



SOS Sahel Sudan Finance Manual

2015

1. I INTRODUCTION

SOS Sahel Sudan a is Local development agency based in Sudan. It is committed to equitable distribution of wealth and power through fundamental social change.

SOS Sahel sudan operation in four area six state North kordofan(Elobeid) ,South Kordofan (Kadugli ,ElGoiz and Abbaisa) , West Kordofan (AlMuglad),North Darfour (Elfasher ,Kabkabia) , Red Sea and Kassala

SOS Sahel Sudan organizational support Department in Khartoum is responsible for the overall financial management of the organization.SOS Sahel Sudan is accountable to its board, constituency and all funding sources. In this light, SOS Sahel Sudan distributes widely an annual report, which includes a summary of its annual audited statements.

The purpose of this Finance Manual is therefore to ensure that effective processes are in place in the all sub office & Head quarter in Khartoum to comply with the terms of the Agreement signed with Multi-donor .

Various Forms that will be used in implementing the accounting system & the field office chart of accounts are annexed with this manual.

1.1 Objectives

The general objective of this manual is to enable SOS Sahel Sudan to standardize –with financial system and as per the terms of the Agreement signed with Multi donor - an effective internal control system on the management of its resources committed from the donor. The Finance Manual is also intended to provide a clear picture of all financial management processes taking place in the Khartoum office and hopefully providing an opportunity for minimizing unnecessary duplication of work between Khartoum and sub office.

The specific objectives are:

- i) To comply with the requirements of Multi Donor
- ii) To strengthen the accounting system of SOS Sahel Sudan offices so that it will have better capacity to monitor and account for the resources under its management,
- iii) To streamline SOS Sahel Sudan sub office financial reporting methods in line with the system in place in Khartoum (HQ),
- iv) To ensure availability of guiding material for the day to day activities of the finance personnel so as to maintain consistency in financial management

2. ACCOUNTING SYSTEM

SOS Sahel Sudan field office will follow a Double Entry Accounting System. SOS Sahel Sudan field office uses computerized accounting system. The name of the software is Quick Book.

2.1 Basis of Accounting

SOS Sahel Sudan will follow modified Cash basis of accounting to record its financial transactions. Revenue is recognized when received and expense is recognized when paid except the treatment of account receivable and payable.

2.2 Objective Evidence /Vouchers and Books of Accounts/

SOS Sahel Sudan uses two types of objective evidences:

- I) Objective evidence obtained from supplier when payment is made.
- II) Objective evidence prepared within the organization, which includes vouchers.

Vouchers

In SOS Sahel Sudan, vouchers like check & Cash payment vouchers and cash receipt vouchers and journal vouchers are prepared to evidence the financial transactions. Such documents are printed, pre-numbered and prepared in adequate number of copies for both accounting and control purposes, signed for preparation, checked and approved. All relevant supporting documents such, as supplier invoices should be attached to the vouchers.

The field office will use journal voucher for non-cash transactions like correcting entries and/or adjusting entries.

The vouchers will be coded and the data will be entered to the computer

Classification of data

SOS Sahel Sudan office uses chart of account, this chart of account is annexed with this manual.

SOS Sahel Sudan offices uses the following codes or identifiers.

T1- QB code (Account code)

T2- QB class (Project code)

3. CASH ADMINISTRATION

3.1 Cash Receiving Operations

3.1.1 Internal Control Policies and Procedures

Cash receipt vouchers of the field office will be sequentially pre-numbered and printed with sufficient copies.

The Finance Officer will prepare cash receipt voucher (FORM1.1) in three copies for receipt of cash or cheques. The original cash receipt voucher will be given to the payer, the Second copy will be the source document for Finance and the Third copy is undetached and will remain in the pad.

Cheques received must be in the name of SOS Sahel Sudan and personal cheques will not be accepted unless certified by the bank.

Unused cash receipt vouchers should be kept under the custody Of the Finance Officer.

The cash receipt should be attached with bank advice and filed properly for recording in the cash receipt register.

3.2 Cash Disbursement

Disbursements may be effected through cash or cheque.

Depending on the way the payment is effected, cash disbursement will be handled through One Multi voucher:

Payment Request (Cheque, Petty cash & transfer) (Form 1.2)

Advances

- **Salary Advance**

SOS Sahel Given salary advances for staff cannot exceed 50% of monthly salary & deduction in Exist Month ,staff full form(Form 1.8) and approve from HR and deduction in same month

- **Activities Expenditure Advance**

Sahel Given Float for SOS sahel Business, Staff full float form (Form 1.9) (then review & check by finance staff then approve by Manager then paid and keep the document then before end of month the staff must clearance the float this second step given to finance support document and made adjustment if more refund or if less paid to him the different,

3.2.1 Cheque Payments

Internal control policies and procedures

Except for special circumstances, payment above SDG 1,000.00 will be made

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Through cheques.

Cheques will be written to the payee.

On receipt of cheque books from bank, the number of cheque leafs should be carefully checked. Unused chequebooks must be maintained in custody of Finance Officer in the safe.

Precaution should be taken not to bounce cheques. Cash ledger will be updated regularly to make follow up the daily bank balance.

Cheques must be signed by any of the two from the following, the Executive Director, the Program Manager, the Finance Officer and Project Officer at the field level.

Canceled cheques must be retained in the chequebook after the word void is written on it.

Cheque Preparation & signature

Cheques may only be prepared against cheque payment vouchers authorized by Executive Director or Program Manager- or their formal delegate.

Cheque stubs should be completed with name, amount.

Cheque payment voucher will be signed for preparation, coding and posting by finance officer and signed by finance Manager for checking & approving.

Payment request and authorization (FORM 1.2) shall be filled for requesting and authorizing all cheque ,Cash & transfer payments

The cheque request will be initialed by the requesting personnel, and finally authorized by Executive Director or Program Manager.

Cheque payment voucher is prepared in response to the approved payment request and authorization form.

Each cheque payment voucher will be coded and the data will be entered to the computer.

3.2.2 Petty Cash Payments

Establishing the Petty Cash Fund

Internal Control Policies and Procedures

The cash balance plus the non-reimbursed vouchers should at all times equal the amount of the established petty cash.

The Finance Officer or Program officer shall occasionally make surprise cash counts.

Disbursements from petty cash fund should be evidenced by pre-numbered petty cash payment vouchers.

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Petty cash fund ceiling should be reviewed periodically as the need arises.

Petty cash will be replenished weekly.

3.2.3 Bank Reconciliation

Bank statements should be collected by the third day of the following month.

The Finance Officer must reconcile all bank accounts monthly.

Bank Reconciliation (Form 1.3) and the corresponding bank statement will be sent to the Head office in Khartoum with monthly documentation.

The Finance Officer must make immediate follow up with the bank regarding Missing advice of deposits not cleared within a reasonable time and on any Discrepancy that may be found.

The bank does not issue debit advice for cost of chequebooks. The charges must be journalized from the bank statements.

The project accountant in the Head Office in Khartoum shall approve bank reconciliation.

4.1 Travel Advances

Travel advances consist of staff's per diem, accommodation charges and project advances. Per diem rate for the traveler eligible for per diem is as follows.

- **SOS Sahel Sudan staff**

SDG 100 day plus accommodation costs – out state operation

SDG 50 day plus accommodation costs – out state operation

The traveler should complete travel advance slip Overnight Authorization Form (Form 1.4), which will be approved by the Program officer or Field Representative or their delegate.

Per diem payment slip Meal Allowance Claim Form (FORM 1.5/ should be filled to document the amount of Meal Allowance paid to the traveler.

Travel Expense Report is a form used to report field trip expenses, departure and arrival time Per diem accommodation & other reimbursable expenses incurred with supporting documents. Based on this report the traveler will be refunded documented expenses exceeding the actual travel advance or she/he will reimburse the unspent money from her/his advance.

All travel expense report must be reviewed and approved by the Program Officer or Field Representative or their delegate.

An employee who has not cleared his previous travel advance is not

Permitted to take another travel advance.

If an employee has not cleared his travel advance within a month after his arrival, the travel advance will be deducted from the staff's salary.

5. Procurement (Purchases)

Any purchase above 2,500 SDG must be attached with 3 Performa invoices. 3 staff shall be participated in the selection process of the supplier and offer analysis sheet needs to be signed by them ,used the following format

- Purchase request (FORM 2.1)
- Proform summary (analysis sheet) (FORM 2.2)
- Purchase order (FORM 2.3)
- Good Received Note (GRN) (FORM 2.4)

6. Fixed Assets

Fixed Assets are properties having a useful life of more than one year, the cost of individual items exceeding SDG 3,000 and acquired for the SOS Sahel Sudan field office's use.

The field office's fixed assets include furniture and fixture, office equipment, vehicles etc.

Internal Control Policies and Procedures

Fixed assets are fully expensed upon acquisition without any consideration for depreciation.

SOS Sahel Sudan will report on the acquisition of fixed asset in line with the Donor Reporting requirement.

All fixed assets falling under the all program should be given an Identification number upon acquisition.

For physical control purpose, the Assistant Finance Officer will register fixed assets in the field Office on fixed Asset Register (FORM1. 3.4).

Adequate physical safe guard over assets includes keeping a record, which Contains a list of fixed assets procured under the Sudan program and currently used by the staff.

Each fixed asset will be assigned against employee and SOS Sahel Sudan expects each staff to take care of the fixed assets in his/her use and to hand them over upon completion of his/her assignment.

Physical inventory of all fixed assets should be conducted annually and the report will be sent to SOS Sahel Sudan Head Office in Khartoum.

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The coding system (giving tag number) the first two digits before - represents Asset Category,

7. Payroll

The monthly remuneration of employees will be prepared on the standard payroll (FORM1.6) of the field office.

The office should keep a personal file for every employee with the following information: name of employee, job title, date of employment, amount of monthly salary, salary increments and date, agreed deductions, identification number, date of termination, or dismissal etc.

When the Head office hires a new employee or increases staff's salary, the executive Director should advise the Finance Manager accordingly.

Preparation of the monthly payroll sheet will be finalized before 27th day of each month and payment will be effected three days before the end of the month.

Unless the condition dictates otherwise, payment of salary should be made direct to each employee against his signature on the payroll for receipt.

Deductions from employees' salary for Personal Income Tax , social insurance 8% and another deduction should be settled to the General chamber taxation & national social insurance fund respectively before the end of the month.

The employee who is eligible for overtime payment should fill an Overtime Request and Authorization Slip (FORM1.7) and the Program Manager or the Field Representative should specifically authorize overtime work in advance.

The employee should present the authorized Overtime Request and Authorization Slip before 25th day of each month to Finance.

Payroll should be signed by the person responsible for its preparation and checking and should be finally approved for payment by the Program Manager or the Field Representative.

Upon termination of a staff employment, the Program Manager or the Field Representative will notify the Finance Officer who will remove the employee's name from the payroll. In addition the finance officer will work out the provident fund and the severance pay to such employee and present to the Program Manager or to the Field Representative, after ensuring the clearance is given to employee.

The staff salaries of the field office shall be prorated between Direct Program Expenditures and Operating and Administration Expenditures based on the percentage established in the contracts with donors.

8. Budget

8.1 Budget Controlling

Budget monitoring statement (FORM 1.12), that comprises budgeted amount actual expenditure for the specific month, expenditure to date and the remaining amount allotted for the quarter for each budget line will be prepared on monthly basis.

9. FINANCIAL STATEMENTS AND REPORTS

The Khartoum office prepares various financial statements for internal and external purposes to display its financial performance during a given period of time.

Types of Report

Management Reports includes,

- Cash Receipt Journal
- Cheque & cash Payment Register
- Bank Reconciliation
- Budget Control Statement

The above-mentioned reports shall be prepared and sent to SOS Sahel Sudan Head Office on a monthly basis.

These reports should be sent to head office before 3rd day of the next month. The Program Manager or the Field Representative should review the monthly financial reports before these are forwarded to Khartoum.

Report to the Sudan Government

SOS Sahel Sudan will prepare and provide annually reports narrative and fixed asset and personnel profile of the organization to Humanitarian Aid Commotion (HAC) as per the terms of its agreement with the Sudan Government. This will be the responsibility of the Executive Director.

General Purpose Reports

These reports include: -

- Balance sheet
- Statement of Revenue & Expenditures
- Statement of fund balance
- Audit report at the end of the fiscal year

These financial reports should be prepared quarterly and at the end of the fiscal year (December 31st).

Balance Sheet

An overall balance sheet showing the financial position of the field office will be prepared at the end of each quarter and at the end of the fiscal year.

A statement of Revenue & Expenditures will be prepared for each active funding mechanism in the Khartoum Office.

10. AUDIT

Auditing

In addition to the annual auditing exercise of all SOS Sahel Sudan books in Khartoum, the regulations of the Sudan Government require that the accounts of the SOS Sahel Sudan Office be audited in Sudan by a certified audit firm at the end of each fiscal year,

The SOS Sahel Sudan fiscal year is January 1st to December 31st.

As soon as the Finance Section finalizes preparation of the annual financial statements of the field office three-audit firms (selected from the acceptable auditor's list) will be invited in writing to submit their audit quotation.

Upon approval from Board of trustees, the selected audit firm will begin its audit work and the Finance Officer will follow the process right up to its completion.

Besides the official audit report, the audit firm is expected to issue an Internal Control Memorandum, which portrays the auditor's general observations of the Internal Control System of the organization with relevant recommendations to improve the same.

Management will review the draft audit report and clarify any issues requiring further explanation.

The official audit report will be released after the management and the auditors have reached an agreement on the draft audit report.

The management of the Khartoum office will review the Internal Control Memorandum of the auditors and implement any recommendations that justify immediate action.

The audit report will be distributed to all relevant parties upon submission of the report.

Operating internal control

Monthly fuel consumption. (FORM 3.1)

Log sheet for the vehicles (FORM 3.2)

Monthly Vehicle maintenance report. (FORM 3.3)

CONCLUSION

The Finance Manual contains financial policy and procedures to be followed in order to provide accurate financial information.

Accurate and up to date financial information is of vital importance to management at all levels. It is therefore the responsibility of the management of the khartoum office to ensure that the internal control system and procedures in the manual are properly implemented.

The content of this Finance Manual is subject to change. Its format and content reflect the current situation of the field office.

GENERAL ACCOUNTING FORMS AND REGISTER

General Accounting forms and registrar required for the implementation of general Accounting procedures manual are as follows:

No	NAME OF FORMATS	FORMS NO.
1.	Cash Receipt Voucher	1.1
2.	Payment Request Form	1.2
3.	Bank Reconciliation	1.3
5.	Overnight Authorization Form	1.4
6.	Meal Allowance Claim Form	1.5
7.	Payroll	1.6
8.	Over time Claim Form	1.7
9.	Salary Advance request	1.8
10.	Float request Form	1.9
11.	Time sheet	1.10
12.	Cash withdrawal Form.....	1.11
13.	Budget Control	1.12
14.	Purchase request Form	2.1
15.	Quotation Analysis Form	2.2
16.	Purchase order Form	2.3
17.	Good Received Note	2.4
18.	Monthly Fuel Consumption.....	3.1
19.	Monthly Log sheet.....	3.2
20.	Monthly Vehicle report form	3.3
21.	Fixed Assets Registration.....	3.4
22.	Chart of Account	