



VISION INITIATIVE FOR TRANSFORMATION (VITRA)

"Restoring Hopes & Transforming Communities"

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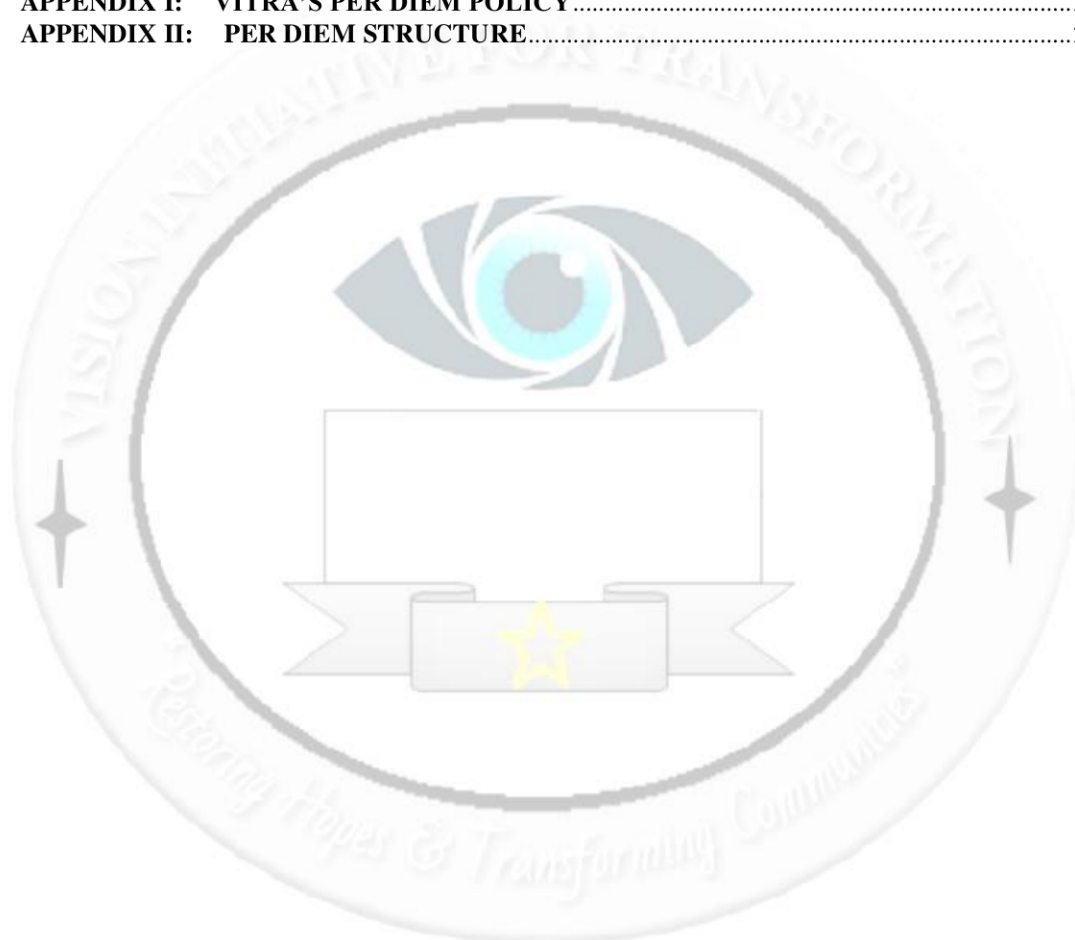
FINANCE POLICIES

2022/2023

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1. PURPOSE, OBJECTIVE AND SCOPE OF MANUAL

1.1 Objective

The objective of this financial policies and procedures Manual is to provide VITRA with guidelines on the standards for financial management in order to ensure that the organization operates with clarity. This financial policy and procedures manual is intended to act as a guide to VITRA Board Members in the operation of the financial policies and procedures as we continue to work together towards achieving our objective and mission.

1.2 Purpose

The Financial Policy and Procedures Manual provides a framework that underlines VITRA's aspirations in terms of its values and practices in reference to VITRA's program work and other policy documents such as the Human Resource, and other government statutory regulations.

1.3 Use of the Manual

The manual is intended to be a handbook for easy reference, and interpretation of the financial policies and procedures. It will be of use to senior management, VITRA's Staff, Board and the Council and all the staff who undertake operations involving a financial aspect.

1.4 Compliance, Review and update of procedures

The policies and procedures are current and it's expected that regular reviews should be made to ensure update of this manual. The Finance/Administration Officer will be responsible for the review and update of this manual.

All the policies and procedures in this manual are important and all users are expected to comply with them. In situations where a particular policy or procedure is found not applicable, or inconsistent with other policies, this should be discussed with the Finance and Administrative Officer.

2. BANK AND CASH

2.1 General

2.1.1 Bank Accounts are the major store of funds for VITRA. It's more secure and convenient to conduct financial transactions through the banks. Therefore all payments should be made by cheque where possible except for petty cash payments.

2.1.2 Storage of cash in safes and drawers may lead to loss through theft. Cash Imprest should therefore be kept to a minimum level. Amounts not exceeding

200,000 SSP or equivalent. However a higher figure may be held with the approval of the Head if the Organization in consultation with the chairperson of the Steering Committee and treasurer.

- 2.1.3 At the end of each month, a statement reconciling the cashbook balance to the bank statement must be prepared for each account. For standardisation, we shall use the format shown in appendix 1
- 2.1.4 All VITRA Accounts will have at least 2 authorised signatories. Selection of the signatories of the bank accounts will have to be approved in writing by the board members. There will be 2 categories A & B. A being the primary and B the alternate
- 2.1.5 Under no circumstances will a cheque be signed before **full details of the payee and sum payable** have been entered.
- 2.1.6 Signed cheques should not be kept in a safe for a long period. Cheques should be issued to the payees as soon as they are ready.
- 2.1.7 Bank accounts should never be over drawn. VITRA has no credit facilities with the Bank and will therefore charge interest on overdrafts depending on the amounts overdrawn.
- 2.1.8 In the event of a signatory of a bank leaving the organisation, the Bank will be instructed in writing by the Chairman of Board Members in case one of the signatories to remove him/her from the signatory list immediately.

3. PAYMENTS FROM THE BANK

3.1 General

- 3.1.1 Cheque payments are to be initiated by staff concerned by completing a payment request form (*to be drafted and attached as Appendix III*).
- 3.1.2 This payment request form together with supporting documentation will then be sent to the line Manager for recommendation and approval and coding. Supporting documentation include invoices, local purchase orders, official receipts, goods received notes internal memos etc.
- 3.1.3 The payment request will then be forwarded to the Finance and Administration Officer indicating the budget line chargeable. A payment voucher will then be prepared and the correct codes applied. Verification, accuracy and validity of the transaction will also take place.
- 3.1.4 The payment voucher will then be forwarded to the authorised signatories for authorisation, after which a cheque will be prepared.
- 3.1.5 The cheque plus payment voucher and supporting documentation will be forwarded to the cheque signatories. Each cheque signatory should verify the paper work before endorsing the cheque.
- 3.1.6 The cheque signatories too have a responsibility to satisfy themselves of the correctness and validity of the payment. The verification will include:

- 1) Correctness of procurement procedures
- 2) Correctness and adequacy of supporting documentation
- 3) Amount of payment
- 4) Account code details
- 5) Approvals/recommendations process

This list is not exhaustive and signatories may make discretionary additional checks

3.1.7 The payment documents will then be returned to the Finance and Administration Officer to effect payment. The Finance and Administration Officer is responsible for ensuring that a receipt is obtained for the payment and that the payee signs on the voucher in acknowledgement for payment.

3.1.8 Details of every payment effected must be entered into the cashbook. The details will be:

- 1) Date
- 2) Voucher Number
- 3) Precise and meaningful description of transaction
- 4) Payee
- 5) Amount and Cheque Number

3.1.9 Invoices and all other supporting documents relating to that payment must be stamped **“paid”** once the cheque has been made and filed together.

3.2 Expenditure

3.2.1 All expenditure incurred should be supported with receipts. If receipts are not issued, a written acknowledgement of receipt of payment should be obtained from the vendor/ supplier.

3.2.2 Staff salaries should be paid through the bank transfers. Salary payments by cash are discouraged and each member of staff is encouraged to open up a bank account.

3.3 Cheque book Maintenance

3.3.1 On receipt of a new chequebook, the cashier must verify that all the pages are present and record it in the **cheque register**.

3.3.2 In the event that the cheque is missing, the matter must be brought to the attention of the bank and the Head of the Institution immediately.

3.3.3 The Finance and Administration Officer is responsible to ensure that the chequebook is kept securely in a safe and that no leaves are stolen from it.

3.3.4 Cheques must be completed clearly and in ink. No gaps should be left before or after words and figures that would allow later falsification of the details or value of the cheque.

3.3.5 The cheque counterfoil (stub) **must** always be completed with the following details:

- 1) Date
- 2) Payee
- 3) Brief details of reason for the cheque
- 4) The value
- 5) Signatories should initial on the stub
- 6) Payment voucher no.

3.3.6 Cheques should always be crossed to “**account payee**” if this has always been done by the bank

3.3.7 After the leaves of the cheques have been utilised, the stubs must be kept safely.

3.3.8 Signed cheques will be returned to the Finance and Administration Officer for registration in an **Outgoing Cheque Register**. The register will provide the following details:

- 1) Date
- 2) Payee
- 3) Cheque No
- 4) Name and signature of the official collecting the cheque

3.4 Bank Statements and Reconciliation

3.4.1 A bank statement will be obtained at the end of every month for each bank account.

3.4.2 The cashbook balance should be reconciled to the balance on the bank statement by the Finance and Administration Officer. (Format in appendix 3)

3.4.3 The reconciliation should take account of the cheques drawn, but not yet presented at the bank and deposits made which have not yet been recorded on the bank statement.

3.4.4 The reconciliation procedures should include investigations of any discrepancies.

3.4.5 Documentation must be obtained from the bank to back up bank charges and any other bank items that are directly debited/ credited to bank accounts.

3.4.6 Errors on bank statements should be noted and the bank informed in writing of the error.

3.4.7 The reconciliation should be signed by the person preparing it and reviewed by the Facilitator.

3.5 Cancelled Cheques

3.5.1 In the event that a cheque is to be cancelled the word “**cancelled**” should be written across the cheque and the stub in ink. The payment voucher should be marked and a note made in the cashbook.

- 3.5.2 The cancelled cheque should be stapled back in to the chequebook on the corresponding cheque stub.
- 3.5.3 The original payment request and other papers may now serve as the backing documents in the preparation of a replacement voucher and cheque.
- 3.5.4 Details of the replacement cheque should be cross-referenced to the previously cancelled cheque.

3.6 Stale or lost cheques

- 3.6.1 If it becomes apparent that a cheque has been issued but remained uncashed for a period of six months, it shall be regarded as stale.
- 3.6.2 The stale cheque is cancelled by writing to the bank asking them to stop payment of the cheque should it be presented by the Finance and Administration Officer. This will be done by the authorised signatories.
- 3.6.3 The stopping of the cheque should be noted into the cash book and on the payment voucher and reinstated in to the cash book by the Finance and Administration Officer
- 3.6.4 A journal should be prepared to debit the bank and credit the liabilities account.
- 3.6.5 Effort should be made to contact the recipient of the cheque to discover why it remained uncashed.
- 3.6.6 A new payment voucher should be completed if its appropriate to replace the cheque (Note that this expenditure should be debited to the liabilities account)

3.7 Bank interest & charges

- 3.7.1 The Finance and Administration Officer is responsible to ensure that the bank supplies adequate documentation to support any charges levied.
- 3.7.2 The Finance & Administration Officer has to verify calculations of bank charges and interest levied and interest received against agreed rates from the bank.

4 MONEY RECIEVED (CASH OR CHEQUES)

- 4.1 VITRA will be responsible for printing all official receipts books. The Finance and Administration Officer will keep all receipt books under lock and key.
- 4.2 **An official receipt book register** should be kept to record movement in stock by the Finance and Administration Officer. All newly printed receipt books should be entered in the register showing the officer receiving the books, the serial number issued, and the date issued. The Officer must sign for the item. Only one receipt book should be issued at a time.

4.3 Cash/Cheques will come from sources including the following:

- i. Donors
- ii. Services rendered by VITRA
- iii. Disposal proceeds
- iv. Third parties as contribution/gift to program activity/sector
- v. Staff for float refunds
- vi. Interest from Bank Deposits
- vii. Subscriptions
- viii. Any other sources as will be approved by the council.

4.4 All such monies will be received by the Finance and Administration Officer. An official receipt will be issued to evidence such receipt.

4.5 As much as possible, all cash should be banked intact latest by close of business the next banking day. Materiality of the amount involved should be taken into account in determining the frequency with which banking is done. In all circumstances, this should not exceed one week.

4.6 On banking, the cash receipt and the pay in slip should be batched and journalised.

4.7 The cashbook or computerised cash and bank account will be updated by the Finance and Administration Officer to record the lodgement. Cashbooks are recorded on a columnar basis with date, narrative, BPV ref., Cheque ref., Debit, Credit and the balance columns indicated. A running balance system is maintained.

4.8 The original copy of the receipt should be given to the payer; duplicate copy to be attached to supporting documents and triplicate copy should remain in the book.

4.9 The Finance and Administration Officer should sign receipt before it's issued to the payer.

4.10 A receipt book should also be maintained for cheques received and a receipt is issued to the payer clearly indicating the cheque number and bank issued to the payer.

4.11 All cheques received in the post should be sent to the finance and Administration Officer and a receipt issued to the payer. It is essential that the post be opened by a responsible employee.

5. PETTY CASH

5.1 General

5.1.1 Petty cash will be maintained on an Imprest system i.e. replenishment will not exceed total reimbursement so as to restore the float to its normal level.

5.1.2 A petty cash holding (Imprest level) of 100,000 SSP should be established from VITRA's offices. A temporary change without prior approval can be made to this limit provided it remains below 50,000 SSP Temporary changes

can be made where circumstances change (e.g. shortage of cash at the bank) The Director General should be notified of any change with a justification. Any increase above 100,000 SSP requires approval from the Steering Committee.

5.1.3 Other petty cash holdings not exceeding one thousand South Sudan Pounds may be held in petty cash for emergency situations only and should be approved and notified to the Facilitator.

5.1.4 Petty cash should be recorded in separate cashbook and supporting documentation filed in a separate file.

5.1.5 At the end of the month there should be formalised cash count made by the Finance and Administration Officer.

5.2 Payments from petty cash

5.2.1 The maximum payment from petty cash will not exceed 20,000 SSP without the written approval of the Head of Institution.

5.2.2 Payments from petty cash will be made on a duly authorised payment voucher.

The Finance and Administration Officer is “**not allowed**” to borrow money from petty cash neither must he/she issue an authorised loan to other members of staff.

The payee must sign the voucher acknowledging receipt of the cash.

5.3 Receipts to Petty Cash

5.3.1 **There** should be no receipts into petty cash. All miscellaneous receipts must be properly banked intact.

5.3.2 Replenishment should be made using the petty cash count forms once the petty cash float reaches a minimum level. A uniform minimum level has not necessarily been set for obvious reasons. This replenishment should be for that amount needed to restore the level of petty cash to the Imprest level.

5.4 Storage of Petty Cash

5.4.1 Cash must be stored under lock and key preferably in a locked cash box or safe.

5.4.2 Two sets of keys should exist, these to be held by the Finance and Administration Officer and Facilitator. The duplicate keys held by the Head of Institution should be for emergency use only.

5.4.3 Keys held by the Finance and Administration Officer may only be transferred after a formal cash count. In the case of a safe with a combination number, similar controls should apply as custody of keys.

- 5.4.4 The petty cash book must be totalled and the recipient of the keys must sign the book to indicate his receipts of keys and that the money received matches with the balance per petty cash book.

5.5 Transfer to Petty Cash

- 5.5.1 Prior to the bank transfer into petty cash, the petty cash book should be fully updated and the physical cash balance reconciled to the cashbook balance.
- 5.5.2 The Finance & Administration Officer must physically count the cash held and compare the balance held with the balance calculated per book. The Head of Institution should then sign the book to evidence that she/he has verified the balance.

6. HANDLING OF CASH

6.1 Procedures for handling Cash

- 6.1.1 Bank drafts and cheques must be used wherever practical.
- 6.1.2 Money other than petty cash must be held for the shortest feasible time before utilisation.
- 6.1.3 Employees are not advised to carry more than South Sudanese Pounds 500,000 when travelling. In the event this happens, the Head of Institution should be notified. Proper arrangements should be put in place to safeguard the person carrying the cash or organisation monies while in transit.
- 6.1.4 No money should be left anywhere unattended to. Staff members holding organisation money that will need overnight storage should utilise the Finance & Administration Officer safe custody. Staff members disregarding this procedure will become personally liable.
- 6.1.5 In the event of robbery or theft of money, staff concerned should immediately report to police and thereafter notify management.
- 6.1.6 In the event of robbery or theft, staff members must act in such a way to minimise risks to lives even at the expense of the loss of VITRA's assets.
- 6.1.7 Monies received for banking must be banked at the earliest time possible and in any event not later than the next day that banks are open following the receipt of money.
- 6.1.8 In the event that there's a shortage or excess in actual petty cash held, the Finance & Administration Officer should notify the Head Institution immediately in writing and this should be investigated.

7. ACCOUNTING RECORDS

- 7.1 The Finance and Administration Officer is responsible for ensuring the overall maintenance and proper custody of all the accounting records.
- 7.2 Accounting records must not leave the office premises without the written authority of the Finance and Administration Officer.
- 7.3 Accounting records should be kept for minimum of six years.
- 7.4 The following accounting records should be maintained:
- 1) Cashbook

- 2) Receipt books
- 3) Payment Vouchers
- 4) Cheque delivery book
- 5) Advance register
- 6) Staff debtors register
- 7) Accountability form
- 8) File of supporting documentation
- 9) Asset transfer form
- 10) Fixed assets register
- 11) Goods received notes
- 12) Purchase Order
- 13) Vehicle Logbook

7.4.1 Cashbook

- 1) The cashbook must be updated with all the money received and paid, whether by cash, cheque or bank transfer. Separate Cashbooks should be maintained for cash and each bank account.
- 2) The cashbook should be updated daily from vouchers and receipt books. Information will also be received from bank advices.
- 3) Once a month, the cashbook should be ruled off and balanced. The Finance & Administration Officer should reconcile the balance with the balance on the bank statement not later than the 15th day of the following month. The Head of Institution should verify the reconciliation and sign as a proof of the verification.
- 4) The Head of Institution should review the cashbook at least once a month.
- 5) The cashbook should have the following details:
 - i. A sequential reference number of receipts, payment vouchers, cheques or journal vouchers for easy reference.
 - ii. The date when the cheque was written
 - iii. The description of the reason for payment or receipt
 - iv. The name of the payee or person from whom payment was received
 - v. The amount of money paid or received
 - vi. Cheque no., receipt number

7.4.2 Receipt Book

- 1) A receipt book should be maintained to record all money received both in cash and by cheque.
- 2) The receipt book should be maintained in triplicate. The original copy should be given to the payer, duplicate copy to be attached on supporting documentation and the triplicate retained in the receipt book.
- 3) The receipt book will be sequentially pre-numbered
- 4) The receipt should bear the following details:
 - i. Date payment received
 - ii. Name of payer

- iii. Reason of receipt
- iv. Amount received both in words and in figures
- v. Details of the cheque received
- vi. Signature of the cashier

7.4.3 Payment Voucher

- 1) All payments will be made on a fully authorised payment voucher
- 2) The payment voucher will be initiated by the finance and administration officer and will be based on a payment request that will be initiated by the staff to be paid or the department responsible for the transaction.
- 3) When completed the voucher will be attached to the supporting documentation
- 4) Details to be included on the payment are as follows:
 - i. Date
 - ii. Name of the payee
 - iii. Cheque number
 - iv. Amount to be paid
 - v. Cost centre and account details
 - vi. Date of retirement of contingency (where applicable)
 - vii. Description of payment/contingency
 - viii. Signature of who prepared the voucher
 - ix. Authorising signature
 - x. Signature of the payee
 - xi. Accounts verification
- 5) Details to be included on the payment request include:
 - i. Date
 - ii. Name of payee
 - iii. Cheque number
 - iv. Amount to be paid
 - v. Description of payment/contingency
 - vi. Signature of applicant
 - vii. Signature of line manager

7.4.4 Files of Supporting Documentation

- 1) Separate files must be maintained for each bank account and petty cash
- 2) Supporting documentation for each transaction should be stapled together and filed securely in referenced number order
- 3) Access to files of supporting documentation should be restricted to finance staff and record of their movement should be maintained.

7.4.5 Advance Register

- 1) **An** advance register should be maintained to record all contingency payments to staff.
- 2) **The** register should be updated on a daily basis
- 3) **At the** end of the month, the register should be reconciled to the nominal ledger to ensure its completeness

- 4) **The** Head of Institution should review the register on a monthly basis. At the end of the month, a summary of advances should be compiled for each staff and effort made to recover them.
- 5) **The** register should contain the following at the minimum:
 - i. **Date** of advance
 - ii. Name of payee and employee identification number
 - iii. Amount advanced
 - iv. Brief description of purpose of payment
 - v. Reference to cash book
 - vi. Expected date of retirement
 - vii. Actual date of retirement
 - viii. Reference to accountability documents

7.4.6 Staff Debtor Register

- 1) A separate staff debtor account should be maintained for each staff.
- 2) **The** register should be reconciled to the nominal ledger on a monthly basis
- 3) The register should have the following details
 - i. Reference number to the payment documents
 - ii. Amount
 - iii. Repayment schedule

7.4.7 Accountability Form

- 1) Retirements of advance payments will be made on the accountability form (as in appendix---)
- 2) **The** staff accounting for funds will fill in the forms and attach all the supporting documentation
- 3) **The** form with supporting documentation will then be sent to the staff line manager for recommendation /approval.
- 4) The Finance & Administration Officer will be responsible for checking the accuracy/supporting documentation and coding of the accountability form.
- 5) Accountabilities will be retired within one month after which the whole amount will be deducted from the staff's salary.

7.4.8 Asset Transfer Form

- 1) **Transfers** of assets between VITRA and other projects, organisations or networks should be documented on asset transfer forms in appendix
- 2) Three copies of the transfer form will be filled and signed by the receiving and transferring persons.
- 3) One copy will be retained by each of the receiving and transferring persons and the third copy will be sent to the Finance and Administration Officer with the supporting documentation.

4) The transfer form will contain the following details:

- i. Name of transferor
- ii. Name of receiving person/department/project
- iii. Asset name including identifier number
- iv. Cost and net book value
- v. Terms of transfer (permanent or temporary)
- vi. Signature of receiver
- vii. Signature of transferor
- viii. Approving signature of the Facilitator

8. AUTHORIZATION POLICIES AND PROCEDURES

8.1 General

- 8.1.1 For purposes of accounting control, authorisation in this context refers to the signing of a document to verify approval. This signature verifies that the signatory has read and reviewed the document and agreed to their contents. Verbal approval is not sufficient authorisation; it should be ratified in writing.
- 8.1.2 It's important that segregation of duties is maintained in the authorisation procedures. No employee should authorise his/her claims.
- 8.1.3 All expense claims must be authorised and recommended by the Executive Director to the individual concerned.
- 8.1.4 The level of authorisation will depend on the nature of the transactions and its monetary value as stipulated in the limits below.
- 8.1.5 The authorisation procedures should be tied into the budget holder process, such that individuals only approve expenditure against budgets for which they have authority.
- 8.1.6 No expenditure should be incurred unless it's within the approved budget.
- 8.1.7 It's a breach of organisational policies to commit the organisation beyond a signatory's mandate/limit and may result in disciplinary action as per the Human Resource Manual.

8.2 Authorization Levels

- 8.2.1 The authorisation levels for expenditure within approved budget and plans are as follows:
 - ✓ The highest authorization level for VITRA is the Executive Director
 - ✓ Any member of the Senior Management Committee (Program Coordinator/Manager shall assume the authority in the absence of the Director.
 - ✓ The Finance and Administration Officer may assume authorization in instances that the transaction is repetitive as that of monthly salaries.

Note:

- (i) The amounts in foreign currency, i.e. US\$ or GBP are limited to the above levels i.e. foreign currency converted into South Sudan Pounds.
- (ii) No staff should single-handedly authorise expenditure on a transaction relating to him or her. This is in the interest of segregation of duties.
- (iii) Expenditure beyond US\$ 50,000 will need the approval of the BOARD. Where necessary, the Executive Director will submit quarterly expenditure forecasts to Board for approval.

9 FLOATS:

9.1 General:

- 9.1.1 These are contingency payments advanced to staff to meet expenses on behalf of the organisation where the finance staff cannot conveniently or realistically be present to handle disbursements.
- 9.1.2 Staff should estimate the maximum expenditure they anticipate for that particular transaction and the float should not exceed that level.
- 9.1.3 The expected time of accountability should be stated on the payment voucher.
- 9.1.4 No new temporary float should be issued when there is still one outstanding unless there's a justified reason. The reason must be documented and approved by the Line Manager.
- 9.1.5 On no account should VITRA's money be used for unofficial purposes. If this is done then disciplinary action shall be taken as the Personnel Policy Procedures.
- 9.1.6 Floats must be accounted for promptly not exceeding one week from the accountability date stated on the request form. And in any case for a period not exceeding one calendar month from the date when the advance was taken.
- 9.1.7 Floats not accounted for after one month will be deducted from the employee's salary in full. If that's not possible, the balance shall then be deducted from the following months' salary until the full amount is recovered.
- 9.1.8 All accountabilities should be on the accountability form
- 9.1.9 All floats advanced should be charged to the accountability code and reversed only when accounted for on the basis of an accountability form.

9.3 Staff Loans and Advances

- 9.3.1 The loan policy is limited to a maximum of two months net salary advance twice a year for each national staff/employee.

- 9.3.2 Staff obtaining loans should indicate their expected repayment period, which should be part of the authorisation process. The repayment period should not exceed six months.
- 9.3.3 Staff loans and advances should be recommended and authorised by the Facilitator.
- 9.3.4 A separate ledger account with a reference number should be maintained for each staff debtor by means of real time memoranda accounts by the Finance & Administration Officer. A summary should be maintained recording each ledger accounts by reference number and name.
- 9.3.5 The staff ledger accounts should be reconciled to the nominal ledger on a monthly basis.
- 9.3.6 Staff debtors should acknowledge their debtor accounts by signing on their ledger sheets at least twice a year.
- 9.3.7 Executive Director will reserve the right to approve or reject the request for a loan advance based on advice from Finance and administration Officer.

9.4 Expatriate Debtors

- 9.4.1 Individual debtor accounts should be established for each expatriate debtor. Approval to hold such accounts will be granted by the Head of Institution.
- 9.4.2 Any international staff who wishes to use this facility should estimate approximately how much local currency shall be required each month in pound sterling or any other international currency and agree this as a monthly deduction from his/her salary with the Head of Human Resource.
- 9.4.3 If the monthly deduction is not adequate to cater for his/her monthly expenditure, the staff concerned will pay a cheque to VITRA equivalent to the amount on the personal accounts or demonstrate that he/she holds the equivalent in claim receipts or increase the monthly deduction.
- 9.4.4 Any loans debited on this account will be governed by the conditions under which the loan was given.
- 9.4.5 At the end of the month, the Finance and Administration Officer should notify each account holder of the status of his/her account.
- 9.4.6 The accounts should not at any one time hold more than the equivalent of a quarter of each individual's salary except without the approval of the Facilitator.

9.5 Prepayments

- 9.5.1 All prepayments should be supported by an agreement signed by both parties.

- 9.5.2 Authority to sign agreements will depend on value of agreement and will be a per authority in section 8.2.1
- 9.5.3 Prepayments should be listed individually on a separate schedule and at the end of each month movements should be shown by the Finance and Administration Officer.
- 9.5.4 Prepayment should be charged to the debtor account and only expensed off when the benefits accrue.

9.6 Bad Debts

- 9.6.1 A debt becomes bad when every reasonable step taken to recover it has failed.
- 9.6.2 Effort should be made to contact the debtor by the Head of Institution in writing concerning the details of the debt.
- 9.6.3 Depending on the materiality of the debt, failure to respond to notice by the debtor should be communicated to the Organization's lawyers.
- 9.6.4 In the event that a debt is considered not recoverable, and the costs of recovering the debt exceed the costs of the debt, approval should be sought from the Head of Institution or Chairperson of the Steering Committee to write off the debt.

10. LIABILITIES

10.1 Accruals

- 10.1.1 An accrual arises when goods or services have been received prior to the end of the accounting period, but where payment has not been made. Accruals should not be made simply to show expenditure in the period in which it was budgeted, unless the goods or services were actually received in that period.
- 10.1.2 For monthly accounts, accruals should only be made where they are material. However at the end of the year, all accruals above POUNDS 10,000 should be made where a liability exists.
- 10.1.3 Accruals will be prepared and entered by the Finance and Administration Officer after obtaining the approval of the Head of Institution.

10.2 Creditors

- 10.2.1 Creditors should only be recognised where the invoice for the goods or services has been received prior to the end of the accounting period, but where payment has not been made.
- 10.2.2 Controls should be established by the Head of Institution to ensure that all liabilities are recorded and settled promptly.
- 10.2.3 A register should be established to record suppliers when invoices are received.

10.2.4 The creditors register will be maintained by Finance and Administration Officer.

11 PERSONNEL COSTS

11.1 Payroll Procedures

11.1.1 The Head of Institution will inform the Finance and Administration Officer of the starters and leavers and any changes in the remuneration of staff in writing.

11.1.2 Control procedures should be made to ensure that there's segregation of duties between the preparation, review and authorisation of payroll.

11.1.3 The payroll calculations should be prepared by the Finance and Administration Officer and reviewed and authorised by the Facilitator.

11.1.4 Payment of salaries should be made by bank transfers to individual staff bank accounts

11.1.5 Salaries paid by cheques should be signed for by staff on the payment voucher. The Finance and Administration Officer should ensure that individual pay slips are distributed monthly. For non-statutory deductions, there must be authority.

11.1.6 Pay slips should be prepared for each staff showing details of calculations to their net pay. This should be issued on payment of salaries.

11.1.7 A payroll documentation file should be established in the Finance Department to contain the following details:

- 1) Non statutory deductions documentation
- 2) Letters of appointment
- 3) Salary Increment
- 4) Contract renewal letters

11.1.8 The Head of Institution will review all payroll report and approve payment of salaries at the respective stations.

11.1.9 Effort should be made to pay all staff by 28th of every month.

11.2 Statutory Deductions

11.2.1 All statutory like social – security funds should be calculated and submitted to the authorities as per the statute in any case not later than the 15th of the following month.

11.2.2 Taxes should be calculated on the gross earnings of staff in the month and submitted to the authorities as per the statute not later than the 15th of the following month.

11.2.3 Deductions should be calculated by the Finance and Administration Officer and reviewed by the Head of Institution.

11.2.4 Late submission should be avoided to prevent penalties and the responsibility lies with the Finance and Administration Officer.

11.3 Per Diems and Gratuity

11.3.1 Per diems should be paid as per established per diem rates and at the location where one's salary is paid as per the HR Policy. (See appendix 1)

11.3.2 The Finance and Administration Officer will inform the Executive Director of persons due for gratuity two weeks prior to salary as per the HR Policy.

11.3.3 Gratuity payments should be added to the other earning of staff in the month and taxed during salary processing.

11.4 Medical Benefits

11.4.1 Details of staff medical benefits are to be found in the personnel procedures manuals.

11.4.2 All medical claims should be verified by the Finance and Administration Officer who is responsible for ensuring that the benefit limit has not been surpassed by the individual concerned.

11.4.3 Medical reports should be prepared on a monthly basis by the Finance and Administration Officer. This report should have the following details:

- 1) Amounts as per treatment category
- 2) Monthly and total expenses to date
- 3) Unutilised balance

11.4.4 The medical report should be reconciled to the nominal ledger on a quarterly basis to ensure its completeness.

11.5 Telephone and Fax Costs

11.5.1 Control procedure should be established to ensure that there's a record of telephone (fixed line) calls maintained by the Finance Administration Officer.

11.5.2 Private calls should be fully recorded by the Finance and Administration Officer and charges to the staff via payroll.

11.5.3 A monthly summary of private calls should be produced by the Finance and Administration Officer and passed on for recovery.

12. STOCK

12.1 General

- 12.1.1 Stock represents those items that are purchased but not immediately used until they are required.
- 12.1.2 All stock must be well controlled physically by the use of secure and appropriate storage facilities and proper systems of documentation. Stores should be kept tidy in orderly manner to ease stock counts and identification.
- 12.1.3 Optimum stock levels should be set which ensure that requirements are met without unnecessarily tying up excessive resources of the Organization.
- 12.1.4 Goods in transit should be recorded on a separate stock card.

12.2 Documentation

12.2.1 Stock cards

- 1) A stock card (bin card) must be maintained for each stock item and there must be proper systems and documentation to control requisitions issues and receipts of stock.
- 2) A register should be opened to record all stocks in transit
- 3) Stock cards should be updated on a daily basis to ensure that they reflect the physical stock held.
- 4) The stock cards should have the following:
 - 1) Name of item
 - 2) Stock card number
 - 3) Reference number to GRN or SRN
 - 4) Balance of stock held
 - 5) Re order level
 - 6) Purchase price.

12.2.2 Store Requisition Note (SRN)

All requisitions of stock should be made on a store requisition note which should be in duplicate.

The SRN must be authorised prior to being received in store. There should not be anything removed from the stores without having an authorised SRN.

SRN should have the following detail:

- 1) Date of delivery
- 2) Name of deliverer of goods
- 3) Quantities, units and specifications
- 4) Signature of store keeper acknowledging receipt of goods

12.2.5 Monthly stores report

A stores report should be prepared by the storekeeper on a monthly basis. The purpose of this report would be to inform management of stock levels to enhance decision-making.

The stores report should have the following details:

- 1) Stock balances at the end of the month
- 2) Stock movements during the month
- 3) Re-Order levels

12.3 Issue Procedures

Stock should only be issued from stores against an authorised store requisition note.

Recipients should acknowledge receipts of items by signing on SRN/IDN.

12.4 Receiving Procedures

The storekeeper should raise a GRN for every receipt of goods in stores.

When goods are received from the suppliers, the delivery note should be checked against the purchase order and the physical details of the delivery.

Where goods require standard technical certification, the storekeeper should obtain it from either the end user or a technical person.

The GRN should be signed by the person receiving the goods.

12.5 Stock Counting

Physical stock counts should be carried out twice a year for all items in the stores. This should be carried out at the month ends of June and December.

Spot checks should be carried out by the Head of Institution on a monthly basis. All such counts should be evidenced by initialling the stock card to show agreement with the quantity shown.

During stocktaking, the following procedures should be followed:

- 1) The Finance & Administration Officer will be in charge of stock take and should ensure that all the stock taking instructions are adhered to.
- 2) The storekeeper should be present to assist in identification of records and stock items but should not be involved in the physical count.
- 3) Store and stocks must be neatly arranged prior to stock take.
- 4) Stock cards should be completely updated prior to stock take.
- 5) Stock count sheets should be used during stocktaking and must be pre-numbered.
- 6) Stock counts sheets must be signed by the counters
- 7) All items of stock should be identified and condition recorded on the stock sheet.
- 8) No stock must be issued during stocktaking. Exceptions to this should be clearly documented and given prior approval.
- 9) A report should be prepared by the stock taking team detailing the physical and record balances of stock.
- 10) Variances should be explained by the storekeeper and incorporated in the report.
- 11) The Head of Institution should review and sign the report and investigate the variances.

12.6 Stock Valuation

At the year-end, stock expensed off on purchase but remaining in stock must be valued and recorded as a note to the balance sheet.

Valuation of stocks will be done centrally using the lower of the Net Realisable Value or Cost Price.

Items bought in bulk and those for more than one cost centre should be charged on stock (balance sheet) on purchase. These should include the following items: -

12.7 Obsolete and Damaged Stock

During the periodic stock counts should be inspected to determine whether there are in good condition.

Any stock identified as non-moving, obsolete or damaged should be considered for writing off.

Obsolete or damaged stock should be disposed off, after authorisation by the Head of Institution in consultation with board.

12.8 Non Stock Items in Stores

Separate registers should be maintained for those items held in the stores that are not stocks (i.e. would not be entered onto stock card). This would include used items and loan items.

A separate register should be maintained for goods in transit.

13. BUDGETING PROCEDURES

13.1 General

- 13.1.1 These procedures are intended to assist in the preparation of annual budgets. Annual detailed expenditure budgets should be prepared in the local currency. The budgets should be derived from approved work plans.
- 13.1.2 The detailed expenditure budgets should be costed month by month against which management will monitor both the actual timing and cost of activities through the monthly management accounts.

13.2 BUDGETING PROCESS

- 13.2.1 Prior to the budgeting process, budget guidelines to be followed will be issued.
- 13.2.2 Staff will prepare a work plan of activities for the year which should be reviewed, costed and consolidated. The costing of the plan should be done in a cash basis i.e. according to the timing of the activities.
- 13.2.3 All program budgets will be prepared in South Sudan Pounds and the consolidated Program Budget will be converted in to hard currency at the exchange rate applicable.
- 13.2.4 All budget calculations should be done on budget calculation sheets that should be maintained on spreadsheets.
- 13.2.5 Budget calculations should clearly indicate the cost centre and account details.

13.2.6 The budget as per the calculation sheet should be clearly spread in the period in which the activity was planned.

13.2.7 All budget assumptions should be clearly stated on the budget calculation sheets so that the budget figures can be substantiated.

13.2.8 Budget prices should take into account reasonable rate of inflation. The Finance and Administration Officer should communicate this rate in the budget guidelines.

14. COMPUTER USAGE

14.1 General

14.1.1 Only users authorised by the Department heads will have access to the use of computers.

15. MANAGEMENT ACCOUNTS

15.1 Management Accounts are intended to primarily act as a tool for management decision-making. The detailed reports to be produced should be agreed with senior management.

15.2 Management Accounts are designed to report actual expenditure against budgets and should therefore be prepared on a cash basis. Non-cash basis items such as depreciation need not be included except as a year-end journal.

15.3 Monthly financial reports and accounts are an integral part of the country program reporting and should be submitted bi-annually to the Steering Committee.

15.4 Preparation of accounts is the responsibility of the Finance and Administration Officer; however the overall responsibility of submitting accounts lies with the executive Director.

15.5 At the end of the year, the following reports should be generated:

- 1) Summary of Income and Expenditure
- 2) Variance Reports
- 3) Detailed Debtor Balances
- 4) Detailed creditor balances
- 5) Bank and cash balances

16. AUDIT

16.1 Internal Audit Visits

16.1.1 VITRA will be visited by the Internal Auditor from any organization of which we are obligated to whenever the need arises

16.1.2 Audit timings and terms of reference will be agreed with the Organization and the Auditor prior to the audit commencement.

16.1.3 The standard terms of reference are as follows:

16.1.4 Perform a review of all major financial systems and controls to ensure efficient and effective use of resources, accuracy of record, and security of assets and prevention of fraud.

16.1.5 Review compliance with the local financial manual.

- 16.1.6 Review compliance with local laws.
- 16.1.7 At the end of each audit exercise, the auditor will discuss with management outlining key areas of weaknesses and recommendations.
- 16.1.8 A written Audit report also will be discussed and management response agreed and incorporated in the report.
- 16.1.9 The Head of Institution shall implement agreed audit recommendations after a final audit report has been sent to the Chairman of the Steering committee.

16.2 External Audits

- 16.2.1 VITRA will be visited by an external auditor annually.
- 16.2.2 Audit timings and terms of reference will be agreed with the Head of Institution and the Auditor prior to the audit commencement.
- 16.2.3 At the end of the audit exercise, the auditor will discuss with the management outlining key areas of weakness and recommendations.
- 16.2.4 A written audit report also will be discussed and management response agreed and incorporated in the report.
- 16.2.5 The Head Institution shall implement the agreed audit recommendations after a final audit report has been sent to the Chairperson of the Steering Committee.

16.3 Audit Committee

- 16.3.1 Members of the Audit Committee will include the Treasurer of the Steering Committee, Head Institution, Finance and Administrative Officer.
- 16.3.2 The committee will meet on a quarterly basis to review the key audit issues.
- 16.3.3 The committee shall have the right to meet without any or all of the management whenever it deems necessary.
- 16.3.4 The terms of reference of the audit committee:
 - 1) To consider major findings of internal investigations and management response.
 - 2) To ensure that audit recommendations are followed up and implemented.
 - 3) To identify and review major risks to which Head of Institution is exposed and confirm that systems have been established to mitigate those risks.

16.4 Investigative Audits

- 16.4.1 Whenever the Audit Committee deems it necessary, it may carry out an investigative audit. The terms of reference of the audit will be agreed upon between Head of Institution and the auditor hired for the purpose.

APPENDICES

- 1) Appendix I: Per Diem Policy (*Attached*)
- 2) Appendix II: Per Diem Structure (*Attached*)
- 3) Appendix III: Payment Request Form – PRF (*To be drafted & attached later*)



APPENDICES

APPENDIX I: VITRA'S PER DIEM POLICY

1.1 Categories

VITRA will give per diem to its staff on official duty. The amount given will depend on the area of duty execution.

a) **Local:** This refers the country within where VITRA offices are located. Therefore all areas within South Sudan will be considered as local.

b) **International:** This refers to all areas outside South Sudan.

c) **Accommodation:** Refers to situations where staff has to pay directly for her/his accommodation. The amounts given are the ceiling. Payment for this includes breakfast. In places where this doesn't apply, breakfast will be paid for separately. Accountability for accommodation is on actual receipt

2.1 Applying for Per diem

The officer will only be paid per diem if he/she accompanies an official communication from the program execution end or any other correspondence related to the trip.

2.2 Accountability for per diem

The Officer in charge will be expected to account for the per diem taken in form of a brief report after her/his trip. No receipt will be required. This should be done within a week after as he/she accounts for all other related monies related to the same program.

2.3 Local travel costs for parenting employees

VITRA will cater for all travel costs including accommodation and meals for one baby sitter. VITRA will pay for actual expenditure therefore; it's a **MUST** that receipts will be required from the concerned staff to back up the accountability.

2.4 International travel costs for parenting employees

VITRA will pay for 100% travel costs for the baby, and only pay 50% of travel costs for the baby sitter, but mainly encouraged that the baby sitter be identified and hired in country where staff is travelling. This policy will only apply to staff and the age limit for the baby is 2 years and below.

2.5 Contingency

This is to cater for any eventuality during any trip. Staff will be allowed to carry a contingency that should not exceed \$540 or £ 300. This should be accounted for on return and maximum period is one months. Beyond that,

Finance and Administration officer will send a remainder to the concerned staff. Failure to act at this stage, the full amount will be recovered from staff's monthly salary through payroll.

No staff will be allowed to take contingency before he/she first accounts for the one taken previously.

Policy revision will be done as and when deemed necessary depending on the cost of living.



APPENDIX II: VITRA'S PER DIEM STRUCTURE

Description	Category	Rates	Remarks
Per diem	Local		To cater for accommodation and meals
Bed paid allowance	Local		Accommodation and Breakfast paid for.
Day's allowance while travelling	Local		To cater for a day's travel, Work on Weekend and public days
Per diem	International		To cater for accommodation and meals
Bed paid allowance	International		When accommodation & Breakfast catered for.
Day's allowance while travelling	International		To cater for a day's travel while in transit.
Out of pocket	Local		Paid to W/shops participants where all expenses are catered for on full board basis
Out of pocket	International		Paid to staff on International workshops where all expenses are catered for on full board basis
Accommodation	Local		The accommodation should not exceedper day
Accommodation	International		International accommodation limits is \$100 or £55 pounds per day

~~ END ~~