accounts of the organization.

Executive Director

The Executive director is a signatory to all the organizations' accounts. A co-opted member of the BOD by virtue of his office and knowledge of the financial operations of the organization. He / she shall review all financial reports before they are submitted to the Board. The Executive director shall also approve payments in respect of administrative costs, capital expenditures, and program expenditures and the related accountabilities that shall be checked and cleared by finance manager.

This responsibility implies among other things the following duties;

- Advising the Board on the financial performance of De Nazarin Community Relief.
- Works with the Finance manager and Accountant in coordinating and establishing efficient systems, procedures and control for the proper management of funds, including proper and accurate maintenance of books of account and assets, timely and accurate financial and management reports to the Board and donors.
- Oversee the formulation and control of the budget, in particular to ensure that expenditure is within the budget, that funds are managed properly, and that the organization is providing value for money.
- Drafts operational manuals and proposes amendments to be presented to the BOD for approval.
- He is directly in charge of marketing, lobbying, bench marking and fund mobilization for the organization on behalf of the board.

The Financial Manager

The Financial Manager is the head of the organization's finance department; he / she is responsible for the day financial management of the organization, ensures the full functioning of the finance department and supervises the finance and accounts staff under him/ her.

This responsibility implies inter alia, but not limited to the following:

- He/she is directly responsible and takes full responsibility towards the day to day financial operations of De Nazarin Community Relief.
- He/she is accountable and reports to the Executive director.
- He/she shall Reports to the Executive director, on all operations regarding the department.
- He /she will be the head of department and has direct responsibility over all the program heads and staff over the financial matters.
- He/she Prepares reports regarding donor funds presents it to the Executive Director for approval before submission.
- He/she Ensure that internal controls are enhanced and maintained at an acceptable level,
- Shall be responsible for reviewing accountability preparation of annual and monthly budgets and budgetary performance reports.
- Lead, direct, mentor / coach, appraise and supervise the other finance staff.
- Ensure that internal financial reports are generated accurately and disseminated timely.

The Accountant

- He / she carry out counts to confirm balances and cash transaction, very the payroll, prepare bank reconciliation statements and posting transaction to the Accounting system.
- Prepares books of accounts for internal and external audit.
- The Accountant shall also be responsible for processing of payments, payroll preparation, and bank accounts reconciliations of assigned bank accounts, periodic generation of the required financial reports; and assist in the preparation of management accounts and annual budgets.
- The Accountant shall be responsible for receiving accountability reports, and performance of any other duties as assigned to him/ her.
- He / She is the agent to all De Nazarin Community Relief bank accounts.

Bookkeeper / Admin / Accounts Assistant

- Ensure that payment documents are complete and accurate before processing.
- Ensure that charge codes are in agreement with the budget and the organization's chart of accounts.
- Work closely with Administrative officer on physical counting of assets, stocks and property.
- Maintain petty cash ledger and prepare petty cash replenishment.
- Prepare cash receipt voucher for cash collected and deposited to bank account.
- Ensure that copy of cash receipt and bank deposit must be attached with the Cash Receipt voucher.
- Ensure that that the Petty cash replenishment is prepared the moment the paid cash is 75% of the cash float.
- Maintain safe ledger and keep the first key of the safe.
- Prepare cash and check deposit slip and give it to the agent for banking on a daily basis.
- Cash collected from staff travel advances and other receipts must be banked within the next business day.
- Ensure that all cash at hand must be locked in safe over night and on weekends
- Manage the asset register
- Prepare cash receipt vouchers.
- Retrieve documents needed for Audits.
- Ensure that soft copy and hard copy month end closing packages are filed properly and done within the due dates.
- Ensure that data is posted on a daily basis, and that the financial information is processed accurately and reliable reports are generated timely.
- Ensure existence of a proper filing system.
- Prepare a stock count report on a monthly basis.

4.2 Key Control Processes

1. The Executive Director and staff shall continuously refer to the manual when conducting transactions that are likely to have any financial implication on the organization.
2. The Finance manager shall plan all financial requirements to ensure continuity in service delivery.
3. The Finance manager shall ensure accountability for expenditure at the organizational level and on all activities.

4. The Executive Director, Finance manager and all staff shall refer to the job descriptions and responsibilities as outlined in their respective contracts of employment and adhere to the reporting hierarchy as below:

1.3 Internal Controls

Internal accounting control consists of the De Nazarin Community Relief’s plan, procedures and records to assure the reliability of financial reporting as well as safeguard the assets of the organization.

An effective internal control structure includes a series of checks-and- balances required for the appropriate recording and authorization of transactions and ensures that access to assets is limited to authorized personnel. Each transaction shall be divided into component tasks completed by different staff members in order to increase the likelihood of detecting unintentional errors and prevent misappropriation of De Nazarin Community Relief’s assets. As an example, the person who approves vouchers for payment shall not prepare or sign cheques.

The following chart include other examples of the appropriate segregation of duties:

Finance Officer Who:	Should Not:
* Prepares vouchers	* Approve Vouchers
* Prepares / Keeps cheques	* Sign cheques
* Has access to Blank cheques	* Post Payments
* Receives Cash	* Bank or deposit the cash receipts at the bank
* Is responsible for the physical	* Perform the physical
* Prepares Blank Deposits	* Reconcile Bank Accounts
* Prepares payroll	* Distributes payroll payments
* Maintains Driver Logs	* Monitor Fuel Usage

5.0 ACCOUNTING POLICIES

5.1 Policy Objectives

To ensure that:

- 1 De Nazarin Community Relief accounting policies are formalized and are in line with the International Financial Reporting Standards (IFRS), the requirements of the donors and the applicable laws; and
- 2 Staff is aware of the policies that are applicable to the preparation of the financial statements of De Nazarin Community.

5.2 Policy Statement

The accounting policies adopted by De Nazarin Community Relief shall be applied consistently in accordance with the International Standards.

5.3 Documents

The following are the key documents that shall apply in the application of the accounting policies at De Nazarin Community Relief:

- International Financial Reporting Standards (IFRSs).
- Donors financial Regulations and Guidelines.

- Grant Agreement with the Donors.
- Memorandum of Understanding with the Donors.
- Charter / Memorandum of Understanding with Partners.

5.4 Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices in preparing and presenting the financial statements.

5.4.1 General Accounting Policy

The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS). The specific accounting policies to guide financial and accounting transactions of De Nazarin Community Relief are:

Reporting Currency

The reporting currency of De Nazarin Community Relief is the Uganda Shillings (UGX), except where a donor demands that the report should be in a particular currency.

Reporting Period

The reporting period for the preparation of financial statements in the financial year, which runs from 1 January to 31 December.

Basis of Accounting

The Financial Statement shall comply with the International Financial Reporting Standards. The accruals basis of accounting shall be used consistently during the year except for donor agreements that require application of a cash basis.

Under the accrual basis of accounting, De Nazarin Community Relief recognizes revenue and costs, as they are earned or incurred (and not as money is received or paid) and recorded in the financial statements of the periods to which they relate. Fixed assets are depreciated over their useful lives applying depreciated over their useful lives applying depreciation rates in accordance with generally accepted accounting practices.

Under the cash basis of accounting, revenue is recognized when received and expenditure is recognized when payment is made. Similarly, payments for assets [property, plant and equipment] are expensed and thus depreciated 100% in the year they are paid for, and no depreciation is charged in the year of disposal.

5.4.2 Income Recognition

Restricted grants attached to specific projects and programs are recognized as income when actually expended and the unspent portion is deferred as donors' payable for the future year depending on the duration of the project or activity. Income for a specific program support shall be matched to the actual total expenditure of that program including a percentage of the operations costs of the organization. The grant recognized as income shall be equal to the actual expenditure incurred in a given financial year.

Other incomes are recognized as income at time of receipt. Such incomes include income generated by providing services to third parties, interest earned from De Nazarin Community Relief fund in the banks, discounts received from the service providers, administrative overhead charges on special projects, proceeds from the sale of De Nazarin Community Relief properties and any other miscellaneous items.

5.4.3 Expenditure Recognition

Expenditure comprises of costs incurred directly for the activities of De Nazarin Community Relief and shall be recognized when incurred and not when actual payments are made except where a donor agreement requires a cash basis of accounting.

5.4.4 Foreign Currency Translations

De Nazarin Community Relief financial statements shall be presented in Uganda Shillings. Transactions denominated in currencies, other than the Uganda Shillings, shall be translated to Uganda Shillings using the bank exchange rate ruling at the time of the transaction.

Grants received in currencies other than Uganda Shillings shall be recorded at bank exchange rates in effect at the time the grant is received. Assets and liabilities in foreign currency at the year -end shall be translated at the bank closing rate prevailing at year end.

5.4.5 Cash and Bank Balances

Cash and Cash equivalents comprise cash in hand and bank balances. Overdrafts shall be disclosed separately.

5.4.6 Receivables

Receivables shall be carried at original history cost less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year -end.

Receivables may fall into three major categories:

1. Receivable from donors,
 2. Receivable from Related Parties
 3. Other receivables
- i. **Receivables from Donors** are contributions and grants which donors have obligated conditions have been fulfilled by De Nazarin Community Relief but remain uncollected at the end of the financial year.
 - ii. **Receivable from Related Parties** are contributions and other fees that have not been paid by the related parties by the end of the financial year end.
 - iii. **Other receivables** may include advances to staff, advance payments to suppliers and any to other third parties during a reasonably short period of time, usually one year.

5.4.7 Stocks

De Nazarin Community Relief does not recognize any stocks in the books of accounts. All purchases of stores items shall be expensed at the time of purchase. However, De Nazarin Community Relief shall keep records of all stored items to facilitate effective stores management.

5.4.8 Property, Plant and Equipment

All categories of property, plant and equipment are stated at cost or revaluation less accumulated depreciation. Depreciation on fixed assets shall be calculated on a straight line basis at annual rate estimated to write-off each asset over the term of its expected useful life. The annual rates used are:

Building	40years	2.5%
Motor Vehicle	4years	25.0%
Computers & Printers	4years	25.0%

Office equipment	4 years	25.0%
Office Furniture& fittings	5 years	20.5%

A fixed assets register of all the capital items shall be maintained and shall be updated with every purchase and disposal of assets.

5.4.9 Software

This shall be expensed in the period of purchase.

5.4.10 Accounts Payable

Accounts payables are funds, services and /or materials received from third parties who are entitled to repayment of equivalent amounts to what they have provided to De Nazarin Community Relief. The accounts payable shall be categorized as follows:

- i. Accounts Payable - Donors;
- ii. Accounts Payable – Others;
- iii. Accruals and Provisions

Accounts payable- Donors includes grants received from donors during the year but unexpended at year end. These include the following:

- i. Donations received in advance for operations yet to start; and
- ii. Unexpended grant balances in cases of specific project funding

Accounts Payable-Others represent benefits of employees that require reimbursement and amounts due to third parties for services they rendered or materials they supplied for which payments have not been made.

Accruals and Provisions – include the following:

- i. Accruals represent amounts due at the year-end as a result of services already received but for which payment has not been made.
- ii. Provisions are estimates of amounts due for services already received, but the exact cost of which is unknown.

5.4.11 Fund Balances

De Nazarin Community Relief fund balances shall comprise of the reserve fund and the accumulated operating surplus or any other additions.

a. The **Capital Fund** consists of the following:

- i. **Capital Fund** that represents funds reserved for replacement and /or acquisition of fixed assets (i.e. depreciation charge for the year) for the financial year. Any gains from the disposal of fixed assets shall also be credited to the capital fund account.

b. Accumulated Operating Fund represents the accumulated excess of earned income over expenditure at the end of the financial year less an amount reserved for future replacement and/ or acquisition of assts. The transferred amount is equivalent to the used-up value of fixed assets (i.e. depreciated amount of fixed Assets) for the financial year. The earned income comprises of interest income, overhead income, discount & other miscellaneous income and exchange gains / losses.

6.0 GRANTS MANAGEMENT POLICY

6.1 Policy Objective

To ensure that:

- a. Receipts from donors are properly booked and accounted for.
- b. Donor funds are spent in accordance with the terms and conditions of the Grant Agreement; and
- c. Funding from the donors is prudently and efficiently utilized for the intended purpose.
- d. Donor funds are adequately accounted for.

6.2 Policy Statement

- 1 All funding applications or requests to donors must be approved by the Executive director.
- 2 All funds from donors shall be properly utilized on planned activities and in accordance with the terms and conditions outlined in the grant agreements with the respective donor.
- 3 Donor funds shall be disbursed for operations according to agreed contract and program budget.

6.3 Documents

The following are the key documents that shall be used to guide the process of program disbursements.

- Grant / Program Agreements
- Memorandum of Understanding between De Nazarin Community Relief and its partners.
- Periodic financial management reports
- Technical Progress reports

6.4 Responsibility

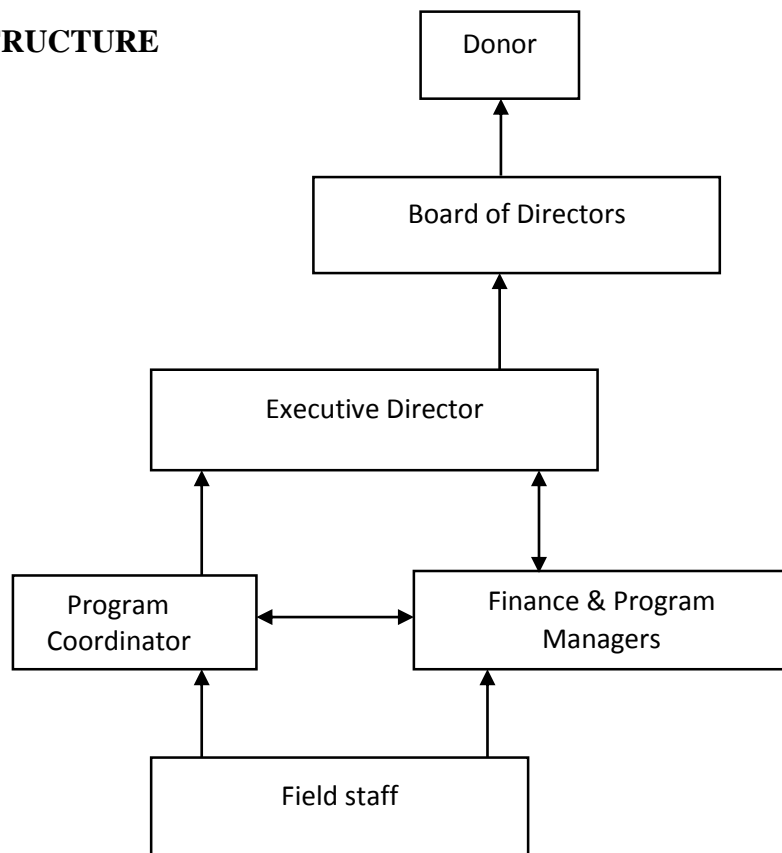
- Board of directors
- Executive director
- Program Coordinator
- Finance manager

6.5 Procedures

- 1 All funds at De Nazarin Community Relief shall be managed by the finance department in accordance with laid down procedures in this manual and the grant agreements with donors.
- 2 Procedures of request for funds as detailed in this manual shall be followed.
- 3 De Nazarin Community Relief shall open a designated bank account for each donor funding to ensure smooth management of the donor funds and these accounts shall be operated following the procedures detailed in this manual.
- 4 Upon receipt of funds from the donor, the Executive director shall review the grant agreement, ascertain the purpose of the funding and act accordingly.
- 5 The Executive director shall put in place measures to maintain proper financial records and books necessary for the operation of the donor accounts and shall ensure availability of these records as and when the donor or his appointed representative needs to look at them.
- 6 The Executive director shall be responsible for approving and disbursing all documented expenses and cash advanced following the procedures detailed in this manual.

- 7 The Executive director and the Finance Manager shall ensure all procedures set forth in this manual and in the donor agreement are followed and complied with.
- 8 De Nazarin community relief shall submit periodic financial and technical progress reports to the respective donors in accordance with the agreement.
- 9 At the completion of the project / program, but before its closure, the Executive director and the Finance Manager shall ensure that all commitments to and from third parties are settled and arrangements for closure have been made.
- 10 Funds that shall remain unspent at the closure of the project / program funded by a specific donor shall be returned to the donor or may be reallocated to other program activity after consultation with the donor.
- 11 All assets that shall have been acquired for a specific project /program shall remain as property of De Nazarin Community Relief, the project / program closure. Such assets / property shall be managed under procedures outlined under disposal procedures in this manual.

GRANTS REPORTING STRUCTURE



7. BUDGET – PREPARATION AND MONITORING

7.1 Policy Objectives

To ensure:

- 1 That budget and activity work plans that facilitate allocation of resources for the benefit of the community;
- 2 Budgetary control and discipline in financial management is encouraged;
- 3 Goal congruence among all programs;
- 4 Timely and accurate preparation and submission of work plans and budgets;
- 5 Regular monitoring of budget performance;
- 6 Timely generation of budget information reports; and
- 7 That the requirements of the various stakeholders are met.

7.2 Policy Statement

- 1 The actual formation of budgets shall be undertaken based on De Nazarin Community Relief activity priorities and available financial resources and shall be in line with the grant agreements.
- 2 De Nazarin Community Relief system of budget & budgetary control shall ensure that timely preparation and submission of budgetary performance reports is achieved to facilitate effective budget performance and monitoring.

7.3 Documents

The following are the key documents that shall be used to guide the process of budget preparation and monitoring:

- Budget requests / proposals
- Grants Agreements
- Budget templates
- Work plans
- Strategic plan
- Operation plans
- Budget variance analysis reports

7.4 Responsibility

- Executive Director
- Finance Manager
- Program coordinator

7.5 Procedures

7.5.1 Budget Preparation

The basic approach to budgeting shall take into account the following;

- 1 Work plans for the programs shall be prepared before commencing the budgeting process;
- 2 Availability of funding for the planned program / project activities, that is operations costs and capital expenditure (Grants must either be pledged or confirmed);
- 3 Allocating money to programs to the extent of available funds and confirmed pledges.

7.5.2 Program Budgets

- 1 The Programs coordinator shall prepare and submit proposed work plans and budgets for operations expenditure, project expenditure and capital expenditure for their respective programs/ projects. The work plans and budgets shall take into account the set objectives and outputs of each program/ project.
- 2 The work plans and budgets shall be submitted as budget requests / proposals to the Finance and planning committee for review before the end of October of each year.
- 3 The budgets for each program/ project for each year shall be based on the objectives and policy guidelines as set out in the Strategic plan and the operational plan.
- 4 The following shall be considered during the preparation of proposed work plans and annual budget for each program / project.
 - i. The strategies and detailed work plans to meet the set objectives shall be formulated.
 - ii. The budgets shall be set in accordance with the objectives, goals and targets as outlined in the strategic and operational plans.
 - iii. Costs shall then be estimated for the intended activities in the agreed work plans for the year.
- 5 The Executive Director shall receive the budget requests / proposals and discuss the proposed work plans and budgets with the respective Head of Program.
 - i. Executive that the work plans and budgets are consistent with the respective program/ project objectives as outlined in the strategic plan and the operational plan.
 - ii. Check and ensure that the budgets for each program / project have been prepared within the set parameters and agree to the work plans.
 - iii. Provide technical support to all the budget holders in preparation & compiling the budgets.
 - iv. Evaluate and priorities the budgeted activities.
 - v. Seek explanations and clarifications from program managers.
 - vi. Revise the work plans and budgets in line with the respective program / project's requirements and resources.
- 6 The budgetary process of resource allocation to program or program activities shall be consistent with the expenditure as classified in the chart of accounts for operating and capital budget.
- 7 The Finance Manager shall be responsible for the preparation of the budget for the operations expenditure and capital expenditure for De Nazarin Community Relief. The budget for operations expenditure shall consist of estimated recurrent expenditures which include expenses to be incurred and materials to be consumed within the budget year by cost center. The budget for operating expenditure shall be divided into the following categories;
 - i. **Personnel costs** shall include the full cost of all staff.
 - ii. **Material costs** shall include the full cost of material supplies for training activities and office operations such operations such as stationery, printing materials, computer software and supplies, cleaning materials etc.

- iii. **Direct Costs** consist of office running costs, occupancy / rentals, repairs, training, external utilities, communications and vehicle running expenses.
 - iv. Capital expenses represent tangible assets whose benefits accrue for a period of more than one year. Examples of these include buildings, equipment, vehicles and furniture valued at UGX. shs 1, 000,000= and above.
- 8 The Program managers shall also be responsible for determining the following costs and submit them to the Finance Manager;
 1. **Service costs** cover expenditures for other personnel e.g. consultants, casual labor etc., conference and training costs and professional service costs such as audits, legal and administrative fees.
 2. **Travel costs** shall include the full costs of planned local and international travels, consisting of air tickets, accommodation, per diems etc.
 - 9 The financial Manager shall then compile the budgets for program / project expenditure, operations and capital expenditure into the consolidated annual budget and submit this to the Executive Director and the Board for approval.
 - 10 The approved budgets shall be communicated by the Executive Director to all staff of De Nazarin Community Relief at the beginning of the financial year.
 - 11 Once the annual budget is approved, budget reallocations is not allowed unless a written justification is submitted to and approved by the respective Donors and the Board.

7.5.3 Budget monitoring and reporting

- 1 All Program managers of units shall monitor the utilization/ consumption of their budget and ensure that expenditure incurred is in line with the agreed activities in the work plans and that there are adequate funds to pay for these.
- 2 The Finance manager shall prepare budget variance analysis reports for each program/ cost center on a quarterly basis comparing actual expenditure versus the budget while providing financial analysis and budget commentary and these shall be submitted to respective Program mangers/heads of units to facilitate budget monitoring and evaluation.
- 3 The budget monitoring reports/budget variance analysis reports shall be submitted by the Finance manager to the Executive Director and Program Coordinator by the 15th day following the review.
- 4 The Finance manager shall then prepare a consolidated budget performance report which shall be submitted to the Executive Director for review and copied to the Board for information only.

7.6 Key Control Processes

- 1 Every Program Manager/ head of unit has the responsibility to prepare and submit an annual budget for their respective program/ project in time for inclusion in the consolidated annual De Nazarin Community Relief budget.

- 2 A consolidated budget shall be approved before the commencement of the year being budgeted for.
- 3 The Finance manager shall ensure that quarterly budget monitoring reports/budget variance analysis reports are produced and circulated to the Executive director, Programs Coordinator and all heads of programs.
- 4 Any reallocation of resources should be communicated to the management and approved by the Board.

8 BANK ACCOUNT MANAGEMENT

8.1 Policy Objectives

To ensure that:

- 1 Opening and closure of bank accounts is approved by the Board
- 2 A separate cash book is maintained for each bank account for which reconciliation statements shall be prepared on a monthly basis.
- 3 All non- reconciliation items are identified, investigated and properly adjusted in the books of account.

8.2 Policy Statement

All staff shall comply with the following general principles:

- 1 A bank account shall only be opened or closed with the authorization of the Board.
- 2 Re-allocation or usage of previously used program bank account should be sanctioned by the Board.
- 3 Monthly bank reconciliation statements for all bank accounts shall be prepared by 15th day of the following month and these shall be appropriately reviewed by the Executive director and approved by the Board.

8.3 Documents

The following are the key documents that shall be used to guide the processes of accounts management:

- Bank statement
- Bank Reconciliation statements
- Cash Books
- Bank Mandate

8.4 Responsibility

- Executive Director
- Finance manager
- Accountant

8.5 Procedures

8.5.1 Bank Account Signatories

All bank accounts shall only be operated with joint signatures of authorized signatories approved by the Board.

8.5.2 Opening and closure of bank accounts

1. The Financial manager shall submit a request through the Executive Director to the Board for approval to either open or close a bank account.
The request shall indicate the following
 - a. Reason for opening or closing the account;
 - b. Proposed signatories;
 - c. The Name and Branch of the bank;
 - d. Nature of account; and
 - e. Proposed account title.
2. Upon approval of the request, the Finance manager shall prepare and submit a letter to the bank for opening or closure of a bank account. This shall be signed by both the Executive Director and the Board.
3. The Finance manager shall capture the details of the bank account into the Accounting system once the bank account has been opened.
4. The Finance manager shall be an agent to all De Nazarin Community Relief bank accounts unless stipulated otherwise in writing.

8.5.3 Bank Reconciliation Statements,

- 1 The finance manager shall prepare monthly bank reconciliation statements for all bank accounts for which they are responsible.
- 2 The Finance manager shall carry out the following when preparing the bank reconciliations;
 - a) **Un presented cheques**
 - i. Follow up un-presented cheques for subsequent clearance;
 - ii. Prepare a list of all stale cheques for submission to the Executive Director who will consequently submit to the Board.
 - iii. Investigate and reverse all stale cheques, if any.
 - b) **Uncredited receipts**
 - iv. The Finance manager shall match receipts in the cashbook to the bank statement on a monthly basis, investigate and resolve un-credited receipts.
 - c) **Direct credits**
 - v. The Financial manager shall match all receipts in the cashbook to those in the bank statements on a monthly basis to identify direct credits on the bank statements and compile a list of the direct credits for review and raise the relevant accounting entries.
 - vi. The Finance manager shall check all bank interest receivable before the relevant entries are passed.
 - d) **Direct debits.**
 - vii. The direct debits shall be identified and verified by the Finance manager who shall then raise the relevant entries to post into the Accounting system. These may represent the following.
 - a. Standing orders.
 - b. Debit orders processed by the bank;
 - c. Transfers to other bank accounts;
 - d. Transfer payments; and

- e. Unpaid cheques.
- 3 The Finance manager shall then submit the bank reconciliation statements to the Board by the 15th day of the following month for review.

8.5.4 Cheque Book Security

- 1. The following precautions shall be exercised over the security of cheque books:
 - a) Cheques shall Never be pre-signed and shall only be signed after details of the payee as well as the payment amount have been duty completed;
 - b) Cheques shall be used / issued following their serial numbers/ sequences and shall be accounted for in the cheque register;
 - c) For each bank account, only one cheque book shall be in use at any one time;
 - d) Soiled or “void” cheques shall be retained by the Finance manager for any future reference; and
 - e) All cheque books not in use shall be kept in a safe by the Finance manager.

8.5.5 Key Control Processes

- 1 The Board shall approve all the authorized signatories to the bank accounts.
- 2 The Executive director should verify the bank reconciliations.
- 3 The board shall approve and sign off all bank reconciliations prepared on a monthly basis.
- 4 The Finance manager shall prepare a report, specifying the bank accounts closed and opened during the previous period and submit this to the Executive Director who subsequently updates the Board.

8.5.6 The authorized bank signatories

- a) For all bank accounts of De Nazarin Community Relief, the following personnel are joint signatories for release and movement of funds as per the conditions and restrictions stipulated under (b) below.

Group A Signatories
i. Director & Program Officer - Capital projects
Group B Signatories
i. Director & Program Officer – Livelihood
ii. Program Officer – Profiling & Enumeration
iii. Director & Program Coordinator
Group C
i. Board of Director – Treasurer
ii. Chairman – Board of Director

- b) **Conditions and Restrictions**

- i. Any two from each of categories B and C can sign jointly for any amount with a signatory from Category A.

- ii. For amounts above USD 2,000 any signatory from each of the categories A and B can sign jointly with a signatory from Categories C.
- iii. No individual signatory can be allowed to sign for any amount
- iv. Any two from each of categories B and C can open and / or close bank with a signatory from Category A.

9.0 REQUEST AND RECEIPT OF FUNDS

9.1 Policy Objectives

To ensure:

- 1 Request for funds is adequately supported and submitted to the Executive Director in a timely manner;
- 2 All donor receipts are recorded accurately and promptly in the books of accounts;
- 3 All other receipts and cash refunds are receipted and recorded accurately in the books of accounts; and
- 4 That there is timely acknowledgement of receipt of revenue from the various sources.

9.2 Policy Statement

All requests for funds shall be submitted timely by the Finance Manager to the Executive Director and the Board and all revenue received from the various sources shall be recorded accurately and timely.

9.3 Documents

The following are the key documents that shall be used to guide the process of requesting and receiving of funds:

- Grant Agreements
- Relevant budgets and work plans
- Withdrawal applications/ letter requesting for funds
- Acknowledgement receipts
- The cash book
- Bank statements
- Monthly reconciliation of receipts and expenditure from all sources.

9.4 Responsibility

The following persons shall be responsible for requesting and receiving of funds:

- Finance manager
- Executive director
- Board

9.5 Procedures

- 1 De Nazarin Community Relief open and maintain foreign currency accounts for receiving all the incoming funds in foreign currency from donors.
- 2 The Finance manager in liaison with the Executive Director and Program coordinator shall prepare and submit a withdrawal application/ letter of request for funds to the donor in accordance with the terms and conditions in the Grant Agreement with the respective donor.

- 3 All the withdrawal applications / letters of request for funds shall indicate the relevant bank details to which the funds shall be remitted.
- 4 Funds that are received by way of a bank transfer shall be verified by the Finance manager against the withdrawal application / letter of request or the grant agreement to ensure that the correct amount has been credited to the bank.
- 5 Funds that are received from cash refunds in respect of unspent business advances shall be received by the respective Accountant as part of submitted accountabilities and banked promptly (the following working day) in the relevant bank accounts.
- 6 All funds received from donors shall be acknowledged by issuing letters of acknowledgement. A serially numbered official receipt shall be used to acknowledge cash refunds.

NB: All staff shall ensure that they collect a receipt for any money paid or refunded to the respective accountant.

- 7 The respective Accountant shall raise a serially numbered coding slip/ journal voucher for the various funds that are received and credited to the bank for posting of the receipts into the general ledger and submit these to the Finance manager for review and approval.
- 8 The Executive director shall review, and approve the coding slip/ journal voucher for completeness and accuracy and sign these as evidence of the review.
- 9 Upon approval of the coding slip/ journal voucher, the accountant shall update the relevant cash book and relevant ledger accounts in the accounting system with details of the approved coding slip/ journal voucher.

9.6 Key Control Processes

- 1 All withdrawal applications / request for funds shall be submitted promptly and acknowledgement of receipts done, once funds have been credited to the account. An official receipt shall be issued for cash refunds by staff.
- 2 A bank credit advice shall be obtained from the bank by the Finance manager to verify and confirm the amount sent.
- 3 Preparation, review and approval of bank reconciliations for all bank accounts shall be done on a monthly basis by the respective finance persons.
- 4 All cash refunds shall be banked promptly by the Accountant (the following working day).

10.0 PROCESSING PAYMENTS

10.1 Policy Objectives

To ensure that:

- 1 All payments are duly authorized by responsible officers in compliance with the levels of authority /delineation chart;
- 2 All payments are budgeted for and fully supported by valid documents;

- 3 All payments comply with negotiated terms and due dates; and
- 4 Payments are processed and accurately recorded.
- 5 Payments are adequately accounted for by De Nazarin Community Relief staff / management.

10.2 Policy Statement

All staff members shall comply with the following general principles:

- 1 Fraudulent payments/ unauthorized payments will be recovered from the concerned staff this form a basis for staff evaluations.
- 2 All payments shall be made for the benefit of De Nazarin Community Relief and responsible staff shall ensure that there is value for money.
- 3 All payments shall be duly authorized against availability of funds and responsibility of funds and approved budgets.

10.3 Documents

The following are the key documents that shall be used to guide staff and approved budgets.

- The purchase requisition form
- Advanced form
- Invoices, Professional fee notes, demand notes etc...
- Local purchases order (LPOs)
- Goods received note (GRN)
- Payment vouchers
- Delivery Notes
- Petty cash replenishment schedules
- Contracts / agreements with consultants
- Minutes, agreements etc...
- Contracts, certificate of completion for works, etc.
- Reports from consultants
- Financial accountability documents

10.4 Responsibility

The following persons shall be responsible for the disbursement process;

- Executive director
- Finance manager
- Accountant
- Program coordinator
- Field staff

10.5 General guidelines

- 1 Requisitions shall include but not be limited to the following:
 - a. Payments for goods and services (including but not limited to stationery, transport, repairs and maintenance etc...)
 - b. Payments for consultancy and professional services
 - c. Payment for procurement of major items, works
 - d. Payment for staff travel (including Foreign travel)

- e. Activity advances for approved / planned workshops
 - f. Payment for office running costs (e.g. rent, utilities, fuel advances etc.)
 - g. Petty cash replenishments
- 2 Payment for transactions denominated in foreign currencies shall be made from the respective foreign currency accounts. De Nazarin community relief shall maintain local currency accounts (Operations Account) to facilitate the payment of transactions emanating from the local currency (Uganda Shilling).
 - 3 Payments to third parties in excess of Uganda Shillings Five hundred thousand (UGX 500,000) shall be made by cheque or by electronic transfers, unless authorized by the Executive Director.
 - 4 Unless approved by the Executive Director (under exceptional cases) payments for invoice from suppliers and service providers shall be made by cheque or by electronic bank transfer.

10.6 Procedures

10.6.1 Requisitioning of funds

- 1 The user department / officer shall prepare a requisition with details of payment and attach the relevant support documents e.g. a copy of the activity budget, and forward it to the Executive Director for review and authorization.
- 2 The Finance manager shall be responsible for checking the requisition to confirm that it is supported by adequate supporting documents e.g. invoice, purchase order, delivery note, goods received note (GRN), fee note, final reports from consultants, financial accountabilities and that the expenditure is budgeted for.
- 3 The requisition and the relevant support documents shall then be submitted to the Executive director for approval. The requisition together with the support documents shall be reviewed and approved by the Executive director who shall approve the requisition by appending his/ her signature and date to it.
- 4 For planned program activities such as workshops, meetings, staff travel, flights etc., the requisitions shall be prepared and submitted at least **5 working days** before the funds are required. If all the requirements of the requisition are met, the Finance manager shall ensure that payment is made within the 5 working days.
- 5 For payments to external consultants, the finance manager shall obtain confirmation from the Program coordinator that all work has been completed in accordance with the contract. Under no circumstances shall payment be made to a consultant without this confirmation.
- 6 The Finance manager shall only raise a payment voucher basing on the indicated on the requisition if all the relevant support documents are attached and there are adequate funds to effect the payment. The rejected requisition shall there are adequate funds to effect the payment. The rejected requisition shall be returned to the interested party indicating the reasons for the rejection.

10.6.2 Procedures for Bank Payments

- 1 The Accountant shall enter the payment details on the requisition into the Accounting System and a voucher raised with details of the relevant accounts codes and titles to be posted, the costs for each account, source of funding and program / project.

- 2 A copy of the payment voucher shall then be prepared and sent together with the support documents to the Executive director for review and approval.
- 3 Upon approval, the Payment Voucher shall then be passed to the Finance manager for preparation of cheque if applicable or for capturing the bank and other details into the EFT system to facilitate an electronic funds transfer. The Finance manager shall check the document and confirm that the information therein is the same as what was posted into the Accounting system before inputting the data into the EFT system.
- 4 Once the cheque has been signed or the transfer made, the payment voucher and all supporting documents shall be stamped “PAID” to avoid re- presentation of documents.
- 5 The Accountant shall update the cash book and relevant ledger accounts in the Accounting System. The payments shall be analyzed according to the type of expenditure. The payment voucher together with the support documents shall then be filed away.

10.7 Key Control Processes

- 1 All payments shall be released to beneficiaries promptly and acknowledgement of receipts obtained immediately;
- 2 Payments shall be made based on duly approved payment vouchers that are supported by original document

11.0 PETTY CASH MANAGEMENT

11.1 Policy Objectives

To ensure that:

- 1 Petty cash is utilized for the intended purpose and is accounted for properly.
- 2 Petty cash is replenished appropriately and timely.
- 3 Petty cash is recognized daily; and
- 4 Petty cash requisitions are duly approved in compliance with the levels of authority.

11.2 Policy Statement

All staff members shall comply with the following general principles:

- 1 Petty cash shall be used to settle small payments not exceeding UGX. 100,000 when the balance falls below; UGX 50,000
- 2 Petty cash float shall be maintained at UGX. 500,000 and shall be replenished when the balance falls below; UGX 50,000.
- 3 Petty cash replenishments shall be made after full accountability of the previous imprest.

11.3 Documents

The following are the key documents that shall be used to guide staff during the process for petty cash management;

- Petty cash book
- Petty cash requisition
- Petty cash reconciliation statements
- Cash count certificate
- Petty cash replenishment requisition

- Payment voucher
- Petty cash payment voucher

11.4 Responsibility

The following persons shall be responsible for the management of petty cash;

- Executive director
- Finance manager
- Accountant
- Assistant accountant / petty cashier

11.5 Procedures

11.5.1 Petty cash management

- 1 A petty cash imprest system shall be established at De Nazarin Community Relief to meet the immediate cash needs requiring small amounts of cash for purchases and service payments. The amount of the float for the main petty cash float shall be UGX 500,000. The approval of the new float shall be given by the Finance manager. The replenishment level of the petty cash float shall be UGX.50, 000 and the maximum limit for individual payments out of this float shall be UGX.100, 000.
- 2 The Assistant accountant / Petty cashier unless otherwise is responsible for maintenance of petty cash. The petty cash shall be kept separate from all other cash resources and can only be issued from the petty cash box/ safe.
- 3 Access to the petty cash / safe shall be restricted to the respective Assistant accountant/ Petty cashier
- 4 Petty cash payments shall only be paid after submission and approval of a duly approved petty cash voucher containing the following information: -
 - a. Reason for the claim;
 - b. All floats received;
 - c. Original supporting documentation (indicating the purpose that costs were incurred for De Nazarin Community Relief)
 - d. Payee;
 - e. Amount of petty cash in words and numerals.
 - f. Signatures of the preparer, person checking, approving authority and payee.
- 5 The Assistant accountant / Petty cashier shall maintain a petty cash book that included the following
 - a. The running balance;
 - b. All floats received;
 - c. Payments made (basing on duly approved serially numbered petty cash vouchers); and
 - d. The daily closing balance

Note: Petty cash book maintained in a spreadsheet shall be printed and filed every month.

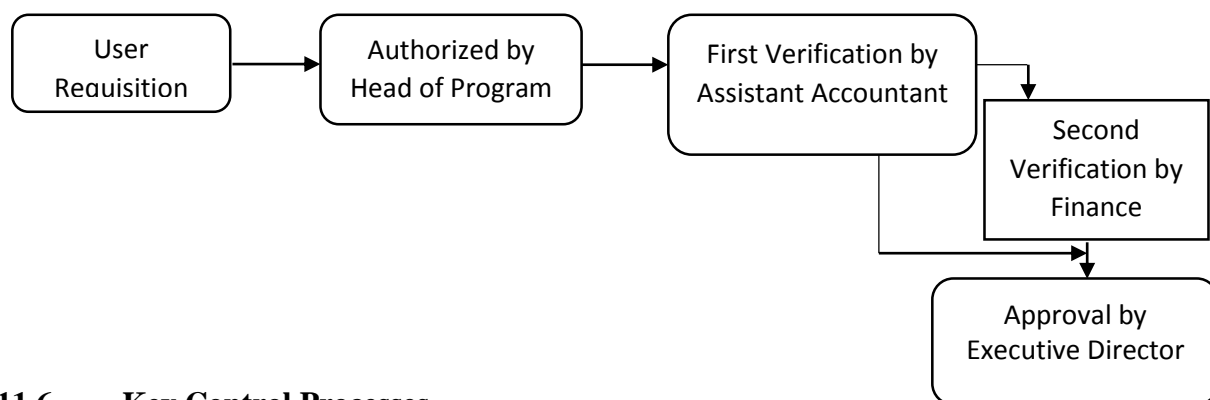
- 6 At the end of the day, the Assistant accountant / Petty cashier shall be count the cash at hand and reconcile it to the balance per petty cash book.

- 7 Monthly petty cash counts shall be performed and the results of the count documented in a cash count certificate.
- 8 The Finance manager shall perform surprise cash counts and document the results in a cash count certificate.
- 9 Reconciliations of the cash at hand with the cashbook balance shall be carried out by the Finance manager immediately after the cash count. Any differences arising shall be investigated & reported to the Executive director for appropriate action.

11.5.2 Petty Cash Replenishment

1. Replenishment of petty cash shall be done basing on the actual expenditure whenever the balance runs below UGX. 50,000.
2. The Petty cash holders shall prepare and submit the petty cash replenishment requisitions together with the reconciliations and support documents to the designated Assistant accountant /Petty cashier for review.
3. In on circumstances shall cash be borrowed from other sources to make petty cash payments.
4. The Finance manager shall check and review the petty cash requisition for accuracy before submitting it to the Executive Director for final approval.
5. The Finance manager shall draw the cash from the bank and maintain the petty cash pending requisitions.
6. The relevant accounts in the GL shall be updated by the accountant when petty cash payments are made.

FLOW CHART OF THE PETTY CASH REQUISITION AND ACCOUNTABILITY PROCEDURES



11.6 Key Control Processes

- The Finance Manger shall ensure that no petty cash is replenished until full and adequate accountability has been submitted.
- Monthly petty cash counts shall be performed for the petty cash.
- Surprise cash counts shall be conducted by an independent official (Finance Manager)

- Petty cash reconciliations showing an analysis of cash received, cash payments and cash at hand shall be prepared and reviewed by the Finance Manager.

12 PROCESSING TRAVEL ADVANCES

12.1 Policy Objectives

To ensure that:

- 1 Travel advances are only paid for the operations of De Nazarin Community Relief.
- 2 Travel advances are paid according to the authorized rates; and
- 3 Travel advances are processed, recorded and accounted for accurately and promptly.

12.2 Policy Statement

All staff comply with the following general principle:

- 1 Travel advances shall be processed and paid according to the authorized rates and shall only be drawn for purposes supporting the implementation of the Strategic rates must be approved by the donors / Board.

12.3 Documents

All staff comply with the following general principle:

- Travel requisition form
- Travel expense report
- Official per diem rates
- Cash payment voucher
- Foreign exchange slips
- Work plans
- Detailed budgets
- Approved rates for subsistence allowances (per diem rates & other rates)

12.4 Responsibility

The following persons shall be responsible for the disbursement of travel advances process;

- Executive director
- Finance manager
- Head of program/s
- All staff

12.5 Key Control Processes

- 1 Duly approved official rates shall be used when making payments for staff allowances.
- 2 All advance payments for travel expenses shall be accounted for within 5 days of return from the field/mission.

13.0 PAYROLL PROCESSING

13.1 Policy Objectives

To ensure that:

- 1 Payroll is only prepared for bona fide employees of De Nazarin Community Relief;
- 2 Payroll data is accurate, reliable, and all salary deductions are computed properly and accurately;

- 3 The payroll is approved and authorized by the Executive Director before payments are effected;
- 4 All overtime has been properly approved; and
- 5 All legal /statutory and any other deductions are remitted to the appropriate authorities in time.

13.2 Policy Statement

All staff members shall comply with the following general principles:

- 1 The payroll shall be reviewed and approved before payment of salaries, regular allowances and benefits and payments shall only be made to bona fide employees of de Nazarin community relief.
- 2 Payment of salaries, allowances and benefits shall be made through bank accounts indicated by employees in writing.

13.3 Documents

The following are the key documents that shall be used to guide staff during payroll processing;

- The Payroll.
- Contracts and appointment letters.
- Communication of changes in remuneration.
- NSSF schedule.
- PAYE schedule.
- Overtime sheet.
- Pay slips.

13.4 Responsibility

The following persons shall be in charge of the payroll processing;

- Executive Director.
- Finance and Administrative Manager.
- Accounts assistant.

13.5 Procedures

- 1 The **Finance and Administrative Manager** is responsible for maintaining personnel records for all employees including the staff member's bank details to which their salaries shall be credited.
- 2 The **Accounts Assistant** shall prepare a monthly payroll by the 23rd day of the month.
- 3 It is the responsibility of the **Finance and Administration Manager** to inform the Executive Director of the changes to the standing information to the payroll for each month by the 10th of the month. Some of the changes may include, appointments, attendance record, dismissals, resignations, salary review resulting from increase / decreases, and any other authorized changes.
- 4 All non-permanent changes to the payroll shall only be made by the **Finance and Administration Manager after** approval by the **Executive Director**. Such changes may include, non-permanent allowances, overtime payable, recoveries from salaries for unaccounted for advances, salary advances and change in time effort.

- 5 The **Executive Director** and **Finance and Administration Manager** have the responsibility of ensuring that a request for overtime is approved beforehand. Overtime claim forms shall be completed by employees on a monthly basis by the 10th day the following month and paid one month in arrears.
- 6 The **Finance and Administrative Manager** shall prepare the monthly payroll by the 20th of each month and shall clearly indicate:
 - a. Gross pay (including basis pay, allowances payable, overtime payable).
 - b. NSSF deductions.
 - c. PAYE deductions.
 - d. Net pay due to employees.
 - e. Salary advances to be recovered.
 - f. Other recoveries e.g. Time not worked.
 - g. Costs to be recovered.
 - h. Net amount payable to employees.
- 7 A copy of each month payroll shall be printed and submitted to the **Executive Director** for review and approval.
- 8 Upon approval, the **Accountant Assistant** shall prepare the payment vouchers and bank transfers using the EFT system.
- 9 The **Finance and Administration Manager** shall ensure that the salaries are paid by the 25th day of the month.
- 10 Remittances for PAYE and NSSF shall be made by the 15th of the following month.
- 11 The **Finance and Administration Manager** shall send out pay-slips to all employees once payment of salaries is affected. The pay slip shall indicate the following:
 - a. The consolidated salary, salary arrears, overtime pay, other employee benefits for the month and gross pay.
 - b. Statutory deductions like PAYE, NSSF.
 - c. Non-statutory deductions like recoveries for time not worked, workers scheme, business advance deductions and salary advances recoveries.
 - d. The net pay.
- 12 Any complaints by employees regarding the pay slip's information shall be addressed to the Executive Director, and resolved immediately.
- 13 At the end of the month, the Finance and Administration Manager shall check the payroll against the General ledger to ensure that it is accurately posted.

13.6 Key Control Processes

- 1 All payroll changes shall be properly authorized by the **Executive Director**.
- 2 Payment of salaries, allowances and benefits shall be made through bank accounts indicated by employees in writing.
- 3 Monthly reconciliation of the Payroll to the general ledger shall be performed by the **Accounts Assistant** and previewed by the **Finance and Administration Manager**;
- 4 The **Finance and Administration Manager** and the **Executive Director** shall review and sign the payroll prior to processing of payment; and
- 5 The **Finance and Administration Manager** shall maintain copies of the approved monthly payrolls.

14.0 PROCESSING PAYROLL ADVANCES

14.1 Policy Objectives.

To ensure that:

- 1 All salary advances are duly authorized by responsible officers of De Nazarin Community Relief;
- 2 There is timely processing of advances and that these are accurately recorded;
- 3 There is timely recovery of salary advances;

14.2 Policy Statement

All staff members shall comply with the following general principles:

- 1 All salary advance payments shall be duly authorized and correctly stated in de Nazarin community relief books of accounts;
- 2 Recovery of salary advances shall commence at the end of the month following the payment of the advance and shall be fully recovered by the end of the financial year.

14.3 Documents

The following are the key documents that shall be used to guide staff during the disbursement of payroll advances;

- Salary advance form
- Staff request for advance
- Salary Advance ledger
- Payment vouchers

14.4 Responsibility

The following shall be in charge of the payroll processing;

- Executive Director
- Finance and Administration Manager
- Accounts assistant

14.5 Procedures

- 1 Salary advances are payments made to staff their salaries before they are earned.
- 2 Staff members shall submit a request of the advance on a salary advance form to the **Finance and Administration Manager** for recommendation. The salary advance shall not exceed the net pay for the staff for a month unless otherwise.
- 3 The salary advance form shall be submitted to the finance department for approval and processing. The **Finance and Administration Manager** shall check the allowed limits and ensure that there are no outstanding advances. No further advances shall be paid until all previous advances have been recovered.
- 4 Once the checking is done, the Accounts Assistant shall prepare the voucher and cheques or bank transfer where applicable.
- 5 All salary advances shall be recovered in three equal monthly installments after the month when the advance was taken.

- 6 De Nazarin Community Relief funds shall not be used to make loan advances to staff. The Finance and **Administration Manager** shall provide guidance to staff to avoid situations whereby staff salary advances could be constructed to be a loan.

14.6 Key Control Processes

- 1 Salary advances shall be recommended by the Finance and Administration Manager and approved by the Executive Director.
- 2 All salary advances shall be recovered through the payroll within 3 months.
- 3 No further advances shall be paid until all previous advances have been recovered or accounted for.

15.0 FIXED ASSETS MANAGEMENT SYSTEM

15.1 Policy Objectives

To ensure:

- 1 All fixed assets acquisitions, disposals and changes are authorized and are accurately recorded;
- 2 The fixed assets register is promptly updated with all fixed assets acquisitions and disposals; and
- 3 All tangible assets are individually identified and accounted for;
- 4 All movable fixed assets are uniquely engraved for easy identification.

15.2 Policy statement

The accountant shall ensure that the fixed assets register is promptly updated with all fixed assets acquisitions and disposals and this shall be available to all staff for transparency purposes.

15.3 Documents

The following are the key documents that shall be used to guide staff during the process of fixed assets management;

- Fixed assets register (FAR)
- Purchase and requisition form
- Fixed assets disposal forms
- Invoices
- Receipts
- Depreciation rates

15.4 Responsibility

The following staff shall be responsible for the assets management process;

- Executive Director
- Finance Manager
- Procurement Committee

15.5 Procedures

- 1 A fixed asset register shall be maintained by the Finance Manager to record all the assets of De Nazarin Community Relief. The FAR shall contain the following fields:
 - a. Asset number;
 - b. Asset description;
 - c. Date of acquisition;

- d. Original cost;
 - e. Date of sale;
 - f. State of insurance;
 - g. Condition of assets;
 - h. Depreciation;
 - i. Net book value; and
 - j. Location of assets.
- 2 All fixed assets additions shall be posted to the relevant accounts in the Accounting system by the Accountant using duly approved documentation such as payment vouchers and the relevant support documents. The Fixed assets register shall also be updated with all asset acquisitions.
 - 3 Once an asset is disposed off, appropriate accounting entries shall be passed in the general ledger and on the Fixed Asset register reflecting the following:
 - a. Date of disposal;
 - b. Proceeds from disposal;
 - c. Gain or loss from disposal;
 - d. Buyer's name and addresses;
 - e. Purpose of disposal.
 - 4 The terms and conditions in donor agreements with regard to asset disposal and revenue recognition shall be complied with.
 - 5 Gain / loss on disposal of assets shall be credited or debited in the general ledger to the Gain / Loss on disposal of assets accounts. Any gain /loss from the disposal of fixed assets shall ultimately be transferred to the capital fund account as agreed upon by the donor.
 - 6 A physical verification of all assets shall be performed annually by the Finance manager in collaboration with the internal Auditor and the results of this verification reconciled to the FAR.
 - 7 A physical asset verification report shall be prepared by the Finance manager highlighting the following:
 - a. Listing of assets verified;
 - b. Condition of the assets; and
 - c. Any exceptions.

15.6 Key Control Processes

- 1 The Finance manager shall ensure that assets register is updated on a regular basis so as to take into account any additions disposals during the year.
- 2 All fixed assets shall be engraved or tagged and referenced for ease of identification.
- 3 Quarterly review of the fixed assets register shall be carried out by the Finance manager.
- 4 A physical verification of assets shall be undertaken at least once annually by Finance manager and any other assigned personnel.

16.0 ANTI FRAUD POLICY

16.1 Policy Objectives

To ensure that:

- 1 There are adequate procedures for prevention, detection and management of fraud;
- 2 All staff of De Nazarin community relief are aware of their respective responsibilities with regard to fraud;

- 3 There is a suitable environment for managing fraud; and
- 4 There are adequate protection guidelines for those reporting suspected fraud.

16.2 Policy Statement

All staff members are to comply with the following general principle:

De Nazarin Community Relief has a zero tolerance to fraud and corruption and staff act with integrity at all times.

16.3 Responsibility

- The Board
- Executive Director
- All staff of De Nazarin Community Relief.

16.4 Anti- Fraud Culture

De Nazarin community relief is committed to prevent fraud and corruption from occurring and developing an anti-fraud culture. In order to achieve this, De Nazarin Community relief shall;

- a. Put in place guidelines to prevent fraud;
- b. Ensure that when fraud occurs, a vigorous and prompt investigation takes place with no regard to position or length of service;
- c. Take appropriate disciplinary and legal action in all cases, where justified; and
- d. Review existing systems and procedures to prevent similar fraud.

16.5 Procedures

- 1 In case of deliberate misuse of funds, the Executive director and the Board shall be informed immediately.
- 2 The Internal Auditor has the overall responsibility for managing risk of fraud. His / Her responsibilities include;
 - a. Developing a fraud risk profile and undertaking a regular review of the fraud risks;
 - b. Establishing effective anti-fraud procedures and fraud response plan;
 - c. Recommending the controls to prevent fraud; and
 - d. Establishing appropriate mechanisms for reporting fraud.
- 3 De Nazarin Community Relief shall put in place avenues for reporting suspicion of fraud including the guidelines for protecting whistleblowers. All matters will be dealt with in strict confidence.
- 4 De Nazarin Community Relief shall put in place a suggestion box where staff shall report any suspicion of fraud in confidence. The internal auditor shall periodically review the information in the suggestion box and carry out investigations.
- 5 Investigations regarding fraud shall be reported to the Executive director for action and if such investigations relate to the Executive director, a report shall be prepared directly to the Board.

16.6 Key Control Processes

- 1 Adequate procedures for prevention, detection and management of fraud shall be established and followed by all staff of De Nazarin Community Relief.
- 2 All staff shall adhere to the anti-fraud policy.

17.0 VEHICLE MANGEMENT PROCESSES

17.1 Policy Objectives

To ensure that:

- Vehicles are maintained for use by staff for De Nazarin Community Relief activities;
- Vehicles and fuel usage is only for De Nazarin Community Relief activities unless stipulated in writing otherwise; and
- There is an effective system for the management of vehicles and fuel usage at De Nazarin Community Relief;

17.2 Policy Statement

All staff members must comply with the following general principles:

De Nazarin Community Relief shall maintain an efficient and effective vehicle property management system that promotes its strategies objectives

17.3 Documents

Key documents include:

- Fuel requisition form
- Vehicle Register
- Car registration books
- Vehicle movement log books that record mileage and purpose of the trip;
- Monthly fuel consumption reports;
- Accountabilities submitted in respect of fuel used
- Motor vehicle service agreements;
- Repairs and maintenance reports;

17.4 Responsibility

- Executive director
- Finance manager
- Drivers

17.5 Procedures

17.5.1 Requisitioning for transport

- 1 A request for use of the vehicle shall be made by the respective staff to the Finance manager before submission to the Executive Director a day before the vehicle is required. The requisition for the vehicle use shall contain the following:
 - a. Purpose of the trip & description;
 - b. Date when required;
 - c. Departure and arrival times;
 - d. Number and name of passengers;
 - e. Driver's name; and
 - f. Car registration number.

- 2 The Executive director shall allocate vehicles to the requisitioned depending on the availability of the vehicles and the urgency of the activity to be undertaken. Where the vehicle is requested for by two staff members, the staff member required to travel the furthest will be given priority in the use of the vehicle. Vehicle usage priority shall be program based.
- 3 The Finance Manager shall maintain a vehicle register which records the following:
 - a. All details of the vehicle taken,
 - b. The driver responsible for the vehicle,
 - c. The user of the vehicle,
 - d. Purpose and destination of trip.
- 4 The Finance manager shall always update the vehicle register whenever the vehicle is returned.

17.5.2 Management of Fuel and Vehicle Usage

- 1 All vehicles shall meet all the requirements of the National traffic laws.
- 2 All vehicles shall be driven by authorized personnel
- 3 All vehicle movement log book shall be maintained and completed by the driver after the trip and endorsed by the user of the vehicle. This shall be submitted to the Executive director for review and monitoring fuel consumption.
- 4 Vehicles shall be fueled from designed fuel stations unless otherwise such a fuel station does not exist in the location of travel.

17.5.3 Fuel Requisitioning

- 1 A duly approved fuel requisition form shall be completed and submitted to the Executive director for approval. The requisition shall include the following:
 - a. Vehicle registration number;
 - b. Odometer reading before re-filling;
 - c. Distance to be covered;
 - d. Quantity of fuel in liters;
 - e. Price per liter;
 - f. Name and signature of requester and,
 - g. Signature of approving officer.
- 2 Amount of fuel provided shall be determined by the engine size of the vehicle to be used and distance to be covered.
- 3 A fuel order shall be raised to be submitted by the driver to the pump attendant. The duplicate copy of the fuel order shall be retained by the Finance manager / Accounts Assistant. Where the fuel required exceeds the capacity of the vehicle tank, the excess shall be requested for as an advance to be accounted for fully.
- 4 At the end of each month, the Finance manager shall obtain a fuel report / invoice from the fuel station and reconcile it with the fuel requisition forms and fuel order forms. Any discrepancies noted shall be investigated and appropriate action taken.
- 5 If there are no discrepancies, the invoice shall be forwarded for payment.
- 6 The Finance manager shall prepare a monthly fuel consumption report for all motor vehicle and submit this to the Executive director for review.

- 7 The Finance manager shall monitor the consumption per vehicle and compare with the established consumption rate. Fuel consumption per vehicle shall be checked monthly by the Executive director.

17.5.4 Vehicle parking and Storage of keys

- 1 All vehicles shall be returned to de Nazarin community relief office premises by 5:00pm every day and the keys handled over to the Finance manager.
- 2 All staff shall have the responsibility of informing the Finance manager in the event that they need the vehicle beyond 5:00 pm so that arrangements can be made for the security of the vehicle and the keys.
- 3 The driver in charge of the vehicle shall be responsible for the security of keys for the vehicles that are being used beyond 5:00pm.

17.5.5 Transport Reimbursement

- 1 Reimbursements for fuel costs shall be made to staff for trips on official duty and approved by the Executive director. These shall be made out of the relevant organizational budget under which the official trip was made on the basis of receipts or claim forms.
- 2 Staff will not use their personal vehicles to carry out the work of De Nazarin Community Relief unless properly authorized.
- 3 In order to ease the payment process, it is recommended that the staff member shall pay for the taxi fare and claim this on the basis of the official receipt or claim form attached at the time of submission of his/ her travel report.

17.5.6 Vehicle Maintenance and Repairs

- 1 De Nazarin Community Relief vehicles shall be serviced in accordance with the service agreements basing on the approved repair / service order.
- 2 Drivers shall have the responsibility for supervising the repairs and maintenance of the motor vehicles allocated to them to ensure that the vehicles are always roadworthy. Drivers of De Nazarin Community relief vehicles shall be personally liable for prosecution for driving vehicles when apprehended by traffic police.
- 3 Drivers shall be personally responsible for any damage that may occur to that vehicle under their custody.
- 4 When a need for repair and /or a routine service has been identified, a service/ repair order shall be completed and submitted to the Executive director for approval.
- 5 Upon approval, the respective shall take the vehicle to the designated dealer / service provider for the repair or routine service whichever is applicable.
- 6 The Finance manager shall verify that the repairs and / or service has been completed in line with the order given before payment is authorized.
- 7 The Finance Manger shall obtain an invoice from the dealer / service provider and verify these against the service / repair orders. Any inconsistencies in the invoices must be brought to the attention of the respective dealer / service provider and resolved before payment is recommended.
- 8 Any reported negligence for example. Reckless driving; drink driving is not tolerated and shall be at the expenses of the respective driver.

17.5.7 Emergencies

- 1 In case of an accident, the driver shall immediately contact the police and the Finance manager and provide a list of injured passengers, nature of injury and location of the accident. Unless the driver has serious injuries, he / she shall not leave the scene of the accident until relieved by the police,
- 2 If the accident occurs in a place where the residents may take the law into their own hands, the driver shall immediately drive to the nearest police station and report the case.
- 3 If the accident occurs and the vehicle is rendered immobile, the driver shall make the necessary arrangements to have the vehicle towed to the nearest designated dealer/ service provider for safe custody. If the driver or passengers are injured, arrangements shall be made by the Finance manager to take the injured to the nearest reputable health center even though they may have received first aid or the injuries appear minor.

18.0 AUDIT POLICY

It is the policy of the organization to conduct one organizational audit per fiscal year. Selection of the auditors shall be done in accordance with Uganda Accounting Standards, as well as any appropriate guidance from the donor.

19.0 DONOR'S POLICY AND GUIDELINES

While the policies and procedures outlined above are De Nazarin Community Relief's policies, the donor's policy shall take precedence over the policies and procedure outlined above, if the donor differ from De Nazarin Community Relief.

