



TRANSPARENCY INTERNATIONAL.

SIERRA LEONE

REVISED FINANCE MANUAL

Introduction

Transparency International Sierra Leone is the local chapter of Transparency International, a global civil society anti-corruption network. The key objective of Transparency International is to promote transparency and accountability in both the public and private sector as a means of curbing corruption through evidenced based advocacy and engagement.

Transparency International Sierra Leone, formerly the National Accountability Group is a local non-profit, non-governmental anti-corruption advocacy civil society organization established as a taskforce in 2001 after 7 professional Sierra Leoneans participated in the Annual Members Meeting and International Anti Corruption Conference in Prague, Czech Republic organized by Transparency International.

In July 2004, TISL formerly NAG was reorganized as an independent organization with a mandate to achieve greater accountability, transparency and integrity in private and public affairs. Its work is dedicated to curb corruption by holding local and national governments and public duty bearers accountable to the people of Sierra Leone.

In September 2010, after duly serving as a local in the formation and completing a Self-Assessment of TI for Full Chapter status, TISL was granted Full Accreditation by TI Secretariat as the Local Chapter in Sierra Leone. This has led to the change of name and logo in April 2011

Purpose of the Job:

Brains consultancy and general services was contracted to review the Finance Procedure Manual alongside with the staff and management of Transparency International Sierra Leone, and make necessary inputs on best practice and update procedures.

Inputs that were made on the Manual:

Below is the final reviewed version of the Finance Procedure Manual, the ones in yellow highlights are the inputs made based on unanimous decision of the staff and management of Transparency International Sierra Leone

➤ Purpose of Document:

- A. This document is a comprehensive finance manual for TISL. It considers the regulatory and reporting framework in which the organisation works together with the day to day operations. It requires to be adopted and reviewed after every

three years or as required by the prevailing context and should be approved by the Advisory Board

B. The document consists of four elements:

- (i) Section A – The Rule Book – this covers the regulatory framework in which the organisation operates and considers legal, accounting and internal governance arrangements.
- (ii) Section B – Considers the tasks undertaken by the organisation in relation to Finance and set out timetable for undertaking these tasks in accordance with this manual .
- (iii) Appendices – These provide a set of relevant documents that complete the picture of the finances of the organisation.

Section A

1. Introduction

1.1 Overview of Financial Management of the Organisation

1.1.1 Transparency International Sierra Leone (TISL) is the local chapter of Transparency International a global civil society anti-corruption network. TISL was established in 2004 as the National Accountable group (NAG) In 2010 the name was changed to Transparency International after gaining full accreditation from Transparency International Secretariat in Berlin, Germany.

1.1.2 The financial year of the organisation runs from 1 June to 31 July.

1.1.3 The governance of the organisation is over seen by an Advisory Board made up of members from diverse fields.

1.1.4 The finance function is delegated to the Finance Department which form part of their responsibilities

1.1.5 The External Auditors are appointed by the Advisory Board after every three years.

No formal arrangements for internal audit exist at present, albeit donor partners undertake regular monitoring reviews.

1.1.6 The organisation is funded by grants and donations (foreign and local).

1.2 Financial Framework, Authorisation Limits and Powers Set by Executive Committee

1.2.1 Financial and non-financial powers are documented in the Minutes approved by the Advisory Board.

1.2.2. These infer the income and the funds (if any) of the TI-SL shall be utilized solely for the realization of its Aims and will not carry on any activity with the intention of earning profit.

The organisation can invest its Income with the aim of carrying out its non-profit activities and sustaining TI-SL's operations

1.2.3 Roles and responsibilities of the management of resources are detailed in section 1.3, in addition a financial framework is in place regarding the safeguarding of the property and financial affairs of the organisation. The key authorisation limits and requirements are listed below:

Area	Who	Limit
Cash limit		
Bank Accounts operation	The Chair, 1 Advisory Board and the Executive Director. A senior staff can also act in the absence of the	n/a

	Executive Director	
Expenditure Authorisation Limits	The Chair or any Board member and the Executive Director	n/a
Expenditure Limits	Executive Director	n/a
Expenditure Limits	Finance Officer	n/a
Expenditure Limits	Intern (finance)	n/a
Petty Cash Limit	Designated by Committee	NLE 1,500

1.3 Roles and Responsibilities

1.3.1 Responsibility for the Network's finances is held by a number of different people and groups. These include the following:

- Advisory Board
- Advisory Board Chair
- Employees
- External auditors

The main financial roles and responsibilities are set out below.

1.3.2 The Advisory Board

- (i) Adoption of Statement of Accounts for the preceding year;
- (ii) Appointment of the Auditors ;

- (iii) Appointment of the necessary executives;
- (iv) Approval of Expenditure
- (v) Approval of annual budget;
- (vi) Appointment of an Executive Director.
- (vii) Obtaining grants and donations;

1.3.3 The Operational Committee

- (i) Ensure the implementation of planned activities, to enhance the functioning and facilities of the organisation;

1.3.4 The Chair of Advisory Board

- (i) Approval of all Expenditure
- (ii) Bank signatory

1.3.5 Employees

1.3.4.1 Executive Director

- (i) Responsibility for the day to day administration and management of the organisation;
- (ii) Reporting to Advisory Board and membership on activities;
- (iii) Ensuring that financial management arrangements are sound and effective, and that there is an effective system of internal financial control;
- (i) Maintaining a continuous review of the financial procedures and submitting any additions or changes necessary to the Advisory Board for approval.

- (ii) Preparing an appropriate annual budget for the Organisation, for approval by the Advisory Board
- (iii) Ensuring that any partnership are underpinned by clear and well-documented internal financial controls;
- (iv) Ensuring there is an adequate and effective auditing arrangements;
- (v) Ensuring that risk management is embedded within the organisation, including ensuring arrangements for safeguarding assets, risk avoidance and insurance are in place;
- (vi) Ensuring anti-fraud and anti-corruption measures are in place.

1.3.4.2 Finance Officer

- (i) Make payments on the vouchers as may be authorised by the Executive Director/ Senior Staff and the Advisory Board;
- (ii) Maintain all relevant records and report about the utilization of the funds and income of the organisation entrusted to him/her in a transparent way.
- (iii) Ensuring that statutory and other accounts and associated claims and returns in respect of grants and donation are prepared and present fairly in the financial position of the organisation;
- (iv) Ensuring that efficient procedures and processes are in place and undertaken with respect to accountancy, payroll, invoice payment, income processing, purchasing and financial systems.
- (v) Ensure compliance of all financial procedures set by the organisation.

1.3.4.3 – Admin and Finance Assistant

- (i) Writing up cash and bank vouchers
- (ii) Support in writing up cheques
- (iii) Daily update of monthly accounts for all payments made
- (iv) Withholding tax summary computation to NRA
- (v) Prepare schedule and make payment of the National Social Security Insurance Trust (NASSIT).
- (vi) Update Fixed Asset register of the organisation
- (vii) Maintain petty cash and its operations
- (viii) Serve as the focal person for all procurements

1.3.4

External Auditors:

- (i) Auditing the organisation's annual financial statements in accordance with relevant legal and regulatory requirements and standards;
- (ii) Provision of audit requirements in relation to statutory returns and donor requests;
- (iii) Advise TI-SL in writing with regard to financial and legal issues that are pivotal to the correct and smooth functioning of the organisation by provision of a Management Letter.

2. The Budget Planning and Management Process

2.1 Planning and Budgeting

- 2.1.1 The organisation needs to plan effectively and develop systems to enable scarce resources to be allocated in accordance with its priorities and the wishes of its donors and the network.
- 2.1.2 The strategic plan is a long term operational plan for an organisation and is a key reference document providing comprehensive information on the essential points of the organizations activities. The budget is the financial expression of the organisation's long term plans and objectives.
- 2.1.3 Budget management ensures that once the budget has been approved by the Advisory Board will ensure that resources allocated and procured are used for their intended purposes and are properly accounted for.
- 2.1.4 Budgetary control is a continuous process, supporting the review and adjustment of its budget targets during the financial year.

2.2 Budget Preparation

- 2.2.1 A budget is maintained and reviewed based on the current context within the year. This process is led by the Executive Director.
- 2.2.2 Estimates of revenue income and expenditure are identified by both the Program and the Finance Team led by the Executive Director in October of each year for the following year. These are then refined within the year once actual funding is known.
- 2.2.3 Approval of the budget is by Advisory Board

- 2.2.4 The responsibility for delivering the activities detailed in the budget will sit with relevant senior management.

2.4 Budget Reporting

- 2.4.1 The Finance Officer shall furnish the Executive Director with up-to-date information on actual expenditure and income compared with the approved budget on a monthly basis by donor and project.
- 2.4.2 The monthly report identifies material variances (10% of annual budget) against budget, these are annotated with a narrative explanation.

2.5 Budget Management

- 2.5.1 The responsibility for ensuring that the Budget is not exceeded shall rest with the Executive Director.
- 2.5.2 If it appears that the amount of any budget expenditure provision may be exceeded, or the amount of any budget income not reached, and the excess expenditure or shortfall in income cannot be met from moving monies from another budget line. The matter will be referred to the Executive Director or the Advisory Board. This can also be escalated to the relevant donor if need be.
- 2.5.3 Authority to move budget between budget lines is as follows:
- 0 to 10% of original annual project budget.– Executive Director
 - All other movements – Advisory Board

2.6 Donor Reporting

- 2.6.1 Donor reporting is a key output from the financial report and often budgetary constraints are placed on the use of funds.
- 2.6.2 The responsibility for preparing donor financial reports in the requisite format sits with the Finance Officer, with the Executive Director reviewing. A schedule of donor reporting is maintained with the Finance Officer

3. Accounting Systems

3.1. Significant Accounting Policies

- 3.1.1 Accounting policies as detailed in appendix E are the specific accounting principles, bases, conventions, rules and practices adopted by the organisation in preparation and presentation of financial statements. These are applied consistently from one financial year to the next. Any change, material change should be disclosed in the Annual Statement of Accounts.

3.2 Overview of Accounting Process

- 3.2.1 The accounting process is the method by which financial transactions and are recorded and then accounted for. Transactions are recorded in excel, and Quickbooks or any other approved software by the Executive Director/ senior management staff
- 3.2.2 The financial transactions recorded are income, payments (invoice and salary), banking and online payment transaction
- 3.2.3 Each financial transaction has a duly completed voucher attached to supporting documentation. The voucher is validated and coded prior to entry into the accounting records. This process is undertaken on a daily basis with completeness checked weekly by the Executive Director/ senior management staff.
- 3.2.4 On a monthly basis the financial records/ledger are closed off with bank reconciliations and closing of the ledger being undertaken by the Finance Team.

3.3 Chart of Accounts

- 3.3.1 A separate donor project code is maintained for each type of donor.

3.3.2 Standard set subjective (ledger) code is defined for each type of income, expenditure, asset and liability.

3.3.4 Appendix A list the chart of accounts

3.4 Computerised Accounting

3.4.1 Excel spreadsheets and QuickBooks accounting software are maintained. .

3.5 Financial Accounting Routines and Deadlines

3.5.1 Accounting routines and deadlines are detailed in an office calendar.

4. Risk Management and Control of Resources

4.1 Internal Control

4.1.1 Internal controls are a systematic means by which the organisational financial risks are managed to safeguard its assets. Categories of internal control are:

- (i) Delegated authority – this is the formal delegation of responsibilities for financial decision making.
- (ii) Separation of duties - this protects those operating financial procedures and to prevent any temptation to mis-use funds.
- (iii) Reconciliation – Finance Team will undertake monthly bank and petty reconciliations, this verifies accounting records to make sure that there are no errors or omissions that have so far gone undetected. Unsolved Errors and omissions should be communicated directly to the Coordinator before the end of the following month.
- (iv) Cash control – this ensures that risk is minimized in the handling of cash thus not more than a thousand and five hundred new leones (NLE 1,500) shall be in safe for petty cash operations at a time.
- (v) Floats & Advances- Cash floats and advances for project implementation are issued to a Staff not more than seventy five thousand new leones (NLE75,000) at a time.
- (vi) Retirement of Advances/Floats- No float can be given without complete retirement of the previous made to staff.
- (vii) Physical Control - common sense precautions taken to safeguard the assets of an organization by all staff.

4.1.2 The list below details where these controls require to be adhered to:

A Delegated Authority

- placing and authorising orders for goods and services
- Signing cheques
- Authorising staff expenses
- Handling incoming cash and cheques
- Access to the safe and petty cash
- Checking and authorising accounting records
- Signing legal undertakings

B Separation of duties

- Procurement procedure
- Signing of cheques
- Checking and authorization of accounting records.

C Reconciliation

- Bank Book
- Petty Cash Book
- Salaries and Deductions schedule

D Cash Control

- Money coming is kept separate from money going out
- When money is received a receipt is given
- When money is paid out a receipt is received
- Surplus cash is paid into the bank
- Procedures are in place for the receiving of cash
- Petty cash is held safely and access is restricted.
- Cash transactions are kept to a minimum

E Physical Control

- Locked drawers and cabinets
- Insurance cover

- Safeguarding of fixed assets

4.2 Insurances

- 4.2.1 Insurance is one of the tools used in managing the financial risks of the organisation. None currently exists within the organisation.

4.3 Management and Control of Fixed Assets

- 4.3.1 Items of expenditure with an expected life of greater than one year and a purchase value of greater than 5,000 new Leones are recorded on the asset register.
- 4.3.2 A physical check of assets to the asset register is undertaken annually by Finance Team and External auditors.
- 4.3.3 Disposal of assets requires the approval of the Coordinator following which they can be disposed of appropriately.

4.4 Storage and Maintenance of Past Records

- 4.4.1 All financial paper records have a retention period of 7 years. Current records are stored in the Office.
- 4.4.2 Electronic records are held on a hard drive and online.

4.5 Data Security and Backups

- 4.5.1 Finance records are held in a series of standalone laptops which should be password protected and also in an online storage.
- 4.5.2 No network is in place and documents are shared by means of email or virus checked pen drives.
- 4.5.3 Bi weekly backups to an external hard drive and online storage are made. With restoration tested periodically.

4.6 Annual Audit Arrangements

4.6.1 An external audit is an independent review of the financial statements and reports of the organisation and considers completeness, accuracy and compliance with laws and regulations.

4.6.2 The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating. No explicit arrangements are in place for the performance of this role, allow adhoc reviews are performed.

4.6.3 Arrangement for appointed External Auditors is the responsibility of the Advisory Board.

4.9.5 The scope of work for the External Auditors as set out in their Letter of Appointment are as follows:

- Provide an organisational audit for the reporting period. The audit will comply with International Accounting Standards and cover all income sources and related expenditure within the period.
- The auditor will as part of their work produce a summary of the accounting weaknesses and recommendations in the form of a management letter.
- Provide an audit report and audit opinion and full financial statements with comparison with prior period. The financial statements will comprise of an income

and expenditure statement, balance sheet, cash flow statement, accounting policies and related notes to the accounts.

4.7 Bank Accounts

4.7.1 Bank accounts are maintained in the name of the organisation and approved by the Advisory Board

4.8 How to Deal with Fraud and Other Irregularities

4.8.1 Fraud and other financial irregularities are usually caused through either a lack of financial and internal controls by an organisation or the breakdown of these controls.

4.8.2 Fraud and other financial irregularities cover in this section relate to the divergence of scarce resources from their intended purposes. Examples include, although not exhaustive:

- a) falsification of invoices;
- b) falsification of cheque requirements;
- c) payment of unrelated expenditure, usually of a personal nature;
- d) falsification of attendance records;
- e) falsification of receipts; and
- f) use of organisation's resources for persons gain/use

4.8.3 Procedure for Dealing with Fraud and Other Financial Irregularities

(i) Sources of signs of potential Fraud and Other Financial Irregularities are:

- unexplained variations to the organisation's financial position or procedures;
- allegations both of a verbal or written nature from staff;

- members, clients or other concerned individuals regarding apparent inconsistencies in the financial aspects and procedures of the organisation.
- (ii) Once allegation/evidence of fraud or financial irregularities have been raised the organisation needs to act quickly.
 - (iii) Concerns in first instance should be reported to the Executive Director
 - (iv) All allegations need to be formally investigated, documented and confidentiality maintained by the Executive Director.
 - (v) An investigating officer will be appointed by the Advisory Board and shall be responsible for communication with affected parties.
 - (vi) The person against whom the allegation has been made should be advised they are being investigated.
 - (vii) The investigation officer will report the outcome of their investigation to Executive Director who will determine action to be taken.
 - (viii) The incident will be recorded on the Fraud Incident Report (appendix C).
 - (ix) Should any evidence of fraudulent activity be uncovered, the organisation will consider reporting the matter to the Police for further action.
 - (x) The organisation will seek recovery using the appropriate laws of funds from the person or persons concerned.

5.0 Funds and there nature of management

5.1How Funds are recorded:

Funds from Donors, Agencies and like partners are recorded as Direct project Income of TI-SL.

5.1.1 Retricted Funds:

Restricted funds are funds obtained from donors, agencies and like partners for the implementation of TI-SL project activities.

5.1.2 Admin cost:

TI-SL shall maintain separate Bank accounts for all its administrative expenses.

5.1.3 Unrestricted funds:

These are funds given to TI-SL admin for its administrative and other operational activities to achieve its objectives. The Advisory Board has the right to move administrative funds from account in the bid to support staff welfare and other major expenditure.

5.2 How Funds are generated:

5.2.1 Donations: from individuals, cooperation, foundations and other entities. These can be one time donations or contributions.

5.2.2 Grant: TI-SL may receive grants from agencies, international organisations or private foundations. These grants are typically awarded for specific projects and programs.

5.2.3 Fundraising Events: such as Galas, sponsorship, marathons etc.

5.3 Accounting procedure for Funds received by TI-SL

5.3.1 All direct project funds sent to foreign accounts directly are classed as Direct Project Income.

5.3.2 Project funds sent by Donors, Agencies, etc to TI-SL SLE (local) accounts directly are classified as Direct Project Income

5.3.3 Other Income:

These are funds paid to TI-SL for services offered, for which no reporting requirements is required.

4.9 Purchasing Policy

4.9.1 The purchase of goods or services is necessary for the smooth operation of the organization. The aim of the internal control system for the supplying of goods and services is to ensure orders are handled by individuals with the responsibility and skills to:

- (i) evaluate what purchases are required from suppliers offering the best deals;
- (ii) ensure purchases do not exceed budget provided by 10% and if more than 10% shall require approval by the donor.
- (iii) ensure purchases goods conform to the quantity and price specified in the order.

4.9.2 The organization applies the following criteria when purchasing goods, equipment or services:

- (i) Price
- (ii) Reliability
- (iii) and quality

The first criterion shall be lowest bid but second and third may come into play if issue.

4.9.3 The expenditure limits are detailed in section B, procedure A1.

4.9.4 Documentation shall be completed and retained together with specific reason for choice made.

4.9.5 All other procedure regarding procurement are in the TI-SL procurement policy and procedure

4.10 Staff Benefits, Transportation and Daily Sustainance Allowances

4.10.1 Benefits specific to employees are dealt with in detail in the HR policy, however those that have a monetary value are:

A Taxable

- End of contract payment accrued on an annual basis.

B Non-Taxable

- Annual leave allowance is accrued on a monthly basis.
- Medical allowance is awarded annually for each employee and can be accessed during the second half of the financial year.

4.10.2 Local Transportation and daily sustenance allowances are as follows:

Staff out of station allowance (DSA) is SLE300 (Three hundred new leones)

Staff accommodation allowance is based on the project approved budget and the current price rate this will be reviewed annually

Section B

Operational Procedures

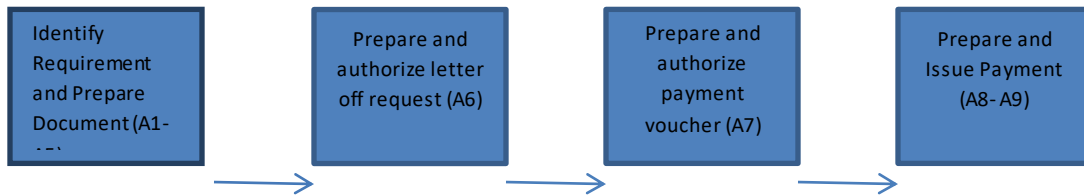
5.0 Overview of Operational Procedures

5.1 The office calendar details all the routine finance tasks. These can be summarised into the following key areas:

Transactions
A. Expenditure
A1 Purchasing/Procurement Decision
A2 Payment of Salaries
A3 Payment of statutory deductions
A4 Issue of float
A5 Issue of petty cash
A6 Letter of Request
A7 Preparation and Authorisation of Payment Voucher

A8 Preparation and Authorisation of Cheque/Bank Transfer
A9 Issue/cash of Cheque
B. Income
B1 Receive Income
B2 Issue receipt
C. Financial Control
C1 Update of Bank Book/Financial Records
C2 Budget Variance Reports
C3 Ledger Reconciliations
C4 Bank Reconciliation
C5 Cash Count
C6 Maintenance of Asset Register
C7 Filing of Finance Documents
C8 Control of Stationery
D. Returns
D1 Donor Reports
D2 Financial Statements

A EXPENDITURE TRANSACTIONS



A1 Purchasing/Procurement Decision

The following procedures need to be respected for all procurement and purchases and should be in accordance with the TI-SL Procurement Policy and Procedure:

Things to Remember:

- Procurement process requirement set out in the Grant Contract or a Funding Agreement need to be followed at all times.
- Quotations need to contain the details of specifications and technical quality, quantity and price of goods.

Process:

- Purchases can be initiated by a 'Purchase' Request Form or by direct request.
- Finance Officer checks availability of funds against budget line at preliminary level when receiving a purchase request.
- Decision to purchase will be approved per below and supplier notified.
- Quality of goods and services received will be checked prior to payment.

A2 Payment of Salaries and Stipends

Process:

- Two processes are followed for the monthly payment of staff. Employees and interns/volunteers are processed differently.

Employees

- Employees are paid a fixed amount by standing order on or around 25th of each month. The standing order is initiated by an authorised letter from TI-SL either at the start of the employees contract or following an amendment to pay.
- A salary slip template detailing gross salary, social security and tax deduction calculation is maintained and issued each month. This supports the payment voucher.

Employees

- Interns/volunteers are issued with an Agreement Memorandum of Understanding which reflects the stipend that will be paid. Payment period is between 25th of each month.
- Withholding tax of 5.5% is calculated and deducted from the gross payment if it is above the Non Taxable threshold.
- A payment voucher is prepared and cheque issued in the name of the intern/volunteer.

A3 Payment of Statutory Deductions (PAYE/NASSIT/Withholding Tax)

- PAYE, NASSIT and Withholding Tax deduction must be paid across to authorities timeously. Per the table below:

Area	Authority	Deadline
PAYE	NRA	15 th
NASSIT	NASSIT	15 th
Withholding Tax	NRA	15 th

- PAYE is deducted from employee's salary, the percentage deducted is based on bands and these are issued by the NRA.
- NASSIT is based on an employee's gross salary and consists of employee (5%) and employers (10%) contributions.
- 5.5% Withholding tax is an amount withheld when making payment to contractors. It is applied for any transactions above the government tax threshold 5.
- Rent Tax returns will be submitted to NRA upon payment of TI-SL office Rent yearly.

A4 Issue of Staff Advances and Float

Things to Remember:

- Staff advances shall be minimised by making payments directly to the concerned parties where possible and reasonable.
- Further advance (or float) will not be given when a previous advance (or float) is not accounted for.
- Advances should be used only for the purpose for which it was drawn. Change of budget line has to be avoided.
- Taking advances for one programme and settle the expenses for another programme is not permitted.

Process:

- Advance expenses like travel & lodging, telephone, stationeries and other incidental expenses of the program (monitoring, meeting and workshop) can be requested by a letter to the Chair of the Advisory Board detailing specific expenses anticipated and justification for the use of a float facility.
- All floats should be retired with adequate supporting documents.
- Unspent floats and advances are to be returned within two working days of returning to the project office. An authorised expense return should be submitted 2 weeks after the return.

A5 Petty Cash

Things to remember:

- Petty cash has to be kept in a locked location at all times.

- Physical balance in petty cash drawer has to agree with book balance at every point and especially at the end of every day.
- Only administrative expenditure payments of goods, services, and works below SLE 1,500 and stipulated in any of the other clauses shall be done using petty cash.

Process

- Petty cash of SLE 1,500 shall be kept in the way of imprest (fixed float) method where reimbursement or replenishment is always made up to a pre-defined level.
- For all payments using petty cash, pre-numbered petty cash vouchers need to be completed by the Intern, reviewed by the Finance Officer and authorised by the Executive Director
- All petty cash vouchers need to be supported by an invoice, receipt or similar document, self-receipts are acceptable for transportation.
- Petty cash records have to be reviewed and signed by the Executive Director before petty cash replenishment.

A6 Letter of Request

- With the exception of petty cash all expenditure will be pre-ceded by a letter of request to the Chairman of the Advisory Board
- The Chair must give his formal approval (written) prior to proceeding to committing to expenditure.

A7 Preparation and Authorisation of Payment Voucher

Things to remember:

- Vouchers are prepared by and reviewed by the Finance Officer/Assistant and the Intern/volunteer – each can carry out either task, however one must review the others work,
- Actual payment to be made only after authorisation by the Chair of the Advisory Board

Process:

- All vouchers are serially numbered

- Payment vouchers have to be prepared for all outward transactions and must include budget code, account number, voucher number and cheque number.
- Payment vouchers need to be supported by external evidence e.g. quotations, invoices, and receipts.
- Payment vouchers must be linked to an activity or programme and need to be supported with a copy of the budget line to which they relate.
- Payment vouchers need to be prepared, reviewed and authorised by three different staff.
- Payment vouchers should be signed by individual receiving payment when issued.
- Top copies of the vouchers together with supporting vouchers to be filed timeously.

A8 Preparation and Authorisation of Cheque/Bank Transfer

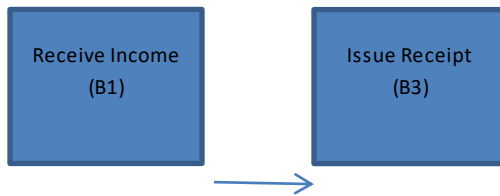
Things to remember:

- Cancelled cheques are to be retained and scored through.
- Unused cheques are to be kept in safe custody.
- No blank cheques to be signed at any time

Process

- All payments need to be supported by a payment voucher and evidence or supporting documents
- All payments above SLE 1,500 should be made either with cheque or by bank transfer.
- Cost for Online payments made for Goods and services must be confirmed by the Finance and payment to be approved by the Executive Director/Advisory Board.
- All payments have to be authorized before payment is issued.
- Authorising personnel shall authorise within a reasonable time frame, so that field activities will not be delayed.
- Cheques issued for payments are accounted on the approved date of the transaction and not when presented to bank.
- Cheque numbers have to be recorded with each entry.
- Bank statements with reconciliation has to be maintained.

B INCOME TRANSACTIONS



B1 Receive Income

- Receipts can be by either bank transfer or cheque.
- All cheques should be deposited in the bank on the next bank working day.
- Receipts to be accounted on the date of receipt /deposit in the bank and not on the date of credit by bank.

B2 Issue Receipts

- Receipts are pre-numbered and should be issued for each sum of monies received.
- Receipt should be issued immediately on receipt of money.
- Receipt has to be signed by the persons giving (if in person) and receiving the money.
- The following information is recorded on the receipt: cheque number, donor, amount and date.
- Copies of cheques, bank transfers and supporting documents should be attached to receipts.

C FINANCIAL CONTROLS

C1 Update of Cash Book/Financial Records

- Cash book spreadsheet has to be updated with every transaction, with the following data recorded: date, description, reference and amount.
- Expenditure analysis spread sheet has to be updated with every transaction, with the following data recorded: date, description, reference, cheque number, budget code and amount.
- Each spread sheet is updated daily with a completeness review undertaken biweekly.

C2 Budget Variance Reports Maintenance

- Budget variance spreadsheet is subject to regular maintenance
- Budget variance reports to be prepared every month by 15 working days following month end.
- Monthly variance report to be reviewed and signed by the Executive Director
- 6 monthly variance reports to be reviewed and considered by the Executive Director.

C4 Bank Reconciliations

- A bank reconciliation compares the bank (cash) book balance to the bank statement and identifies differences.
- A monthly bank reconciliation is undertaken for each bank account by 15th of the following month.
- A spreadsheet template that integrates with the Cashbook and previous months balances is maintained.
- Unreconciled entries are identified and followed up until transaction can clearly be allocated to a budget line or issue has been solved with the bank.
- The bank reconciliations are reviewed and signed by the Executive Director each month
- Matching of the expenditure analysis spread sheet to the Cash book is undertaken by the Finance Officer

C5 Cash Count

- The cash count is performed by the Finance Assistant and the Finance Officer.
- The cash count form needs to be signed by the Coordinator after all cash counts.
- Cash counts are to be performed on a regular basis.

C6 Maintenance of Fixed Asset Register

- Maintain fixed asset register (electronically) giving the following details in respect of each asset:
 - Nature of asset with description.
 - Cost of acquisition.
 - Date of acquisition.
 - Accounting entry reference
 - Payment voucher number, date and budget line code.
 - Asset Number.
 - Location
 - Remarks
- Total assets as per the fixed asset register should match with financial statement
- Asset verifications (including a remark on asset quality) have to take place yearly, date to be determined by Coordinator.

D RETURNS

D1 Donor Reports

- Donor reports are pre-defined by individual donors
- Donor expenditure reporting is derived from the Expenditure Analysis Sheet
- The Finance Officer is responsible for preparing the finance report with the Coordinator reviewing.
- Originals or photocopy of vouchers and supporting documents shall be submitted with each donor report to Donor as per Agreement.

D2 Financial Statements

- Summary of totals of income and expenditure are prepared from financial records for each project
- Totals are reconciled to movement in bank account balances
- Audit file should be prepared by TI-SL Finance Team before yearly audit is done.
- Liaison with External Auditors undertaken lead by Finance Officer.

APPENDICES (ALL IN FINANCIAL MANUAL DIRECTORY)

Appendix A – Chart of Accounts

Appendix B – Calendar

Appendix C – Fraud Incident Report

Appendix D – Accounting Definitions

Appendix E – Significant Accounting Policies

Appendix F – Transportation and Refreshments Limit