بسم الله الرحمن الرحيم

Volunteers National Organization for Development and Humanities Services

منظمة المتطوعين الوطنية للتنمية والخدمات الانسانية

(VOLUNTEERS)

VOLUNTEER'S

Financial Policy

Approved by the general assembly meeting on Oct 2014

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Approved by VOLUNTEER'S general assembly meeting on Oct 2014

INTRODUCTION

The purpose of this manual is describe the financial accounting policies and procedures, and provide for VOLUNTEERS Staff a comprehensive document of all financial, procurement, operating procedures which are required to be implemented on programme. These procedures have been designed to ensure the following:

- Proper financial controls exist to minimise the risk of loss of VOLUNTEERS assets, most notably cash, and in particular to mitigate against the possibility of fraud
- All financial transactions are properly authorised, recorded and supported by appropriate documentation
- Timely and accurate reporting is delivered to VOLUNTEERS and other interested parties, such as institutional donors

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Basic Principles

It is VOLUNTEER'S policy to maintain good accounting records based on generally accepted accounting principles for non-profit organizations, subject to different donor agency guidelines, as applicable. Within these principles, VOLUNTEER'S adheres to generally accepted accounting principles, to ensure costs are reasonable, allowable, and allocable. As such, financial records are maintained and reports are prepared on a cash basis, with the capability to prepare reports on an accrual basis.

Accurate accounting and financial reporting within VOLUNTEER'S are integral to providing the necessary information for budgeting, planning, and management responsibilities. To achieve this, VOLUNTEER'S financial management and reporting systems are constructed so that:

- All payments are based on fully supported documentation.
- All financial records should be supported by source documentation.
- Each funding source is individually identified and individual expenses are coded in a manner to ensure that the expense is charged to the correct funding source;
- Costs are treated consistently with VOLUNTEER'S written policies and procedures and are applied uniformly between federal and non-federal funds;
- Only reasonable and necessary costs for the performance of an award are charged to that award;
- Reports can compare actual expenditures with planned expenditures; and

Within VOLUNTEER'S financial management and reporting system, a number of Cheques and balances have been establish. Given the small size of the VOLUNTEER'S staff, there are limitations in our ability to provide a complete separation of duties and responsibilities. We believe, however, that through the combination of a sound accounting system, daily attention by our administrative assistants, and regular oversight by management, and independent activities, such as our annual financial audit and, as needed, accountant support, we can achieve sufficient separation of duties and responsibilities.

Planning and Budgeting

Preparing a Budget

A budget is defined as "the expected cost of a defined set of activities". A budget must always be prepared before the start of any new programmer or individual project.

The format in which a particular budget is prepared will depend upon the donor. VOLUNTEERS sources its funding partly from institutional donors and partly from VOLUNTEERS As a general rule, institutional donors will usually fund specific individual projects, while VOLUNTEERS will fund the core costs of an entire programmer, i.e. those costs which do not relate to one individual project but to a number of them. In addition, VOLUNTEERS will also fund the costs of individual projects where funds have been raised from their own appeal or the Disasters Emergency Committee (DEC).

Where a budget is to be funded by an institutional donor, the format of the budget will be that required by the donor in question. Copies of these formats are provided by VOLUNTEERS's Programme Funding Team (PFT). Where the donor does not specify a particular budget format, the standard VOLUNTEERS format should be used.

Budgets must be submitted to and approved by the relevant donor prior to any expenditure being incurred.

Core Budgets and Project Budgets

- **Core costs** (net of recoveries from direct projects) are funded by VOLUNTEERS either from its general funds or from appeal monies. Core fund allocations are agreed annually on the basis of VOLUNTEERS's financial year, which runs from Jan to Dce, and reviewed at the mid-year point.
- **Project costs** are funded either by institutional donors or by VOLUNTEERS from appeal moneys. Allocations of funds in this case are in accordance with the length of the project, irrespective of VOLUNTEERS's financial year.

In the event of a new programme start-up, a core budget would need to be approved for an initial start-up period (3-6 months) before becoming part of the annual cycle above.

Management of core cost budgets is the responsibility of the Programme Director, supported by the Programme Finance Manager. Management of individual project budgets is primarily the responsibility of the relevant Area Co-ordinator,although the Programme Director retains overall responsibility.

Monitoring and Control of Project Budgets

The Finance Manager should complete the budget review checklist to ensure it meets the necessary financial criteria.

At the end of each month, the Programmer Finance Manager sends a copy of the budget against actual expenditure for each project site. The Area Coordinator is then responsible for reviewing individual project budgets with the relevant project manager.

The purpose of producing and sending budget against actual reports every month is:-

- To inform the Area Coordinators and programmer management of the project's progress to date against the original budget;
- To enable management to make decisions based on the information received;
- To enable management to identify, early in the project period, any budget lines where likely to be overspent or under spent, so that either action can be taken to counteract this or a budget amendment can be requested from the donor.

Program Funding – Sources and Guidelines

The funding received by the VOLUNTEERS Disaster Management Team can be split into the following categories:

1. **Funding received from third-party institutional donors.**
2. **Funding received from** VOLUNTEERS **itself**. VOLUNTEERS funding can in turn be split into two sub-categories as follows:
   a. **Income received from supporters without specification of where the money is to be spent**. This is usually termed "general activities income", or "unrestricted income".
   b. **Income received in response to a specific emergency**, either in response to a specific appeal by VOLUNTEERS or a spontaneous reaction of supporters in response to a particular crisis.

- **Core costs"** - these are defined as the costs (including related office costs and other overheads) of all head office staff not associated with the direct management of specific projects. This excludes Area coordinators or other costs incurred at individual project

locations The gross core costs of a program (before recoveries) should not exceed one third of the total annual expenditure.

- **Contribution towards core costs** - no proposal will be approved if the financial contribution required to be made to the project by VOLUNTEERS exceeds the contribution made by the donor towards program core costs (unless it has been approved in the funding allocation at the start of the financial year).
- **Funding pipeline** – all proposals should submitted on a timely basis to donors.

Pre-financing of Donor Budgets

In some cases it may be necessary for VOLUNTEERS to advance funds to program for expenditure on a project prior to the grant being formally approved by the donor. In such circumstances the following criteria must be adhered to:

1. There must be a very high probability of the project being approved. To determine this we will consider a number of different factors, including:
    I. Verbal assurance of funding should have been given by an official representative of the donor.
    II. We must be able to demonstrate a strong track record of approvals with the donor in question.
    III. We can attribute the delay to the known pattern of the donor's own approval process.
2. Pre-financing requests should be supported by a cash flow statement detailing the specific items of expenditure for which advance funding is required.
3. We are able to demonstrate that our ability to achieve project objectives will be compromised if funding for the items concerned is not provided immediately
4. Pre-financing is limited to those items which are either unavoidable (e.g. fixed costs such as salaries), or required to meet point 3 above.
5. No more than one month's worth of expenditure can be advanced at any one time.
6. The period of pre-financing should not exceed three months from the start date of the project

Approval Limits

Once a budget has been approved, expenditure against that budget is controlled by VOLUNTEERS's standard approval limits. These limits are intended as upper limits on approving expenditure

	Category of Expenditure							
Position	Direct Project Materials	Sub contract (note 1)	Assets	Vehicles (note 2)	Salaries	Personnel Support Costs (note3)	Programme overheads (note 4)	Monitoring & Evaluation
Country Director	Greater than 30,000,000 SDG for all items							
Operations Manager	From 20,000,000 Up to 29,999,000 for all items							
Programme Director	From 10,000,000 Up to 19,999,000 for all items							
Area Co-ordinator	From 7,000,000 Up to 9,999,000 for all items							
Project Manager	From 3,.000 ,000 Up to 6,999,000 for all items							
Finance Manager						5,000,000	5,000,000	
Human Resource Manager						4,000,000	4,000,000	
Logistics Manager				2,500.,000		3,000,000	3,000,000	
Sector Adviser						2,500,000	2,500,000	2,500,000
Base Manager			2,000,000			2,000,000	2,000,000	
Area Logistics Officer			1,500,000	1,500,000		1,000,000	1,000,000	
Finance Officer								

APPROVAL AUTHORITY

Purpose:- To outline responsibilities and procedures regarding signature authority for Purchase Requests.

Responsibilities and Procedures

Throughout the procurement procedures, clear demarcations of authority and responsibility must be maintained. It is a requirement of VOLUNTEERS, our donors and of Generally Accepted Accounting Principles (GAAP) that all personnel be fully conversant with their role within the procedures as well as the limits of their responsibilities and authority.

A complete PR will bear four signatures documenting the following process of review and approval.

- **Request (1st signature).**

All purchases must be requested by a member of VOLUNTEERS staff (or implementing partner agency if applicable).

- **Requirement and Technical review (2nd signature).**

The relevant program coordinator, regardless of the estimated cost of the request, makes this review. The review is to verify that the requested item(s) are:

- A necessary purchase to meet program goals.
- Technically appropriate for the intended use.
- Not already available in VOLUNTEERS stock.
- Allowable under grant terms.

Finance review (3rd signature).

The administrator will review the request to ensure the following:

Costs for the intended purchase have been allocated to the correct budget(s).

Funds are available to cover the cost of the intended purchase.

Approval (Final signature)

All requests must be approved by a VOLUNTEERS, manager with the level of authority that corresponds to the estimated cost of the intended purchase.

The approving manager will ensure that:

- Information contained in, and verification of the request is complete.
- Documentary and procedural requirements have been met.

NOTE that a purchase within the limit of a manager's authority DOES NOT preclude the requirement for "request", "review" and "approval" signatures. For example, a PR for 30,000,000 SDG Euros signed only by the Head of Mission is not a valid document though the Area Coordinator has the authority to approve purchases up to SDG 9,999,000. All four signatures must be present and Technical program Director up to 19,999,000 SDG.

Exceptions

Some programs, especially at startup, may not have the staffing levels to provide three reviews / approve signatures. In this case, the HoM or Emergency Coordinator will place a memo on file

noting the program's reduced staffing level and stating the revised signature requirements. With justification, Requests must AT A MINIMUM be Requested and Approved by two separate authorized individuals. However, note that the technical and financial reviews must still be undertaken.

Related Items

AUTHORIZATION SCHEDULES

Purpose

To establish and document the levels and type of authority accorded to designated VOLUNTEERS managers.

Authorization Schedules

There are two levels of Authorization Schedules pertinent to Logistic staff.

The first, which is internal (field), authorizes specified staff to approve the *commitment* of VOLUNTEERS funds. This will generally be for requesting the procurement of materials or services for VOLUNTEERS programs and is an *internal* approval.

- The second schedule, which is external (H o Q) authorizes specified staff to make, or approve cash or bank disbursements or approve *external* commitments such as contracts or Purchase Orders VOLUNTEERS Authorization Schedule defines the levels of authorization for financial commitments that may be entered into on behalf of VOLUNTEERS, by VOLUNTEERS, personnel. This schedule covers both asset and non-asset expenditure. Individuals will have their authorization level designated by their Heads of Mission.
- An approved Signature List, documenting manager's names, titles, authority levels and sample signatures, must support authorization Schedules

. Banking and Funds Management

Opening a Bank Account

VOLUNTEERS, Management team will always open a bank account in operations, except in the following circumstances:

- Where banking facilities are either non-existent or inadequate within a reasonable proximity to the project.
- Where there is an unacceptable security risk involved in using a local bank.
- In field offices outside of the main headquarters, which may be in relatively remote locations.
- In a rapid onset emergency where the banking system may have collapsed.

VOLUNTEERS Management Programmer will normally consist of a centrally-located Head Office plus a number of project sites in different locations. In addition to opening a bank account in the location of the Head Office, a bank account should also be opened in the field location to minimize the risks of carrying cash (unless not possible because of the circumstances above).

Having resolved these issues, the Programmer Finance Manager submits written request to DMT Financial Controller to open a new bank account. The following details should be included:

- Name and address of bank
- Currency of account
- Names of approved signatories

The Programme Finance Manager then proceeds to open the account. The following rules apply to all bank accounts:

- Name of account. All bank accounts should be set up in the name of VOLUNTEERS.
- Authorised signatories. The number of authorised signatories should be a minimum of three. These should be restricted to senior management posts unless in exceptional circumstances
- Number of signatories required to sign cheques. All cheque payments must be signed by two signatories. Any reduction to less than two must be approved by the VOLUNTEERS, MT Financial Controller
- Approval limits. The authority of individuals to sign cheques is in line with the VOLUNTEERS, approval limits.

Accounting for Banking Transactions

- All cheque payments, and any receipts, should be recorded on a Cash voucher. At the end of each week all vouchers are entered on a Cashbook worksheet. Transactions are then entered in the computerised accounting records automatically from the cash book sheets. Where cheques are written at a project field site, the Cashbook template will normally be submitted to the Programme Head Office for entering in the books of account.
- Where the Cashbook worksheet is input to the accounts at a project field site, all documentation should be sent after input to the Programme Head Office at the month end with the statements and bank reconciliation form (see below). If cheques are issued from more than one site for a particular account, complete cheque books should be issued to

each site and the Finance Manager should decide who is responsible for controlling the availability of funds on the account.

- Where cheque payments are in respect of amounts owing to suppliers, processing of supplier invoices, receipts, etc, is as listed below– Cash Disbursements. Authorised signatories should have to hand to finance all supporting documentation relating to the transaction.
- It is the responsibility of the Finance Manager to ensure that a bank reconciliation is completed each month using a standard reconciliation form
  . The procedure is as follows:

    - Bank statements for all accounts are obtained from the bank at the end of each month.
    - Go through the cashbook worksheets line by line, checking each item against the bank statements and ticking off matching entries.
    - List unmatched items from the cash book and the bank statement in the appropriate section on the bank reconciliation form. Then reconcile the balance on the cash book worksheet with the balance per the bank statement.
    - Record in the books of account any items on the bank statement (e.g. bank charges) not previously entered in the books of account.
    - All differences between the cash book and the bank statement must be accounted for (e.g. unpresented cheques). Any discrepancies must be noted and investigated as appropriate
    - Once completed all cash book worksheets and reconciliations must be reviewed and approved by the Finance Manager or other designated individual. The review process must involve investigating "old" (i.e. greater than one month) uncleaned items and following up as appropriate, e.g. write off all out-of-date cheques.
    - The Reconciliation Form is then filed in the accounts folder. Where the reconciliation is performed at a field office, photocopies of the reconciliations should be sent to the Finance Manager at the Programme Headquarters as soon as they have been completed
- In order to comply with the requirements of VOLUNTEERS, annual audit, copies of the bank statements, cashbook worksheets and completed bank reconciliations for all accounts for the months of Jane and Dce are to be faxed/forwarded to VOLUNTEERS, MT finance as soon as possible following 31 Dce.

Cheque Control

- The Cheque Register, which is internal to the Enterprise Resource Planning Odoo accounting system, is maintained by the Administrative Assistant. The Cheque register identifies the Cheque number, date the Cheque was issued, vendor, purpose and amount.
- Cheques are kept under lock, and physical access to unissued Cheques is restricted to the Administrative Assistant and the Executive Director.

- At the end of each month, the bank returns copies of bank processed Cheques (cancelled). All bank processed Cheques will be maintained in numerical sequence. The Administrative Assistant will update the Cheque register to identify those Cheques that have cleared the bank.
- Voided Cheques
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- A Cheque will be voided when it has been found that the Cheque was issued in error (e.g., wrong amount or wrong vendor).
- Voided Cheques will be marked "VOID" in large letters. All voided Cheques will be numerically sequenced with the bank processed, cancelled Cheques
- The Cheque register in the Enterprise Resource Planning Odoo accounting system will be updated to identify the Cheque number of any cancelled Cheques
- Once the bank has been notified to place a stop order on any Cheque, that Cheque number must be voided within the Enterprise Resource Planning Odoo accounting system. If a new Cheque is subsequently issued, then a cross-reference will be made to the cancelled Cheque.

Holding of Funds in Different Currencies

In most instances, the bank accounts held by the program head office will be in two currencies; one in local currency and one in a "hard" currency (usually US Dollars). The hard currency account will normally be used primarily for the transfer of funds. The ability to spend money in hard currency will generally be restricted by local banking regulations, and most if not all expenditure will be channeled through the local currency account. In addition, once the money has actually been transferred into the hard currency account, foreign exchange restrictions may prevent it from easily being transferred back again.

Receipts of Funds/Income from Donors

Receipts of income into bank accounts will usually fall into one of the following three categories:

1. **Transfers of funds from VOLUNTEERS.** This will include both amounts committed from VOLUNTEERS, general funds plus funds from institutional donors given specifically for a particular field programme but which the donor actually pays to VOLUNTEERS's bank account.
2. **Transfers of funds within field bank accounts**, e.g. from the head office account to a project site.

Cash

Carrying Cash

- The relative experience of the relief worker carrying the cash. The risk reduces moving up the following

The procedure for carrying cash is that a "sliding scale" should be established which limits the amount of cash which can be carried in relation to the risk factors. The scale goes up to a maximum of 500,000 per person where risk is considered to be at the minimum possible level.

In addition to the approval levels above, all relief workers should follow the key points of procedure listed below:

- All transfers of cash made subsequent to pick-up from Travelexmust be signed forby the individual or individuals concerned and recorded on the appropriate Expense Worksheet.
- Where individuals are carrying cash in excess of their travel advance, Operations Officer will arrange for them to be insured to cover the additional money they are carrying.
- When travelling, personnel should also minimise risk by adopting the following procedures:
  - Minimise travelling after dark and exercising caution when doing so.
  - Carry money in a secure place on person (not in luggage).
  - Minimise use of public transport. Where it is necessary, registered taxi is the preferred option.
  - Avoid unnecessary contact with strangers
- On arriving at the final destination, all cash should be handed over promptly to the Programme Finance Manager.

In the event of cash being unaccounted for, individuals will be held responsible for the loss unless there are extenuating circumstances. Such circumstances should be explained in writing to the manager of the individual concerned, copied to the VOLUNTEERS MT Financial Controller.

Security of Cash Control- Physical

- All cash floats must be kept securely within the cashbox in the office safe overnight. During the day, when not in use, the cashbox must be replaced in the safe and the safe locked.
- The cashbox must be locked at all times, except when cash is actually being issued, received or counted. Where a separate sub-float is maintained for small purchases, this cashbox must also be locked away in a safe place when not in use.
- Keys to the safe and the cashbox will be issued to the Area Coordinator. If there is a separate sub-float, a key will be issued to the individual designated to be responsible for it. Keys must not be given to anyone else without the prior written permission of the Area Coordinator or Finance Manager. A written record must be kept of these transfers.
- Any duplicate keys for the cashbox must be kept in the safe under dual control (e.g. envelope secured by two persons). Duplicate safe keys must also be held under dual control in an appropriate secure location.

- Keys must be kept securely at all times, and must never be left unattended. At night, the keys must not be left in the office.
- Care should be taken to ensure that the cash in the float should be made up of a variety of different denominations of notes, to ensure that both large and small disbursements can be made with the appropriate notes.

Security of Cash Control– Segregation of Duties

In addition to physical controls to safeguard cash from theft, a system of internal controls to prevent too many responsibilities being invested in one person is also required to prevent against the possibility of fraud. In particularly, the following division of responsibilities must always be applied:

- Cash must always be counted by a minimum of two people
- All cheques should be signed by two authorized signatories except under the circumstances described.
- The cashbook worksheets must be reviewed and approved by an individual other than the one responsible for maintaining it
- Bank reconciliations must be reviewed and approved by an individual other than the one responsible for maintaining the cash book.
- Where cash is withdrawn from a bank, it must always be collected by an individual other than the one who has approved the withdrawal
- The Finance Manager should not be responsible for authorising project expenditure, i.e. approving purchase orders

Cash Disbursements

- All receipts and disbursements of cash are recorded on a cash sheet.
- If an individual requires a cash advance for a specific payment, he/she will be issued with a petty cash voucher, which must be completed and authorised by the Area Co-ordinator before payment can be made. Blocks of vouchers can either be purchased locally, or, alternatively,. Where relevant, the petty cash voucher should reference the related purchase order.
- As far as possible, petty cash vouchers must be authorised by the relevant budget owner before payment can be made. In cases where this is impractical, such as smaller day-to-day expenditure and monthly bills, vouchers must be approved after payment has been made.
- When an individual receives cash (other than for specific one-off payments), he/she must sign a cash transfer voucher as evidence of having received the payment.
- When an individual uses cash to pay for goods or services, he/she must attach the invoice/receipt to the petty cash voucher and return to the person responsible for managing the cash float, for recording on the cash worksheet. Any unused money should also be returned at this time, where possible within 24 hours of issue.

- Vouchers must be fully completed and authorised, and signed by the recipient to confirm receipt of the cash.

Documentation

- Receipts for all payments must be numbered sequentially per currency, according to the latest number in the current month's cash worksheet. These numbers should be written on the top right corner of the receipt in a way that is easy to see and read. Where appropriate this number should be cross-referenced on the petty cash voucher.
- Once the purchase for which a petty cash voucher was issued has been made, the voucher must be completed to show the total value of the transactions, any change returned or extra cash issued, and the breakdown of the total value according to the attached receipts.
- Where a purchase is to be allocated to more than one project budget, the breakdown should be marked and authorised appropriately on the voucher.
- All receipts and (where applicable) petty cash vouchers (including those issued to suppliers in lieu of an invoice) should be filed sequentially by month. These receipts must be kept securely with the cash worksheets.

Accounting for Transactions

- Source data for entering transactions to the accounting records are as follows:
  - For bank related transaction, a "Cashbook worksheet"
  - For cash transactions from a central cashbox, a Cash sheet (
  - For cash transactions made by an individual employee, an expense worksheet

Counting Cash

- Individual responsible for holding cash floats should check to ensure that the actual cash held agrees to the cash sheet on a very regular basis, especially if there are a high number of transactions being processed.
- Cash balances must be formally counted on a weekly basis using the attached Cash Count Form
- Management Team member involved in the cash count should sign and date by the latest entry in the current Cash sheet.
- If it is still not possible to eliminate the difference, the difference should be documented on the Cash Count Sheet and authorized by the Area Coordinator or Program Director. If the difference is material, a more detailed investigation may be necessary.
- The write-off of any unresolved differences between actual cash held and the balance shown in the accounting records can only be approved by the Finance Manager.

Supporting Documentation

- All items should be backed up by a receipt wherever possible.

- Receipts should be referenced and numbered sequentially, These references should be clearly cross-referenced in the Voucher Number column of the expense sheet.
  If a particular combination of currency initials and personnel initials is likely to cause confusion, a suitable alternative system should be used.

- The reference numbers series should start at one, and be continued until the end of the financial year). Thereafter the referencing sequence should start again from one.
- Receipts should be securely attached to the expense sheets to which they relate.
- Transfers of cash between team members must be evidenced at the time by the completion of a Cash Transfer voucher

Accounting and Reporting

Month End Accounts

It is the responsibility of the Finance Manager to ensure that programme accounts are sent on a monthly basis,

- Ensuring all new project budgets are entered into the accounts.
- Recording monthly bank transactions in the cash book
- Ensuring all cash sheets are completed, approved by the appropriate signatory and submitted to the programme head office for data input
- Ensuring all expense sheets are completed and submitted to the relevant supervisor for approval
- Ensuring all supervisors must approve expense sheets and submitto the programme head office
- Entering all accounting transactions, including journals, accruals and prepayments, etc, are entered into the books of account
- Circulating monthly budget versus actual project reports to the relevant Area Coordinator.
- Ensuring budget variance analyses for each project are reviewed by the relevant Area Co-ordinator, and explanations are provided for all variances on budget line items
- Ensuring the consolidated financial summary is reviewed with the Programme Director.
- The **monthly financial summary** showing the overall financial position on all of the programme's projects at the end of the month
- **Donor reports**. Interim and final reports to third party donors as per the donors own reporting requirements. The timing of these submissions to VOLUNTEERS's Programme Funding Team. In cases where grants are agreed and donor reporting is done directly through the field, copies of reports submitted to donors

Payroll (non-Expatriates)

General

- It is extremely important to have strict financial controls governing payroll, since this is an area of operations particularly susceptible to potential fraud.
- The responsibilities for managing the payroll will be divided between the programme head office and the project sites. Ideally, the simplest way of ensuring good control over the payroll is to centralise payroll procedures as far as possible at the programme headquarters. If it is practical, payroll procedures, including processing payments for non-expatriate permanent staff at all locations, should be set up in this way.

Payroll Records

- The recruitment of all new staff must be approved by either the Area Co-ordinator or Programme Director. Consideration should always be given as to how the post will be funded.
- Once the recruitment process has been completed and an offer of employment has been accepted, the new staff member is then placed onto the payroll by the Area Co-ordinator or Finance Manager
- All salary scales for local staff are based upon a salary structure prepared and agreed by the Programme Director after consideration of a number of factors, such as rates paid locally and by other NGOs, etc.
- Salaries are reviewed on an annual basis, taking into account local legislative requirements and practice.
- Where salaries are agreed in one currency and converted into another for payment, an appropriate methodology for calculating the exchange rate conversion must be determined and applied consistently across the programme.
- Changes to an employee's terms and conditions must be notified to the employee in writing, authorised by the HR Manager. A copy of the letter must be kept on the employee's personnel file.

CLOSE-OUT Monthly

Prior to month end close-out, all accounting transactions, will be posted. The Administrative Assistant will close-out by the fifth working day of the month. VOLUNTEER'S accounting system (Enterprise Resource Planning Odoo) has a close-out feature that automatically updates all the accounting files and reports. Once the close-out has occurred, the Administrative Assistant will perform the bank reconciliation. The Administrative Assistant will run any required financial reports.

Quarterly

The same procedures as month-end will be followed.

The Executive Director shall prepare the Financial Status Report grant and submit similar quarterly financial summaries shall be also prepared by the Executive Director for any other funding source (i.e., state contracts).

Year-End

The same procedures as quarter-end will be followed at year-end.
The Administrative Assistant, with assistance from the accountant, will prepare the necessary year-end financial reports. These will be used in preparing for the year-end OMB audit, and will include, at a minimum:

- Statement of Financial Position
- Statement of Activities
- Statement of Cash Flow
- Schedule of Expenditures of Federal Funds

Audit

External Audit

ARD MT's case, external audits fall into two main categories; national governments and institutional donors. Governments generally look at accounts for all activity over a certain period, usually one year, whilst donors look at accounts on a project by project basis (and in some cases, financial year as well).

Not that the process of an audit will generally involve two distinct activities; firstly the preparation of the accounts in the format required by the auditor, secondly the verification of those accounts to ensure that the numbers they show are complete and accurate. Strictly speaking only the second of these activities constitutes an audit, but since (particularly in small organisations) the auditor may also prepare the financial statements, the term audit is sometimes used to cover either or both of these activities. Therefore, where a third party makes a request for an "audit", it is worth checking what it is specifically they require from us. It may be that all they need from us are a set of financial statements

Monitoring and Audit

The outworking of the organisation's procedures and control systems is shared across all members of the team, in particular managers and supervisors. In addition, the Finance Manager of each programme has a specific systems-related responsibility for ensuring that all procedures are in place and that they are being correctly followed. It is therefore necessary for the Finance Manager to make periodic monitoring visits to all field locations, particularly since these are likely to be areas of high risk. Likewise, the VOLUNTEERS MT Financial Controller will visit each programme at least once a year with Terms of Reference including the monitoring of systems at field locations and local headquarters. Note that this monitoring role extends beyond purely financial systems into areas of logistics and supply, such as stock control, costing, purchasing and pricing.

Prevention and Detection of Fraud

VOLUNTEERS MT Fraud Prevention and Response Plan

OBJECTIVE

The objective of this document is twofold. Firstly, to ensure that all MT programmers have in place both the control systems and the organizational culture to minimize the risk of fraud. Secondly, in the event of a fraud occurring, it provides guidelines on how to respond to it, both for any individuals who wish to highlight potential fraud and for management who have to conduct investigations into it.

This plan forms part of VOLUNTEERS's overall framework for addressing fraud, and as such is subject to the guidelines laid out in VOLUNTEERS's Corporate Policy to Address Fraud (hereafter referred to as "Corporate Policy").

- Fraud Risk Management
- Corporate Policy – Key Points
- All fraud is unacceptable
- Best defenses against fraud are good internal control systems and an "anti-fraud culture"
- All suspected incidences of fraud to be reported to the Volunteers Finance Director
- Importance of prevention and detection, as well as response

Prevention and Detection

The requirements are:

Good people

Good systems and controls

People

Better skills – Finance Manager role

Pre-departure briefing/orientation (PD's and Field Coordinators)

Better training – case studies
Regular visits by Finance Managers to field locations
Visits to monitor key operational controls per checklist

Systems and Controls

Standard procedures – monthly control checklist and internal audit questionnaire
Standardized logistics systems and monitoring
Fraud response policy
Fraud checklist

Fraud Control Checklist

Fraud policy
Standard procedures
Supervision of staff
Segregation of duties
Periodic checks/counts by managers
Proper approval of expenses
Strict control over payroll
Management approval of new suppliers
Approved price lists
Documentation of stock movements
Regular counts of assets (stock & cash)
Independently verified bills of material
Regularly reviewed budgets & timelines
Controls over vehicle fuel usage

Fraud – Donor Requirements

- *Key principle – transparency*
- *Audit – fraud prevention training for all staff*

VOLUNTEERS Checklist System
Finance - Checklist for Managers

This checklist is to be used by the Area Coordinator and management line to assess whether VOLUNTEERS's critical controls are in place and functioning effectively. It is a tool for self-assessment at the project level and it serves to guide programme leadership and VOLUNTEERS staff in understanding where particular support is needed.

Approved by VOLUNTEER'S general assembly meeting on Oct 2014

Please review each question and give an honest response with a Yes, Sometimes (S/T), No or Not Applicable (N/A) answer. Then identify in the Action Plan table the priority issues that need to be addressed and actions to be taken. Please share the completed checklist with the appropriate senior staff each time it is updated.

Field Location:	
Date checklist was last completed:	
Print Name / Role of Person Completing Checklist:	
Signature of Person Completing Checklist:	

No.	Checks to be Completed	Means of Verification	Yes	S/T	No	N/A
1. Cash and Bank						
1.1	Have all cash withdrawals from the bank been properly authorized?	Record check				
1.2	Are bank statements received and reconciled to the accounts each month?	Record check				
1.3	Is all cash held on site stored in a secure location?	AC				
1.4	Are all cash floats regularly (weekly or monthly depending on usage) counted and discrepancies resolved?	Do spot count				
1.5	Are cash forecasts/payment requests submitted promptly to field/UK headquarters?	AC				
1.6	Have all requests for fund transfers been received in our bank account?	AC				
1.7	Are all cash sheets completed correctly and with supporting documentation?	Record check				
1.8	Have all cash & bank transactions been submitted for accounts processing?	Ask Finance Officer				
2. Payments and Expenses						
2.1	Have all payments to suppliers and other creditor been properly approved and accounted for?	Ask Finance Officer				
2.2	Is all supporting documentation for payments stamped as "paid"?	Record check				
2.3	Have all expense advances been properly authorised?	Record check				

2.4	Have all expense reports been properly approved?	Record check				
2.5	Have all monthly expense sheets been submitted for accounts processing?	Ask Finance Office				
2.6	Have the monthly and weekly payroll (including payments to casual labour) been properly approved?	AC				
3. Budget Management and Donor Reporting						
3.1	Have the latest month's reports of actual expenditure against budget been distributed to project managers?	Record check				
3.2	Have significant variances been identified and corrective actions agreed?	Record check then ask AC/PM				
3.3	Has a forecast of total expenditure to completion of each project been prepared?	Record check				
3.4	Have all donor financial reports been submitted in accordance with deadlines?	AC				
4. Fraud Prevention, Monitoring and Audit						
4.1	Have all outstanding audit recommendations been implemented?	AC				
4.2	Have all recommendations from UK & field HQ monitoring visits been implemented?	AC				
4.3	Have all staff received induction on fraud prevention?	Ask 5 staff				
4.4	Are controls in place for all items on anti-fraud checklist?	AC				
4.5	Have any instances of fraud been reported to field HQ & properly investigated?	AC				
TOTAL: *<Number of ticks per box>*						

Action Plan for any Responses Stating "Sometimes" or "No"

<List actions required to improve compliance>

Order	Issue	Action to be taken	Owner	Deadline
1				