

Financial Guideline



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1.0 General Framework

I. Introduction

Help The Needy Charitable Trust is an internationally recognised relief and development charity organisation, working to alleviate the suffering of the world's poorest people. For this reason Help The Needy Charitable Trust must ensure the finest practice and highest standards are adhered to, when managing and reporting the financial resources of Help The Needy Charitable Trust by all Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners. The Financial Guidelines are applicable to all Help The Needy Charitable Trust Offices/ Partners, regardless of any operations one may be engaged in, whether it be: fundraising, fieldwork, management or coordination. These financial guidelines however, are set to provide guidance to the principles and to operate in accordance with all Help The Needy Charitable Trust Offices/ Partners local regulatory requirements, when managing and reporting financial transactions. The Financial Guidelines form the general framework, which is prepared to ensure the quality and accuracy of recording as well as reporting financial information. The Management of each Help The Needy Charitable Trust Offices and Partners must ensure the financial reporting team members are knowledgeable about the financial guidelines. Further, all Help The Needy Charitable Trust Offices/ Partners should have documented procedures (desk-top procedures) pertaining to the processes used which, must comply with the Help The Needy Charitable Trust Financial Guidelines provided local laws and regulations permit.

II. Background to the Financial Guidelines

The reliable system of financial management provides a sound basis for planning ahead as well as utilising resources in the best possible manner. The efficient financial administration contributes significantly to the smooth running and successful outcome of relief and development programmes. Therefore a good system should provide a reliable source of information, to base timely modifications to the original plans with minimum interference.

Conversely, inadequate financial management can seriously undermine potential achievements. Auditors on the other hand, would need to be assured that satisfactory systems of control over transactions are maintained with regulatory requirements in mind. Further, major donors would also want to be assured that their donations are accurately administered and allocated, with purposes consistent with their reasons for giving. The Accounting/Finance function should maintain a good record keeping; as this is critical for reasons such as verification as well as reporting back to management and major donors.

It is important for managers to be familiar with what to expect when examining the budgets and accounts; as well as simultaneously understand the underlying principles of good accounting practices.

III. Rules governing finance

The basic governing rules for Help The Needy Charitable Trust are enclosed in Articles and Memorandum of Association.

These set out the objectives of the organisation as: “The relief of poverty in any part of the world”.

Help The Needy Charitable Trust is committed to strict compliance, with all legally prescribed regulations governing charitable work and charitable organisations, wherever it operates. It is the responsibility of management in each country to ensure that local laws and regulations are complied with. In general these rules when related to financial matters will be devised to ensure:

- The ability to disclose (with reasonable accuracy) the financial position of Help The Needy Charitable Trust at any time.
- Accurate accounts can be prepared from appropriately maintained records.
- Records show all monies received and expended.
- Records provide a register of all assets and liabilities.

The highest professional accounting practice is recommended throughout the organisation. In order to ensure compliance and suitably qualified auditors, one must externally audit all operations. However, the responsibility of implementing the guidelines rests with management in each location. The management at headquarters on the other hand, will inspect and examine the level of compliance with the guidelines at every practice, which carries the name and logo of the organisation. Compliance with the financial policies set out in this manual would help to enable the organisation to achieve standardisation of reports and operations. This will have a direct and positive impact on the credibility of Help The Needy Charitable Trust and will therefore play a pivotal role in protecting the organisation.

IV. Help The Needy Charitable Trust Family

Help The Needy Charitable Trust undertake fundraising operations within UK only.

Help The Needy Charitable Trust Family members engaged in Fundraising

UK

It is also acknowledged that Fundraising Operations are undertaken in UK only; these activities are mainly conducted by the Fundraising department of UK. Most of the organisation’s relief and development work is carried out in developing countries, although some projects are implemented in developed countries. However, it is important to note that fundraising is carried out wherever it is permissible to do so.

Pakistan, Iraq and Bangladesh

Bangladesh, and Pakistan

2.0 Financial Controls

Help The Needy Charitable Trust adheres to the responsibility of having to exercise strict financial controls. This is to ensure all funds received are utilised, only for the purpose that Help The Needy Charitable Trust has stated in its objectives. It is standard practice that all financial reports sent to are subject to a thorough examination. Every Help The Needy

Charitable Trust Office and every Help The Needy Charitable Trust Partner is responsible for preparing financial reports, and ensuring adequate accounting controls are in place which safeguard the assets, at the same time ensures the reliability of financial records.

I. Audit

External Audit

All Help The Needy Charitable Trust Offices/ Partners are required to conduct an external audit, whether it is predetermined by local law or not. In extreme extraneous circumstances, where an external auditor cannot be appointed due to any reason, the Internal Audit Unit would conduct the audit.

Internal Audit

All Help The Needy Charitable Trust Offices are required to conduct an internal audit, whether it is predetermined by local law or not, the Internal Audit Unit would conduct the audit on quarterly basis.

II. Reporting

Help The Needy Charitable Trust Offices/ Partners that are engaged in fundraising operations must comply with the laws of the respective countries operations; and submit the required reports to the designated agencies authorised by the state to receive the reports. Partner organisations implementing project on behalf of Help The Needy Charitable Trust must sign agreements with Help The Needy Charitable Trust. They are then required to submit reports to Help The Needy Charitable Trust as well as to enable Help The Needy Charitable Trust to monitor the operations. All Help The Needy Charitable Trust Offices/ Partners must therefore submit quarterly reports to Help The Needy Charitable Trust Head Office, namely to the Finance department.

III. Elements of Financial Control

All Help The Needy Charitable Trust Offices/ Partners should have the following financial controls in place:

- **Authorisation and Approval**

Written documentation on the authority levels should be maintained. Where by Help The Needy Charitable Trust Offices/ Partners must ensure all transactions undertaken comply with Help The Needy Charitable Trust's objectives. Authorisation and Approval procedures should be followed in the opening of bank accounts - refer to Cash & Bank section.

- **Documentation and Accurate Recording**

All Help The Needy Charitable Trust Offices/ Partners should have specific and detailed procedures (desk-top procedures) to ensure all transactions are recorded in the appropriate account as well as the accurate amount. These controls will assist with guarding against the recording of fictitious transactions.

- **Computer Security**

Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should have sufficient passwords and security controls in place. This would secure paperless transactions and other sensitive areas of information.

- **Reporting**

To mitigate organisational damage in the event that one or more of the accounting controls breach security (i.e. fraud); all Help The Needy Charitable Trust Offices/ Partners should implement a system that allows for early and effective breach detection. This would encompass periodically reviewing expenditure and constantly

reviewing actual results compared with the budget. All Help The Needy Charitable Trust Offices and Partners should ensure timely monthly financial reporting (within 15 days of the month end), for this acts as a fraud deterrent.

- **Segregation of Duties**

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should segregate duties of personnel. Different personnel should be assigned to the responsibilities of authorising transactions, recording transactions and maintaining custody of assets.

- **Conflict of Interest and Ethics Statements**

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should ensure that procurement of goods and services are on an arm's-length basis.

- **Cash Receipts**

If Help The Needy Charitable Trust Offices or Help The Needy Charitable Trust Partners receive numerous cash receipts; several individuals would need to be readily available to handle and count the cash receipts to certify the total.

- **Bank Statement Review and Reconciliation**

A critical component for Help The Needy Charitable Trust Offices/ Partners internal control system should be promptly reviewed, with the reconciliation of all bank statements in correspondence (Defined: Monthly).

3.0 Financial Reporting

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners are required to provide financial information on a quarterly basis to Help The Needy Charitable Trust Head Office, for management and statutory reporting requirements. The information required, to be provided on a timely basis using a consistent format. All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should maintain and prepare financial information on a monthly basis which, should be submitted to the Head of Office/Country Director.

I. Timing of Reports

All Help The Needy Charitable Trust Offices/ Partners should ensure their Financial Reporting is submitted to Head Office Finance department in accordance with the following timetable.

Reporting Period

3 Month Results

1st January to 31st March

Date that the Financial Reporting should have been received by Finance - 15th April

6 Month Results

1st January to 30th June

Date that the Financial Reporting should have been received by Finance - 15th July

9 Month Results

1st January to 30th September

Date that the Financial Reporting should have been received by Finance - 15th October

12 Months Results

1st January to 31st December

Date that the Financial Reporting should have been received by Finance - 15th January

II. Procedures

All Help The Needy Charitable Trust Offices/ Partners should submit a complete financial reporting package. These schedules are self-explanatory or where explanations are required can be found in report footnotes. The entire package is required to be completed for monthly reporting.

If the requested schedule is not applicable or there has been no reportable activity, submit the schedule with an “N/A”.

Schedule	Schedule Name
Schedule 1	Income & Expenditure Reports by Projects
Schedule 2	Income Raised by Projects
Schedule 3	Fundraising Expenditure Reports
Schedule 4	Core Office Costs Reports
Schedule 5	Trial Balance
Schedule 6	Bank Reconciliations for each Bank Account
Schedule 7	Fixed Asset Register
Schedule 8	Consolidated Income & Expenditure Statement
Schedule 9	Balance Sheet
Schedule 10	Cash-flow

III. Formats

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should report using approved formats. All reports should highlight budgeted and actual figures. Any issues or discrepancies with reports must be accompanied by a written explanation approved by the Country Director/Head of Office.

IV. Reporting Currency

All Help The Needy Charitable Trust Offices/ Partners should submit reports to Finance in their budgeted currency. The preferred reporting currency is in British Sterling Pound (£).

V. Responsibility

The responsibility for ensuring, Help The Needy Charitable Trust Offices/ Partners issue timely and accurate reports’ rests with the Accounts/Finance Manager and Country Director in each of Help The Needy Charitable Trust Offices/ Partners. Where Help The Needy Charitable Trust Offices/ Partners have various departments and divisions, each divisional manager is responsible for the reporting of each respective division.

VI. Year End Reporting

All Help The Needy Charitable Trust Offices / Partners should ensure copies of the externally audited annual accounts and Management Letters from external auditors are sent to Finance department. It is essential that all Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners adhere to the yearend timetable, due to the following factors:

1. The External Audit - Changes in agreed audit time's results in greater costs.
2. The Annual Report needs to be submitted to institutional donors WITHIN 4MONTHS OF THE YEAR END.
3. Delays can damage Help The Needy Charitable Trust's reputation and creditability.

- **Year End Reporting Period**

Financial Year ends 31st July

- **Timetable for yearend completion**

1. Current year ledger closed and reports finalised by 31th August following year end.
2. External audit to take place in September - October following year end
3. Externally audited accounts to be sent to Finance by 28th November following yearend

4.0 Budget Guidelines

I. Proactive Planning

Effective fiscal planning enables Help The Needy Charitable Trust Offices and all its Partners to function smoothly and confidently. Accurately predicting the available resources enable Help The Needy Charitable Trust to budget and plan realistically. Thus, Help The Needy Charitable Trust needs to identify its core budget and all Help The Needy Charitable Trust Offices/Partners should prepare budgets within the given time framework. Help The Needy Charitable Trust constantly develops and reviews long-term financial plans in order to increase the volume of its financial resources, hence to fulfil its objectives of delivering aid and conducting development projects to help destitute people. All Help The Needy Charitable Trust Offices, departments and Partners are required to produce budgets to ensure effective planning. The budgets should be utilised throughout the period to monitor actual performance against budgeted performance.

II. A budget

A budget is when an individual from each office/department is working with a plan, plans of project for the forthcoming year, in money terms. This helps to ensure the offices/departments have sufficient funds to meet their objectives; thus enabling Help The Needy Charitable Trust to make financial decisions and to keep in control of all finances, rather than having to rely on pure guesswork.

III. Preparing a Budget

1. In light of Help The Needy Charitable Trust objectives and goals, each Office/Department or Partner should assess how their specific goals fit in with Help The Needy Charitable Trust's strategic and long-term plan.

It should be noted that all Help The Needy Charitable Trust Offices and Partner's budget coincides with the key objectives of Help The Needy Charitable Trust.

2. Review all projects and activities the department/office has undertaken during the current year (past 9 months) just ending:

When reviewing one must include, yet not limited to the categories mentioned:

- Whether the project is completed
- The objectives achieved by the department/office
- Compare previous year's budget to actual figures (Income and Expenditure)
- Look at staff levels for each department/office

Budgets should be submitted to Help The Needy Charitable Trust Head Office two months in advance to the year end (deadline), to enable Help The Needy Charitable Trust Offices/ Partners to base their review of current activities on the previous 9 months to ensure the fulfilment of the deadline.

3. Based on the above review, the departments/offices should set new goals and objectives for the coming year. These goals and objectives should fit in with Help The Needy Charitable Trust's strategy and long-term plan.
4. Standard templates should be utilised during the budget preparation phase.
5. Estimate the costs required to achieve the objectives through the size of project, as well as the offices/departments.

You must include the following, yet not limited to the categories mentioned:

- Staff
- Materials & Supplies
- If you are considering to purchase equipment etc. seek quotes from various suppliers.
- Consider all resources required by projects/departments/offices.
- Take into account imminent changes, for example tax, insurance or any other areas that may be subject to fluctuation

Budget Example

Budget Details

Project: Doha Village Development project 1
 Period: 1st January 2012 - 31st December 2012
 Currency: GBP

Description	Unit	Unit cost	Total cost	Notes
Project manager	Person-month	200	900,000	Pakistan Floods Projects

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should have documented the reasoning for the estimates of costs, and justification on the basis of departments/offices goals and objectives.

6. Staff costs typically account for a large proportion of a departments/offices total expenses, so you should consider the hidden costs associated with staff costs:
 - Costs of hiring new staff - advertising new positions
 - Training and support
 - Evaluating your needs for additional office space
 - Furniture and equipment needs
 - Volunteer Costs

7. Need to budget for income as well as expenses, only if your department/office is an income generator.

Estimate future income with some degree of accuracy based on past experience and records.

Consider the expected income from all sources. You must include the following, yet not limited to the categories mentioned:

- Grants
- Donations
- Sale of Fixed Assets
- Institutional Funding
- Income In Kind

8. All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should include within their budgets: the expected costs that would originally be incurred by other Help The Needy Charitable Trust Offices; then to be charged out to the relevant Help The Needy Charitable Trust Offices/ Partners.

You must Include the following and yet entitled to add others if need be:

- Fundraising Costs incurred by other offices on behalf of Help The Needy Charitable Trust Partners.
- Costs incurred centrally in relation to services through which all Help The Needy Charitable Trust offices/ Partners benefit.

9. Once the budget has been completed, you would need to undertake a review which should include the following but not limited to:

- The projected figures should be compared with the previous year's budgets and actual figures. Any variations should be explained adequately.
- Review the expenditure pattern, with the justification to any changes.
- Check the logic of all calculations.
- Assess whether unforeseen circumstances have been budgeted for.
- The review should be documented and readily available for review on future Internal Audit visits.

10. It would be the Country Director/Head of Office to be held responsible for submitting the budgets to Help The Needy Charitable Trust Offices/ Partners then to Help The Needy Charitable Trust Head Office Finance Department.

11. All budgets should be prepared in local currency then converted into either: British Sterling (GBP), Euros or US Dollars before the submission to Help The Needy Charitable Trust Headquarters.
12. Ensure that the deadline issued is adhered to, for each department's budget needs to be considered by the Board of Trustees and Senior Management Committee (SMC) in the context of Help The Needy Charitable Trust.
13. The budget will actively be used to monitor against actual income generated and actual expenditure against the projected, to ensure targets are met.

V. Strategic Budgeting

Help The Needy Charitable Trust's vision and mission is clearly stated in its Strategic Plan. Included in the Plan are the each country's/offices Aims, key strategic initiatives, objectives, strategies, performance measures. Each Country/Office should prepare a strategic budget.

The strategic budget should be linked to the Aims, Objectives and Key Performance Indicators and Proposed Actions.

Example of Aims and Objectives:

Aim: To develop an organisational capacity to respond effectively to disasters

Objective: Increase capacity to respond to emergencies efficiently and timely where it happens to reduce the suffering of the affected people.

1. Strategic budgeting should include a situational analysis of the factors that impact the Help The Needy Charitable Trust Offices/Partners future direction. Analysis of the economy, development/emergency needs, regulatory, etc., the most significant of these factors should be utilised in forming assumptions in projecting the budget for the next three to five years.
2. Help The Needy Charitable Trust Offices/Partners should undertake an analysis of the resources required to meet the performance goals.
3. Help The Needy Charitable Trust Offices/Partners should maintain project log-frames that would assist with formulating strategic plans and budgets.
4. The strategic budget information should summarize the income and expenditure that are related to implementing the Help The Needy Charitable Trust Offices/Partners action plans described in the strategic plan over the next three to five years.

The budget should provide projected income and expenditure in relation to what the Help The Needy Charitable Trust Offices/departments intends to accomplish in view of its goals and objectives.

All of the financial information should represent estimates of what it will take for the Help The Needy Charitable Trust Offices/Partners to achieve its aims and objectives.

V. Approval Process

All budgets before submission to Help The Needy Charitable Trust Head Office need to be approved by the Budget Approval Committee of each Help The Needy Charitable Trust Offices/ Partners.

The budget approval committee should comprise of a: Director, Finance Manager, Fundraising or Projects Manager for each of Help The Needy Charitable Trust Offices/ Partners. The budgets for all Help The Needy Charitable Trust Office/ Partners are approved at two levels namely: by the Senior Management Committee (SMC) then the Board of Trustees.

All reductions and amendments stated by either the Senior Management Committee (SMC) or the Board of Trustees should be implemented immediately while revised budgets should be sent to Finance. This will enable Finance to undertake and prepare the necessary analysis and related work, before re-submission to the Senior Management Committee (SMC) and Board of Trustees.

VI. Budget Holders

All Help The Needy Charitable Trust Offices/ Partners should have specified their budget holders, where they would be given the appropriate seniority to control expenditure.

The budget holders on the other hand, should regularly monitor reports with the relevant Accounts Department or Finance Department of Help The Needy Charitable Trust Offices/ Partners.

Further, the Budget Holders would have to acquire adequate financial training to ensure necessary skills are accumulated to manage the budgets. The Budget holder should undertake and document actions to correct significant budget variances

VII. Monitoring

All Help The Needy Charitable Trust Offices/ Partners should have in place regular reviews and monitoring of actual against budgets

The reports should show the actual and/or committed expenditure as well as income to date, thus comparing the variance against the budget

Monitoring reports should be made available, within a defined period that allows effective corrective action to take place where necessary (Defined: within 4 weeks of the end of the quarter)

A formal review should be undertaken by budget holders.

Finance Department should ensure regular submissions of the budgetary position reports [that include all Help The Needy Charitable Trust Offices/ Partners] are given to the Senior Management Committee (SMC) and Board of Trustees

Thus, all Help The Needy Charitable Trust Offices/ Partners should ensure all actual quarterly reports are submitted on a timely basis at the end of the quarter (Defined: within 20 days of the Quarter end)

VIII. Post Budget Adjustments

All Help The Needy Charitable Trust Offices/Partners during the budgeted period require amendments to the final budget, as approved by the Senior Management Committee (SMC) and Board of Trustees. However you would need to submit a written proposal with justification to why the amendments were conducted which would then be submitted to the Executive Committee.

5.0 Cash and Bank Guidelines

The guidelines set out in this section should be used by all Help The Needy Charitable Trust Offices/Partners in accounting to manage Help The Needy Charitable Trust's cash in all of its forms.

Note: the term cheque includes any cheque equivalent such as postal orders, direct debit, credit card payments etc.

1. Opening of Bank Accounts

The Executive Committee is the only body that is authorised to instruct the opening of bank accounts. However, the Executive Committee may delegate this authority to the SMC. All requests to open new bank accounts or for changes to the existing bank accounts must therefore be submitted to the Executive Committee, using the "Bank Authorisation form." The authorisation for a new bank account becomes effective when the approved form is returned to the Director or, the head of the Office that it is connected with. All Bank accounts must be in the name of Help The Needy Charitable Trust, where all depository and disbursements transactions should be undertaken through these accounts. Hence there should be no personal bank accounts to be used in any circumstances.

Procedure:

1. The Bank Authorisation Form (BAF) will be issued on the basis of a written request by the Director/Head of Office/Finance Manager.
2. All BAFs have a unique issue number which is logged out in sequential order by the Internal Audit Unit (IAU). BAFs are only available from the IAU.
3. The BAF should be filled and returned to the IAU, who will then arrange for authorisation by the Executive Committee.
4. The BAF will then be sent back to the requesting office, which will then proceed to open or close the bank account.
5. Please note for each bank account a different BAF should be filled.

Failure to follow the procedure outlined will be deemed a disciplinary offence.

II. Closing of Bank Accounts

All bank accounts that become dormant must be closed; the Director or the head of Office concerned responsible for ensuring any bank accounts that become dormant are closed within a reasonable time period (defined as within 2 months of the account last being used)

Bank reconciliations should be undertaken at the date of closure. Internal Audit should be notified in writing if a closure of a bank account is to be undertaken.

III. Banking Cash and Cheques

All cash/cheques received must be banked on a regular basis (defined as within 2 days of receiving the money).

Cash/cheques should be recorded on a bank paying in slip for banking purposes. Another independent member of staff would need to check the accuracy of the details and sign it to signify that an internal check has been undertaken. In the case of paying money directly into a bank account a copy of the paying in slip stamped by the bank must also be retained. The individual who does the banking should be independent from the individual who receives the income to demonstrate that a clear segregation of duties exists.

Two individuals under all circumstances should undertake all banking of cash/cheques (defined: the two individuals, EXCLUDES a driver, who may drive the individuals to and from the bank).

IV. Withdrawal of Funds

All payments should be made by cheques; No payments should be made to suppliers in cash.

Withdrawals of funds should be limited to absolute cases of necessity (defined as petty cash, and in exceptional circumstances after obtaining approval from the Director). In cases such as withdrawal of funds, the cashier prepares the cheque and attaches the relevant supporting documentation to an "Approval request for withdrawal of funds"; this should be signed by two signatories that are different to the signatories on the cheque.

A cheque for the withdrawal of cash should not be made out in the name of an individual. Another individual should accompany the cashier to the Bank in order to cash the cheque.

On returning from the bank the cash should be handed to another Finance Officer within the department, who should cross-reference the amount to the cheque withdrawn and the relevant paperwork.

A record should be maintained of all bank transactions undertaken. This should be utilised to verify and is in preparation for the bank reconciliations.

Two individuals under all circumstances should undertake all withdrawal of funds (defined: the two individuals, does not include a driver, who may drive the individuals to and from the bank).

V. Authorised Signatories

There must be a minimum of TWO signatories for any bank account. On the contrary where due to exceptional circumstances, the two signatories are not available, advice and approval should be sought from Executive Committee.

All designated signatories should be aware of and be familiar with the Help The Needy Charitable Trust: Cheque Controls.

It is the fundamental duty of the designated signatories to protect the property of Help The Needy Charitable Trust in all forms. This will also secure its application for the objects of Help The Needy Charitable Trust. In order to discharge this duty, it is essential there are adequate internal financial and administrative controls over the use of Help The Needy Charitable Trust property, funds and resources.

Two signatures or authorisations are required to countersign cheques or send transfers.

For changing signatories on existing bank accounts a BAF should not be used. The 'Change of Bank Signatory Form' should be used (refer to the appendices). This can be directly downloaded and after completion should be passed to the Internal Audit Unit. The Internal Audit Unit will arrange for Executive Committee authorisation.

No blank cheques should be signed under any circumstances

VI. Disbursement of Funds: Segregation of Duties

All Help The Needy Charitable Trust Offices/ Partners should ensure that there is segregation of duties at places in all departments and offices, where individuals hold responsibility for the disbursement of funds.

The following duties should be performed by different individuals:

Authorised signatories - the persons authorised to sign cheques should be a person outside the accounts/finance department. (Defined: Country Director/Head of Office, Fundraising/Projects Manager and other senior Managers)

1. Ledger reviewer - reconciles the ledger, and prepares a report-thus reporting the transactional activity which should be reviewed by a manager
2. Cheque Request Reviewer - checks that the payment request is for Help The Needy Charitable Trust business purposes, and is in accordance with Help The Needy Charitable Trust policy, further reviews original backup documentation with an authorised signature
3. Cheque preparer (manual or automated) - prepares the cheque and the ledger entry
4. Cheque Issuer (manual or automated) - ensures cheque is signed and approves the ledger entry
5. Accounts Payable Officer - mails the cheque directly to the payee. Invoices should be stamped "PAID"
6. Reconciler - reconciles the bank statement to the general ledger cash account

Smaller Offices

Smaller Help The Needy Charitable Trust Offices/ Partners should ensure, additional checks and controls are in place where complete segregation of duties is not achieved. Smaller Help The Needy Charitable Trust offices and Help The Needy Charitable Trust Partners should maintain and comply with the following;

1. Monthly reconciliations of the ledger which, should be reviewed and signed by the Finance Manager on visits to smaller offices
2. A register should be maintained that details all cheques issued
3. For cash disbursement, a register should be maintained which details all cash disbursements made
4. All disbursements should be referenced to the original documentation.

All the registers and reconciliations should be kept up-to-date at all times; readily available for review by visits from Finance Manager and Internal Audit.

VII. Depository of Funds: Segregation of Duties

All Help The Needy Charitable Trust Offices/ Partners should where possible (see smaller offices rules below) ensure that there is segregation of duties in place in all departments and offices where individuals are responsible for the depository of funds

1. Mail Distributor - opens mail, endorses, issues receipts and keeps records of cheques received
2. Receptionist - receives income (donations) and issues receipts
3. Cashier - collects cash, determines account coding and deposits in bank account or delivers to another cashier for banking
4. Manager/Supervisor - ensures that all cheques and cash received are deposited and account coded correctly
5. Ledger reviewer - reconciles the ledger, and prepares a report-reporting the transactional activity which should be reviewed by a manager
6. Reconciler - reconciles the bank statement to the general ledger cash account

Smaller Offices

Smaller Help The Needy Charitable Trust Offices/ Partners should ensure additional checks and controls are in place where complete segregation of duties is not possible. The following rules should apply:

1. Monthly reconciliations of the ledger which, should be reviewed and signed off by the Finance Manager
2. Receipts should be issued for all cash received
3. A register should be maintained that details all cash and cash equivalents received
4. Monthly bank reconciliations should be completed
5. All cash must be securely kept and should agree at all times with records and reconciliations.

All the registers and reconciliations should be kept up-to-date at all times; readily available for review by visits from the Finance Manager and Internal Audit.

VIII. General Ledger Controls

Any Help The Needy Charitable Trust Offices/ Partners that handle cash must maintain the segregation of duties as outlined in the section **Segregation of Duties**. Smaller offices should utilise a larger administrative or other units to provide the necessary segregation of duties.

Regular monthly reconciliations of bank accounts must be performed to ensure all remittances and payments have been deposited / withdrawn into/from Help The Needy Charitable Trust bank accounts, as expected and recorded accordingly to the general ledger. Any discrepancies must be disclosed to the Manager and resolved immediately.

The **bank reconciliations** must be reviewed on a monthly basis by the Manager and, must be signed off on a monthly basis. Reconciliations must be performed for every bank account regardless of the denomination of currency in which the bank account is held

IX. Disbursements of Funds: Approvals

Costs incurred can only be paid from the relevant bank account in the form of cheque. The cheque must also be supported by original documentation, such as:

- Payment Request
- Purchase Request

- Goods Received Note
- Bid Evaluation
- Original Invoices
- Other original supporting documentation

All relevant sections of the payment request should be complete and in accordance with the supporting documentation as stated below:

- Date of the Payment Request (it should be current)
- The names of the requestor
- All the approval levels
- The details of the purchase and the amount
- The Cheque Number

The above aspects should be checked by the signatories for completeness while approval levels should be checked for appropriate authority.

All Cheque payments should be in the name of the supplier where possible, all cheques should be marked "A/C Payee only."

X. Petty Cash

A petty cash fund should be established only when it is demonstrated that a continuing cash advance is kept on hand to permit the purchase of low-value supplies and services.

The Finance Manager of each Office on the other hand, should set a specified amount for the petty cash fund.

Petty cash should be kept securely separate from others cash and should be kept in the safe.

Each Help The Needy Charitable Trust Offices should nominate an Admin Officer/Cashier, who is directly responsible for the safeguarding and disbursement of petty cash.

XI. Petty Cash Disbursements

Expenses can only be paid from the petty cash fund for the purpose for which the petty cash fund is set-up, and must be supported by receipts. The receipt should contain the following information:

- Date of purchase or payment
- Name of supplier or other payee
- Positive evidence that a payment was made, i.e. a cash register receipt or at least a handwritten receipt marked "paid".
- Amount paid
- Description of goods or services purchased
- Signature indicating receipt of purchases or services

The total receipts plus the cash in hand must equal the specified amount of the petty cash fund at all times. Reconciliations should be performed on a daily basis

XII. Petty Cash Reimbursements

Reimbursements should be requested as needed; the cheque for the reimbursement should be cashed by individuals who are not the cashiers for the fund or an employee who reports to the cashiers.

XIII. Internal Control Procedures

Cash reconciliations should be undertaken on a daily basis, where it would be reviewed at least once a week, and signed off by the Supervisor on a weekly basis.

Reconciliations must be performed for every petty cash fund held, regardless of the denomination of currency in which petty cash is held.

A surprise cash count of the petty cash fund, including a review of the documents, should be performed on a regular basis by a supervisor or manager.

Any major discrepancies disclosed by the cash count should be reported to Internal Audit

XIV. Physical Security

The petty cash funds must be kept separately in a secure place. Any other funds at all times must be placed in a safe which, should be kept in a suitable secured place. In the event of a theft, the loss must be reported to the Internal Audit and local authorities.

All cheque books should be kept in a safe which is in an absolute secured area. In the event of a theft, the loss must be reported to the Internal Audit and local authorities.

A copy of the key should be kept in an alternative secured area.

6.0 Guidance to Help The Needy Charitable Trust Signatories

Senior and responsible personnel within Help The Needy Charitable Trust Offices/Partners should be selected as signatories for approving and authorising Help The Needy Charitable Trust expenditures.

It is of fundamental duty for Help The Needy Charitable Trust signatories to protect the property in all of its forms to Help The Needy Charitable Trust Offices/Partners, and further secure its application from the objects of Help The Needy Charitable Trust. In order to discharge this duty it is essential there are adequate internal financial and administrative controls over the use of Help The Needy Charitable Trust Offices/Partners property, funds and resources.

All Signatories should take the following points into consideration:

- There is a need to understand and realise that the selected personnel's signature carries approval
- The signatories will be held accountable if ever any issue was to rise
- Never rely on Country Director/Head of Office's signature as proof that everything is primed. Mistakes/oversight is possible by all human-beings and it should be borne in mind that signatures can be forged
- The most senior signatory should be the ultimate to sign
- Always be prepared to question and critically review the documentation.
- Do not assume that because cheque and other documentation have been reviewed by the Accounts/Finance department the entire documentation is correct

- Be prepared to question Finance Officers if you are unsure or require a further explanation regarding any payment requested
- If in any doubt or any uncertainty regarding any payments do NOT sign regardless of how urgent Finance may inform you the payment is, until further information and clarification is given
- Always request the clarification in inscription. However, if the issue is of a material nature in your view, seek approval from the Finance Coordinator
- A recommended practice is that each signatory nominates a certain time period during the day to sign cheques and other paperwork. The Accounts/Finance department are then informed of each signatory with the time period. Thereby, rather than leaving the folder with cheques in respective pigeon-holes, the signatories sign the cheque with the relevant Finance Officer present, so he can be questioned on the payments being made
- Even if the payment request is not relevant to your area, you ask the Finance Officer to explain the nature of the payment and to which project it relates to and how
- If any of the paperwork has been corrected by the use of tip-ex - reject it, do not sign it. Request for originals to be re-prepared.

I. Information to be checked

1. Payment Request has the following documentation attached:
 - Purchase Request
 - Original Invoices
 - Goods Delivery Note
 - Other original documentation
 2. The goods or services should have been received satisfactorily
 3. Check the date of the Payment Request (it should be current)
 4. Check who the request is made by
 5. Check whether the person, approving the request is senior to the requester and has the authority to approve the request
 6. Check the Country Director/Head of Offices approval
 7. Check the details of the purchase and the amount. Does it relate/match the supporting documentation
 8. Check that payment has been reviewed by Finance and all sections within “For Finance Department Use Only” are complete
 9. Check the Cheque Number against the cheque number stated within the “For Finance Department Use Only” section
 10. All Cheque payments should be in the name of the supplier where possible and all cheques should be marked “A/C Payee only”.
- **Signing the Cheque**

When signing the cheque also sign the Payment Request next to the Cheque Number, to verify the signed cheque.

7.0 Procurement Guidelines

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should ensure cost effective materials, supplies, and services are procured by authorised individuals from authorised suppliers. In addition, consideration must be placed on the adequacy of quantities, competitive pricing, and timely delivery. These activities should be conducted in a manner which serves Help The Needy Charitable Trust in the best interest at all times. Help The Needy Charitable Trust Offices/ Partners should also avoid the disruption of Help The Needy Charitable Trust's operations, as a result of reprehensible or untimely purchases and inefficient use of cash as a result of excessive purchases. These guidelines apply to the purchase of goods and services, approval of purchases, receipts and acceptance of materials, supplies, and services. This policy covers **all purchase commitments** (with or without the use of purchase orders)

The **general ledger** accounts impacted by this policy include stock, Operating Supplies and Other Current Assets, Accounts Payable and expense accounts, which are directly charged.

I. Purchase Orders

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should employ the use of a Purchase Request and a Purchase Order system, to efficiently and accurately purchase all the goods and services needed by the Help The Needy Charitable Trust, with certain notable exceptions. The exceptions are those items that are evidenced by a contract and or agreement, as to the terms and conditions of purchase such as: utilities, freight, professional fees and services, insurance, and incidental purchases i.e. Conference fees, subscriptions etc. Such purchases shall be made with the appropriate signatory approval by management as indicated at the authority levels.

Appropriate internal controls shall be utilised to assure and maintain accuracy of:

- a. the purchase requests and purchase orders issued
- b. the quality and quantity of the goods received, and
- c. reporting and recording the receipts of goods and services to:-
 - accurately and properly make payments
 - ensure that the transaction is recorded at the corresponding period

II. Purchasing Requirements

Persons requesting a purchase should be determined. The purchase order would be submitted to the purchasing department based on Help The Needy Charitable Trust Offices/Partner's needs:

- Relief/Aid Materials - based on circumstances prevailing at the time
- Repetitive purchases of certain items, such as stock held
- Capital Expenditures - based on approved capital projects and requested by the Manager in charge

III. Approval Levels

All Help The Needy Charitable Trust Offices/ Partners should set appropriate authority level. The authority levels should be documented. The table below demonstrates the authority levels set at. Levels should be similar for all Help The Needy Charitable Trust

Offices/ Partners; however, values should vary according to the local economy in each country.

Sterling Amount	=	Authorised Approval Level
Up to £500	=	Project/Department Manager
£501 to £2,000	=	Director/Head of Division or Director
£2,001 to £10,000	=	Tendering Committee
£10,000 and above	=	Tendering Committee (Public Tender)

IV. Placement of Orders

- Only Purchase/Accounts Department personnel should be authorised to issue purchase orders
- Purchases made under contractual arrangements (excluding corporate agreements) that either supplement or used in lieu of a purchase requisition, must be reviewed by the purchase department for assessment of commercial terms and conditions prior to approval
- Contracts are to be signed by the Purchase Department, to verify that the commercial terms and conditions in the contract have been reviewed and are acceptable
- Copies of all contracts are required to be provided to the respective Financial Controller for assessment as to the appropriate accounting treatment and disclosure requirement, prior to approval
- Purchases made under contractual arrangements must be authorised in accordance with the approval levels
- All original contracts are to be maintained by the Purchase/Accounts Department
- The Help The Needy Charitable Trust Offices/Partners should maintain appropriate purchasing guidelines and approved supplier's list
- Purchase orders should be prepared with sequential numbers assigned

V. Receipt and Acceptance

- Goods and services received should be verified for accuracy (i.e. proper quantity and type of product or service) through the comparison of receiving documentation to approve purchase orders or contracts
- Discrepancies between receiving documentation and purchase order or contract should be identified, investigated, and resolved in a timely manner
- Goods and services received should be recorded appropriately to accounting system accurately and in a timely manner
- Fixed Asset records should be maintained where appropriate
- Goods should be inspected for quality purposes in a timely manner

8.0 Tendering Guidelines

All Help The Needy Charitable Trust Offices/ Partners should set appropriate authority level and documented it. The table below demonstrates the authority levels set in the United Kingdom. The authority levels should be similar for all Help The Needy Charitable Trust Offices / Partners. Further values should vary according to the local economic conditions prevailing in each country

Sterling Amount	=	Quotations/Tenders Required	
Up to £500	=	none but recommended as good	business practice.
£501 to £2,000	=	3 Quotations	
£2,001 and £10,000	=	3 Tenders	
£10,001 and above	=	Open Tenders (Public Tender)	

- All quotations must be received on official letterhead paper of the supplier.
- All Tenders must be sealed and delivered.

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should adhere and follow the tendering guidelines unless stated otherwise. For example, an institutional donor who may have stricter tendering guidelines for institutionally funded projects.

I. Tendering Instructions

Help The Needy Charitable Trust Offices/ Partners should instruct the supplier on how to complete the tender and the information required (namely; copies of annual accounts, main customers, alternative proposals, bank guarantees) in addition to the tender information itself.

II. Conditions for the Tender

All Help The Needy Charitable Trust Offices/ Partners should ensure the following:

- The independence of each tender
- The tender should be appropriately addressed to the Help The Needy Charitable Trust Office/Partner
- The tender should be delivered sealed
- The tender period should be for a minimum period of 10 days.

Receipts of tenders should be recorded and the package must be kept in secure location unopened until the set time.

III. Tendering Committee

Tenders should be opened by a Tendering Committee of three selected personnel (this should include: the Head of Office/Country Director and technically a competent personnel, that can advise on the proposed acquisition) from Help The Needy Charitable Trust Offices/Partners. The selection of the personnel must be agreed prior to the tendering

process; **NONE** of the personnel on the tendering committee should have any affiliation with any of the proposed suppliers.

Minutes should be taken of all the tendering committee meetings and retained in a file.

IV. Tendering Procedures

The Tendering Committee is to agree upon a budget for advertising the 'Invitation to Tender' in addition to the agreement upon the outlets which the 'Invitation to Tender' is to be advertised. This budget must be included in the original budget at the beginning of the year for Help The Needy Charitable Trust Offices/Partners.

A date must be set, upon which the committee will meet to review the submitted bids/tenders.

The 'Invitation to Tender' is to be advertised, as agreed by the Tendering Committee, with clear mention of specifications and other relevant criteria. The advert must also instruct tendering companies to submit their pre-qualification and pricing information separately, in sealed envelopes, to a secure address within a specified date.

The 'designated officer' should bring the envelopes received from the tendering process to the Tender Board tender-review meeting. It is only then when all envelopes are to be unsealed by the designated officer, after the Tendering committee is to commence the selection procedure. An approved tender must be accompanied by a clear statement of reasons for the choice made, which should also be signed by the 'chairperson' of the board.

All Help The Needy Charitable Trust Offices/ Partners should ensure that:

- the original documentation for tenders is received
- supporting documentation giving the reason for the choice of supplier
- must be retained for at least a period of six years after the end of the financial year in which the contract is completed

9.0 Accounts Payable

All Help The Needy Charitable Trust offices/ Partners should set-up and manage an Accounts Payable function in order to account and manage Help The Needy Charitable Trust's expenditures. All Help The Needy Charitable Trust Offices should also establish written procedures that ensure accurate and timely payments are made to suppliers/vendors, after the determination of the receipt of goods, services or under the terms of the transaction.

I. Payment Process: Segregation of Duties

All Help The Needy Charitable Trust Offices/ Partners should ensure where possible (see smaller offices rules below) that the following functions are performed by separate individuals:

1. The approval of the purchase request (purchase request).
2. Receiving the ordered supplies/materials.

3. Approval of the invoices for payment.
4. Review and reconcile the financial records.

II. Accounts Payable Process: Segregation of Duties

All Help The Needy Charitable Trust Offices/ Partners should ensure a segregation of duties is in place within all departments and offices, where individuals are responsible for the Accounts payable Process. The following duties should be performed by different individuals within the Accounts/Finance department:

1. Processor - Processes accounts payable invoices.
2. Updater - Updates the suppliers/vendors master files.
3. Cheque Request Reviewer - checks that the payment request is for: Help The Needy Charitable Trust business purpose which should be in accordance with Help The Needy Charitable Trust's policy, reviews original backup documentation and checks for an authorised signature.
4. Cheque preparer (manual or automated) - prepares the cheque and the ledger entry.
5. Cheque Issuer (manual or automated) - has cheque signed and approves the ledger entry
6. Accounts Payable Officer - mails the cheque directly to the payee.

Smaller Offices

Smaller Help The Needy Charitable Trust Offices/ Partners should ensure additional checks and controls are in place if complete segregation of duties is not possible. The following rules should apply:

1. Monthly reconciliations of the ledger which should be reviewed and signed off by the Finance Manager
2. A register should be maintained that details all cheques issued.
3. For cash payments a register should be maintained that details all cash payments made.
4. All payments should be referenced to the original documentation.

All registers and reconciliations should be kept up-to-date at all times; hence readily available for review by visits from the Finance Manager and by Internal Audit.

III. Accounts Payable Process: Internal Control Procedures

- Monthly reconciliations should be performed by the accounts payable sub-ledger to the general ledger. These reconciliations should be reviewed by the Supervisor or Manager and should be signed off on a monthly basis.
- All Help The Needy Charitable Trust Offices should maintain adequate detailed documentation of additions, changes or deletions to the vendor master file/records.
- Cash disbursements for unrecorded liabilities and routine expenses, for example rent; should be vouchered prior to payments.
- There should be an active supervisory review of all accounts payable activity.
- All signature templates, cheque books, blank cheques and related equipment should be kept in an absolute secured area.

- All paid invoices should be adequately marked to prevent reprocessing. (Defined: Stamped “PAID”).

IV. Documentation

Upon receipt of a supplier’s invoice; where the invoice should be date stamped and forwarded to the appropriate accounts payable processor. A match between the suppliers invoice, original Purchase Order and Packing Slip/Receiving Report should be performed in order to form a voucher package. If a match is not possible, the invoice should be placed on hold until matching issues are resolved with the person(s) requesting the invoiced goods or services.

Purchase orders should not be processed if incomplete.

All invoices should be reviewed to ensure:-

- Adequate authorisation of the purchase order.-
- Quantities shown shipped or delivered on the invoice are the same as those found on the packing slip and/or receiving report.-
- Pricing is in alignment with the purchase order pricing.

Any discrepancy should be investigated prior to payment.

V. Accounts Payable Processes

All expenses should be captured to the greatest degree of practicality within the period they are incurred in.

1. All Help The Needy Charitable Trust Offices/ Partners should track all expenditures, amounts due to suppliers/vendors (Creditors) to ensure:
 - The expenditure is within the budget
 - Reporting is conducted effectively
2. It is essential that the following are maintained within all Accounts Payable functions:
 - A Contract Register for all recurring services that are billed monthly, quarterly, annually or on any other basis
 - Purchase Order Register that tracks:
 - Open purchase orders, for shipments not yet received
 - Purchase orders shipments received but pending bills
 - Closed purchase orders shipments received, billed and paid
 - A Cheque Register that tracks all payments
3. The Contract and Purchase order should be utilised for the verification of invoices and progress payments on contracts.

4. All invoices and bills should be reviewed to ensure they are for Help The Needy Charitable Trust business purposes as well as in accordance with Help The Needy Charitable Trust's policy, and thus supported by original backup documentation.
5. A register should be maintained of all invoices and bills received. They should be stamped with the date received.
6. All invoices should be checked for the following:
 - Validity of the Invoice
 - Is the Invoice original?
 - Is the Supplier/Vendor valid?
 - Has the invoice been altered in any way?
 - Has it already been paid?
 - Are the details of the goods/services on the invoice correct?
 - Is the amount correct?
7. Invoices for payments on contracts should be compared to progress payment schedules and the contract register.

VI. Accounts Payable Processes: Payments

All invoices must have the required authorisation before they are processed for payment. Note that the person requesting payment (raising the payment request) cannot at the same time approve the payment request.

A list of personnel identifying individuals that can approve payment requests which, have been approved by the Country Director/Head of Offices, should be documented at each location.

Invoices can only be paid from the relevant bank account in the form of cheque via Bank Automated Cash Service (BACS)/Direct Debit, and must be supported by original documentation such as:

- Payment Request
- Purchase Request
- Original Invoices
- Other original supporting documentation

All relevant sections of the payment request should be complete and agree to the supporting documentation:

- Date of the Payment Request (it should be current)
- The names of the requestor
- All the approval levels
- The details of the purchase and the amount
- The Cheque Number

The above aspects should be checked by the signatories for completeness. Similarly approval levels should be checked for appropriate authority.

The most senior signatory should be the last to approve

All Cheque payments should be in the name of the supplier where possible and all cheques should be marked "A/C Payee only".

VII. Accounts Payable Processes: Accounting

- Purchase Orders/Invoices should be coded to the appropriate general ledger accounts.
- Even if the general ledger account is indicated on the purchase order it should be verified before posting the invoice.
- After: verification, posting to the general ledger and scheduling for payment; the original invoice with the purchase order and all supporting documentation should be filed appropriately.
- After payment, the purchase order and invoice should be stamped as paid.
- Monthly reconciliations should be performed by the accounts payable sub-ledger to the general ledger. These reconciliations should be reviewed by the Supervisor or Manager and should be signed off on a monthly basis.

Records should be maintained from creditors, while accruals should be calculated and posted at the end of the period.

VIII. Accrued Expenses

Accrued expenses represent amounts due for services or benefits that Help The Needy Charitable Trust have received but have not yet been paid. Accrual process should be accomplished in a timely and accurate manner, and must be in compliance with all applicable financial and accounting standards.

At the close of each month, accrual procedures should be implemented to ensure all expenses related to that month are accurately included in Help The Needy Charitable Trust Offices/ Partner's accounting records.

In determining what expense is accrued, the following should be considered:

- The expense must have been incurred during the month being closed; that is, the product or service must have been received on or before the last day of the month in order to qualify as an expense.
- Types of expense to be accrued include:
 - Payroll and Payroll Taxes
 - Rent
 - Utilities
 - Property and Business Taxes

Payables and accrued liabilities should be recorded at face value, plus or minus any interest premium or discount and other appropriate adjustments. The payable amount can be determined from the billing received, it should be verified against: purchase orders/requisitions, contract terms or any other appropriate documents prior to recording liability.

When actual values are not available, recorded value should be based on best available estimates. Estimates should be based on current market price, past history and comparable.

IX. Prepayments

Prepaid expenses represent amounts that have been paid, but the related service or benefit due to Help The Needy Charitable Trust has not yet been received. Types of these expenses can include:

- Advertising
- Deposits
- Insurance Premiums
- Lease Payments
- Rent

Recording of Prepaid Expenses

The Accounts Manager is responsible for identifying and preparing records of prepaid expense amounts. After properly identifying prepaid amounts, the Accounts Manager has to determine the portion of the amount paid that is prepaid.

For example, if Help The Needy Charitable Trust paid its six month insurance premium in advance, the amount recorded as prepaid after the first month would be five/sixths of the premium.

Prepaid expense amounts should be properly recorded in a sub-ledger. Information should include: the description of the type of service or benefit, vendor, benefit period, amount paid, amortisation amount and any other pertinent information. The prepaid expense amounts should then be adequately coded and recorded in the general ledger via a journal entry.

The Accounting Manager should also review schedules of existing prepaid expense amounts for any changes that may alter the amortisation.

X. Accounts Payable: Expenditure Categorisation

Below is general expenditure categorisations for guidance, all Help The Needy Charitable Trust Offices are expected to maintain records and report according to the reporting form at requested by the Finance department? Reporting formats may vary over time due to differing and changing requirements of regulatory bodies and donor requirements.

- **General Expenditure Categorisation**

Expenses	=Description
1. Salaries	= Staff remuneration and related costs e.g. taxes, health cover
2. Other Labour Related Costs	= Volunteer, temporary staff expenses, advertising vacancies
3. Telecommunications	= Telephone, fax, mobile, satellite phone
4. Postage	= Postage and Courier costs
5. Stationery	= Stationery, letterheads, business cards
6. Distribution costs	= Haulage, loading/unloading costs
7. Training	= Course fees, accommodation, periodicals & publications
8. Exhibitions & Conferences	= Fees, accommodation, visa, travel and insurance expenses
9. Meetings	= Fees, accommodation, visa, travel and insurance expenses
10. Guests	= Accommodation, visa, travel and insurance expenses
11. Field Trips	= Accommodation, visa, travel and insurance expenses
12. Fees	= Professional, legal, translator, auditors, consultancy fees

13. Publicity = Photographs, TV adverts, video productions, publications
14. Financial Charges = Bank charges, credit card charges, fees and penalties

Fundraising Expenditure Categorisation

For Fundraising Expenditures a distinction would need to be drawn in categorising the expenditures between:

- Publicity or information costs involved in raising the profile of Help The Needy Charitable Trust which is associated with fundraising.
- And
- Publicity or information that is provided in an educational manner in furtherance of Help The Needy Charitable Trust's objective.

Project Costs Expenditure Categorisation

Projects Expenditure should be categorised directly to the project it relates to. Where necessary support costs (those that are necessary to deliver the activity), should be appropriately allocated to the project expenditure.

XI. Travel Allowances and Advances

All Help The Needy Charitable Trust Offices/ Partners should ensure that adequate procedures and controls are in place, for the purpose of issuing travel allowances and advances.

Help The Needy Charitable Trust Offices/ Partners whose employees are required to travel and stay overnight away from their homes, should be entitled to a daily allowance that covers additional expenses they incur due to the situation.

All Help The Needy Charitable Trust offices and Partners should set the appropriate level of daily allowance subject to appropriate approval. The allowance in place in United Kingdom is £20 (US \$ 30).

Travel allowances and advances are given to employees on a required basis with management approval; however, the employee must complete the Employee Advance form. In order to be processed, the authorisation form must be signed by the employee hence the Department Manager. Travel allowances and advances must be issued and entered into the accounting system by Accounts Payable staff, in order to offset expenses subsequently submitted against the issued advances.

All employees must reimburse other Help The Needy Charitable Trust Offices/Partners for costs incurred on their behalf, before departing the particular Help The Needy Charitable Trust Office/Partner. Employees that are granted an advance amount must be supported by expense receipts on an employee's expense reimbursement form, after they return from travelling. Additional expenses will not be reimbursed until the cash advance has been repaid if expenses totalled less than the advance.

All ex pats seeking advances from other Help The Needy Charitable Trust Offices/Partners should get written approval from.

Employees must acknowledge that cash advance is the property of Help The Needy Charitable Trust. Employees must further agree with the termination for any given reason; Help The Needy Charitable Trust can deduct any outstanding balance from the employee's final pay check.

XII. Reimbursements

All Help The Needy Charitable Trust Offices/ Partners should ensure that employees complete Expense Claim forms which, requests for reimbursement by Help The Needy Charitable Trust expenses incurred by employees. Help The Needy Charitable Trust Offices/ Partners should ensure that original receipts for all expenses must be attached. Faxed copies of original receipts are unacceptable. Expenses without original receipts should not be reimbursed.

10.0 General Ledger Account Reconciliations

All Help The Needy Charitable Trust Office/ Partners should undertake general ledger account reconciliations.

Accounts covered include those significant accounts contained within the general ledgers of Help The Needy Charitable Trust Offices/ Partners, which require account reconciliations to assure their accuracy.

I. Account reconciliations defined

The Help The Needy Charitable Trust Offices/ Partners account reconciliation should compare a general ledger account balance with the detail level sub-ledger, which should support the general ledger account balance. For example, the "sub-ledger" may be: a bank statement, a spread sheet, or some other appropriate underlying documentation. If errors or reconciling items are found in the general ledger, the sub-ledger, or both, sufficient investigations and adjustments should be made to clear them from reconciliation as soon as possible.

The following procedures are intended to assist in applying this policy. The procedures are not intended to address specific control activities applied by business units or statements of operating procedures. The intent is to provide supporting guidelines to assist operating units when developing necessary activities to ensure the policy is understood and followed.

II. Responsibility

It is a fundamental responsibility for the Finance Controller/Account Manager of Help The Needy Charitable Trust Offices/ Partners to monitor the accounts in their respective general ledgers, to ensure they accurately reflect Help The Needy Charitable Trust's transactions. This responsibility should be fulfilled by implementing and following a formal process which, ensures all required accounts are reconciled regularly and on a timely basis. Finance Controllers/Accounts Managers should ensure the reconciliations are reviewed and approved on a regular basis.

Ownership responsibility should be assigned to the person who has the best knowledge and control of the accounts (unless internal control considerations dictate otherwise), as well as the accounting skills to prepare the reconciliation.

III. Development and review processes

The reconciliation should be prepared in a standard format and on a monthly basis. It is preferred where possible to use electronic worksheet format.

Appropriate steps should be taken to correct and clear reconciling items on a timely manner, usually by the subsequent month-end.

Write-off of unidentified reconciling items must receive approval from the Director/Head of Offices of Help The Needy Charitable Trust Offices / Partners. Approval for write-off must be obtained from Internal Audit if the Pound equivalent of the amount unidentified reconciling item is greater than **£500**.

The sub-ledger should contain enough information to assure the sub-ledger detail is appropriate for use as a reconciling item. The exact format of the supporting documentation may vary by account. Written explanations should be included in the reconciliations for supervisory review, internal and external auditor review.

Completed reconciliations should be dated and signed by the preparer. Care should be taken to ensure signatures are legible along with the signatory's printed name and position title. The reconciliation and any related journal entries should be approved in writing, by the preparer's supervisor or an individual with a higher level of authority other than the preparer. The completed reconciliations should be maintained in a readily accessible filing system for review by management and internal and external auditors.

11.0 Inter-company Transactions

Help The Needy Charitable Trust Offices/ Partners may incur inter-company transactions between Help The Needy Charitable Trust Offices/ Partners. All Help The Needy Charitable Trust Offices/ Partners should ensure accounting for inter-company transactions involves constant attention and reconciliation to prevent the loss of time and resources.

Help The Needy Charitable Trust Offices/ Partners should ensure that inter-company transactions are processed correctly at the time the transaction occurs.

Principles of Inter-company Accounting

Inter-company transactions are an integral part of day-to-day operations. Help The Needy Charitable Trust Offices/ Partners should give considerable attention to the initiation, accounting and settlement of such transactions.

Communication and approval of transactions must be accomplished prior to booking entries. Further inter-company customers and suppliers' transactions require the same focus as third-party customers and suppliers.

Keeping the inter-company accounts in balance is a shared responsibility of the two parties in the transaction.

General Procedures

The Help The Needy Charitable Trust Offices/Partners invoicing, posts all inter-company entries by the end of the each month, including inter-company accruals.

Upon acceptance and approval of charges, each Help The Needy Charitable Trust Office/Partner dispatches the inter-company transactions to the appropriate general ledger account.

Help The Needy Charitable Trust Offices/ Partners send a statement each month of all inter-company charges booked at the current accounting month to each relevant Help The Needy Charitable Trust Offices/Partners.

The receiver of Help The Needy Charitable Trust Offices/Partners ensures all inter-company charges sent by an appropriate invoicing party are recorded in the current accounting month.

All Help The Needy Charitable Trust Offices/ Partners must reconcile all inter-company accounts for financial reporting purposes, in addition to the booking of appropriate inter-company accruals on a quarterly basis.

Inter-company Dispute Resolution

All Help The Needy Charitable Trust Offices and Partners should ensure upfront communication and approval of inter-company charges, in order to minimise the number of disputes, after work has been completed and invoicing has occurred. Disputes regarding inter-company charges should be communicated and resolved within 30 days of dispute notification. Rejection of an inter-company charge should be communicated within 10 working days after the inscription receipt of charge.

12.0 Income Management

I. Receipts of Income Controls

All Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners should employ the following receipt of income controls:

Safes are to be utilised on the receipt of donations and other income.

If for instance cheques/cash receipts are received at Help The Needy Charitable Trust offices or Partners address/location; receipts as such should be forwarded to the Cashier and stored in a locked container, until sent to the bank for deposit.

A copy of each cheque and accompanying documentation should be retained for security purposes, to ensure cheques are deposited into Help The Needy Charitable Trust's account appropriately.

Transfers such as: wire transfers, electronic fund transfers and merchant funds from MasterCard, Visa and American Express should be processed into Help The Needy Charitable Trust's bank account as received.

CASH POSTING

All receipts are to be entered into the accounting system on a one-business day lag from the time they are deposited into Help The Needy Charitable Trust's bank account.

II. Donations

Help The Needy Charitable Trust Offices/ Partners will receive donations in varying forms; therefore all Help The Needy Charitable Trust Offices/ Partners need to maintain internal controls to safeguard the donations received.

Donations by Post or in person at the Offices

Two assigned personnel should open all post

1. Check the amount, then log them into the cash receipt log indicating: the date, name of donor, cheque number (if cheque received), and the fund the donation applies to along with the amount.
2. Serially numbered receipts should be issued to all donors immediately.
3. All donations received should be handed to the designated cashier.
4. Copies are to be made of all cheques received.
5. The cashier should fill out a deposit slip; and ensure all amounts are correctly stated on the deposit slip.
6. A copy of the deposit slip should be kept, and the deposit slip with the cheques should be sent to the bank to be deposited.
7. Finance personnel other than the cashier should bank the receipts daily, and return the deposit slip to the finance/accounts officer.
8. The finance/accounts officer should then complete the voucher, indicating donor, cheque number (if applicable), amount, deposit date, bank name and accounting code.
9. The finance office should input and post the cash receipt to the correct income accounts, and mark the receipt-cash slip form to indicate it has been inputted.
10. All documentation should be retained namely: the original bank deposit verification, the copy of the deposit slip, the copy of the cheque and any other information received.

Donations by Credit/ Debit Cards

The personnel assigned with the duty of taking credit/ Debit card donations should ensure that the credit/debit card details are accurately captured.

The system being used for credit/ Debit card donations should capture the following information:

- Name, address and telephone number of the donor.
- Date and time of donation.
- Amount to be donated.
- Purpose of donation.
- Credit card details (Visa/MasterCard etc.).
- Card number.
- Issuing and expiry dates of the card.
- Issue number for debit cards(If applicable)
- Name of the person that took the donation.

Serially numbered receipts should be issued to all donors immediately.

Credit Card/Standing Order/Direct Debit Donations Controls

Regular reconciliations must be undertaken, to reconcile the credit card/standing order/direct debit donations received against the database of the credit card/standing order/direct debit donations, or records of credit card/standing order/direct debit donations. The **Reconciliations** must be reviewed by the Manager and must be signed off.

Donations via Collections

All Help The Needy Charitable Trust Offices/ Partners should adhere to the various legal requirements pertaining to that country, with regards to collections.

Mosque/community centre collections

1. The cash collected must be counted in the presence of the mosque/community centre's officer(s)
2. A receipt must be issued promptly when the cash is taken away.
3. Prior approval from the mosque/community centre must be sought and precautions must be taken to safeguard all money collected. If using boxes, make sure they are securely locked or sealed, with a serial numbers on the seals.
4. All monies must be recorded accurately, together with their location and the date received.
5. All donations received should be handed over to the designated cashier.
6. Copies of all cheques received should be made.
7. The cashier should fill out a deposit slip while ensuring all amounts were correctly stated on the deposit slip.
8. A copy of the deposit slip should be kept, while the original deposit slip with the cheques should be sent to the bank so that it is deposited.
9. Finance personnel other than the cashier should deposit the receipts to the bank on a daily basis, and return the deposit slip to the finance/accounts officer.
10. The finance/accounts officer should then complete the voucher indicating: donor, cheque number (if applicable), amount, deposit date, bank name and accounting code.
11. The finance office should input and post the cash receipt to the appropriate income accounts with the initial receipt-cash slip form, to verify it has been inputted.
12. All documentations should be retained namely: the original bank deposit verification, the copy of the deposit slip, the copy of the cheque and any other information received

III. Reconciliations

Daily total of receipts from cash and cheques should be reconciled with the donor database or receipt book. Reconciliations should also be undertaken against cash/cheques banked. However, the **reconciliations** must be reviewed by the Manager and must be signed off.

If necessary, cash can be temporarily deposited in the safe, while the amounts are recorded in the cashbook and countersigned by the manager. Moreover appropriate arrangements should be put in place to keep the cash safe.

IV. Tax Rebates

Help The Needy Charitable Trust Offices/ Partners operating in countries where a tax rebate is received on donations **MUST** keep accurate with full records of donations received. This will qualify for tax relief while at the same time; it is adequate for the purposes of a

government audit as well as to various legal requirements pertaining to that country regarding tax rebates.

All documentation required by the relevant authorities must be maintained in an appropriate manner.

All Help The Needy Charitable Trust Offices/ Partners should make appropriate provisions in their annual accounts for any expected tax rebate. The tax rebates must then be coded to the appropriate income accounts.

V. Other Sources of Income

Help The Needy Charitable Trust Offices and Help The Needy Charitable Trust Partners may receive Income from other sources. These would include, but not limited to the categories mentioned:

- Institutional Funding
- Income from Projects
- Sale of fixed assets/donated items
- Goods purchased for resale
- Reimbursements by personnel

All Help The Needy Charitable Trust Offices/Partners should ensure that the Receipt of Income Controls is adhered to.

Receipts must be issued for Income received regardless of the source. The above procedures must be applied.

The income must be coded to the appropriate income code in the accounting system. For the sale of Fixed assets refer to the 'Fixed Assets' section.

Sale of Donated Goods

Some Help The Needy Charitable Trust Offices/Partners may receive donated items from the public. These items may be surplus to the organisation's needs where the manager may decide to sell them. The generation of this type of income must be reported separately. You must ensure that the costs associated with the sale of donated items do not exceed the financial returns from such sales; only items **above £100** should be recorded individually. Items less **than £100** may be pooled.

Further, appropriate authorisation must be obtained before making the sale, apart from circumstances where Help The Needy Charitable Trust Offices/Partners operate, such as Help The Needy Charitable Trust Charity Shops. However, it should be noted that there may be tax implications with some jurisdictions which should be handled with care.

Upon Receiving donated goods:

- The donated item should be recorded in a logbook along with the date received, description and note of the quantity. Further a scripted note should be prepared with very specific reasoning to the donation (if applicable).
- The person who received the item should sign the record; the manager on the hand must countersign to confirm the receipts of goods.

- A valuation of goods received must be entered in the Goods Received Log Book and approved by the manager.

When selling donated goods: The process from having to initiate a sale to the date of conducting the sale should be recorded in the logbook along with the receipt issue.

Goods Purchased for Resale

Help The Needy Charitable Trust as a registered charity cannot engage in business at a commercial level, although it is permissible to engage in additional trading. All Help The Needy Charitable Trust Offices/ Partners should refer to the laws and various legal requirements pertaining to that country. For example, the sale of promotional items such as badges, shirts and stationery. Income and expenditure from such activities cannot be set off against each other. The income from sales and the cost of items must be recorded separately, but under the same heading.

Appropriate accounting records must be kept while the procedures for depositing income received must be followed. Further a record of stock must be kept.

VI. Income In-Kind

If the funding is in material form (goods in kind, physical assets etc.), the following procedures should be observed:

- Goods received should be recorded in a logbook, as well as: the date the goods received, a description of the goods, the quantity of the goods and the specific purpose for which they have been donated.
- A signature should be obtained from the delivery person, in addition to which the person receiving the goods should also sign the record. The manager should countersign to confirm that the goods have been received.
- When any goods issued from the warehouse/store etc., an entry noting the details should be recorded in the same logbook. The entry should include: the date of issue, description of goods along with the quantity involved, the name of the person/persons receiving the goods, the destination of goods and signatures of the beneficiaries (where possible).

Valuation of In Kind

Help The Needy Charitable Trust Offices/ Partners should value the In-Kind donations at the fair value with the date of donation. Fair Value Defined: In Kind donations are to be valued based upon the following:

- Estimated values in cash transactions of the same or similar goods
- Quoted market price
- Independent appraisals
- And other available evidence/information

Help The Needy Charitable Trust Offices/ Partners should approximate the wholesale price for In Kind donations, not retail prices. In addition the usability of the In Kind donations should be taken into consideration in determining the fair value.

If In Kind donations are restricted by conditions that limit their utilisation, they must then be valued for less. This will result to the In Kind donations not having to be restricted. The reduction in value must therefore reflect the significance of restriction.

If there is no reasonable or sufficient basis to determine the value of In-Kind donations, no value should be recorded as Income.

Documentation

All Help The Needy Charitable Trust Offices/ Partners should record the In Kind donation as Income. They should also have the appropriate documentations relating to the value of: In Kind donation, stock records-for the In Kind donation, verification of receipt and record of end-use or transfer.

- **In Kind Donation**

Documentation of the In Kind donation must be made either by the donor or through other externally verifiable sources; they must include the method/basis used for valuing the In-Kind donations.

- **Donation Stock Records**

All Help The Needy Charitable Trust Offices/ Partners should keep stock records of In Kind donations where a list from the donor of the donated items including: stock description(s), quantity and total value is obtained. If this is not available, it would be acceptable to have a stock listing prepared by Help The Needy Charitable Trust Offices/Partners in addition to the above information.

- **Verification of Receipt**

Recipient of Help The Needy Charitable Trust Offices/Partners must record the In Kind donations receipt: the date of the receipt, goods description and quantity.

- **Documentation of End-use or Transfer**

Help The Needy Charitable Trust Offices/ Partners should document and record the final disbursement, end-use or transfer of In Kind donations.

For instances, Help The Needy Charitable Trust Offices/Partners ship/transfer the In Kind donations to field offices, they should include documentations of shipping records or other accounts of disbursement or end use.

In such instances, Help The Needy Charitable Trust Offices/Partners should reimburse the relevant Field office of any costs incurred on receipt for the In Kind donations, such as demurrage costs.

- **Disclosure**

Help The Needy Charitable Trust Offices/ Partners should disclose In Kind donations as Income and Expenditure. First showing In Kind donations in financial reports as Income, the same amount should be included as Expenditure.

13.0 Fixed Assets Management

I. Acquisition and Capitalisation

Fixed asset additions must be purchased within the budgets set for/by Help The Needy Charitable Trust Offices/ Partners where appropriate approval levels must be followed.

The invoiced net of any supplier discounts, plus sales tax, freight and all other significant costs necessary to prepare an asset for use should be capitalised. Other capital **sable** costs may include: initial inspection and testing, installation costs and similar expenses only if material in amount. The cost of maintenance contracts on equipment and software should be expensed when paid.

All assets purchased should maintain a fixed asset register which captures the following, but not limited to:

- the asset's tag number
- serial number
- description
- location
- custodian
- institutional donor (if applicable)
- cost
- depreciation rate and policy

It is recommended that Help The Needy Charitable Trust Offices/ Partners depreciate all capitalised assets using the straight-line method over their estimated useful life as follows:

Asset category	Estimated useful life
Land	
Buildings	5%
Machinery & Equipment	12.5%
Computers and related equipment	25%
Furniture and Fixtures	12.5%
Motor Vehicles	20%
Goodwill and other Intangible assets	Annual review for impairment

Help The Needy Charitable Trust Offices/ Partners may vary the depreciation policy in accordance with local circumstances.

II. Depreciation

The entire cost of an asset must be depreciated. Depreciation is allocated monthly over the estimated useful life of the capital asset.

Depreciation is to commence during the first month, after the asset is placed into service. Fixed assets will be depreciated on a straight-line basis over their estimated useful life.

Note: useful lives may be affected by changes in the business and technological environment or the use of equipment.

Depreciation expense for a fixed asset begins in the month following the acquisition date of the asset and continues until accumulated depreciation equals the original installed cost, or until the asset is retired from service.

A fully depreciated fixed asset will remain in the fixed asset sub-ledger and on the asset list until the fixed asset is retired from service.

All assets should be disposed of at market value regardless of the book value.

III. Transfers

The transfer of fixed assets between departments, divisions, or business units should have no impact on its net book value. Although before the transfer of an asset approval must be sought from management of Help The Needy Charitable Trust Offices/Partners. All assets are transferred at their net book value with no recognition of a gain or loss, by the department transferring the asset.

A change in a capital asset's location or ownership occurs when:

- A fixed asset is **MOVED** to another office or building, even if the ownership remains the same.
- A fixed asset is **TRANSFERRED** to another department, even if the location remains the same.
- A fixed asset is **TRANSFERRED** to another primary user, even if the location and/or department remain the same.

Interdepartmental transfers of assets will be reported to department managing the assets of Help The Needy Charitable Trust Offices/ Partners in writing, and using the applicable forms that should capture the description, serial number and the name of the department to receive the property.

The department manager to whom the item was assigned originally will be held accountable, until the department managing the assets is notified of the transfer. After being notified, the department manager acquiring the property assumes responsibility.

All costs associated with the transfer should be expensed.

IV. Retirements and Disposals

Help The Needy Charitable Trust owned fixed assets, are to be retained as long as they continue to contribute in an efficient and economical manner to Help The Needy Charitable Trust's operations. This may extend beyond the useful life used for depreciation purposes. Only when the assets are disposed, should the original asset and accumulated depreciation be written off the fixed asset record.

Fixed assets must have a zero net book value at the time of retirement or disposal. If there is any remaining value, the asset shall first be written off to the appropriate account.

All disposals of fixed assets must be approved by the Director of the Help The Needy Charitable Trust Offices/Partners prior to disposal. The assets': tag number, serial number,

description, cost, accumulated depreciation and reason for retirement/disposal will be communicated to department managing the assets on an Asset Disposal Form.

All sales of Help The Needy Charitable Trust assets to Help The Needy Charitable Trust employees along with donations of Help The Needy Charitable Trust fixed assets must be approved by the Director of Help The Needy Charitable Trust Offices/Partners. An Asset Disposal Form must be completed prior to the sale or disposition. The department managing the assets should be provided with complete documentation (including asset tag/serial number and payment by check) of sales on a timely basis by the department coordinating the sale.

Upon approval of disposition, the asset may be disposed in the following manner -sold, donated, scrapped, or used in a trade-in transaction if authorised. Upon disposition of the asset, the department managing the assets and Finance Department will be notified, and the asset should be deleted from the asset records and a gain/loss will be recorded.

V. Financial and Physical Control

On an annual basis, all Help The Needy Charitable Trust Offices/Partners should produce a report showing a listing of the assets assigned to that department and any acquisitions, disposals and transfers during the past year. Any discrepancies noted by the Help The Needy Charitable Trust Offices/Partners should be notified to the Director of Help The Needy Charitable Trust Offices/Partners as soon as possible.

Fixed assets should be inventoried (counted) on a periodic basis. Help The Needy Charitable Trust Offices/Partners should perform a full physical inventory of Help The Needy Charitable Trust fixed assets on a yearly rotational basis.

Fixed assets that are not accounted for after the physical inventory shall be investigated, and then reported to the appropriate Director/Head of Office who should report the loss to Internal Audit.

Shrinkage should be written off to the appropriate account after management and Internal Audit approval

VI. Approvals/Documentation

- **Accounting Records**

Upon asset acquisition, Help The Needy Charitable Trust Offices/Partners are responsible for assigning and attaching asset number tags to the property where it can be readily located. Help The Needy Charitable Trust Offices/Partners should maintain a detailed listing of each fixed asset item along with the following:

- Depreciation records which will include the description
- Date acquired
- Asset must be held in the name of Help The Needy Charitable Trust
- Supplier name
- Cost basis
- Assigned department
- Depreciation method/life

- Accumulated depreciation
- Net book value
- **Approvals**

Fixed asset additions must be purchased within the established financial approval policies of Help The Needy Charitable Trust. They must further be in accordance within the budgets set for/by Help The Needy Charitable Trust Offices/ Partners with appropriate approval levels that must be followed.

- **Institutional Donor Assets**

Help The Needy Charitable Trust Offices/ Partners working in conjunction with institutional donors should maintain a detailed listing of each fixed asset item purchased, and utilised concurrently with the institutional donor projects.

Before the disposal or transfer of institutional donor held assets, written approval must be sought from the institutional donor.

VII. Expensed Assets

All Help The Needy Charitable Trust Offices/ Partners should set a limit, in regards to assets of a small value and expensed at the time of purchase. The recommended value in the United Kingdom are assets with a value under £500 (British Pounds), but all Help The Needy Charitable Trust Offices/ Partners should set small value limits for fixed assets according to the local economical standards

It is important to maintain all expensed assets records including but not restricted to: the assets tag number, serial number, description and cost.

14.0 Stock Guidelines

Help The Needy Charitable Trust uses various types of stock in the course of its relief operations. Maintaining adequate controls over stock is important to ensure adequate balance sheet valuation and appropriate reporting to institutional donors. Additionally, physical stock provides Help The Needy Charitable Trust with an opportunity to maintain the accuracy of its continuous stock records.

I. Stock Valuation

All Help The Needy Charitable Trust Offices/ Partners should ensure stock records are maintained and regularly updated. Valuation needs to be assigned to all stock including In-Kind, where stocks should be valued at the cost of bringing the stock to its present location and condition. Costs would include, but not restricted to: purchase price (if applicable), import duties, transport and handling costs.

II. Annual physical Stock Count

At least one physical inventory should be taken in close proximity to year-end and coordinated with the independent external auditor's mutual agreement. Help The Needy Charitable Trust Offices/Partners should notify the Accounts/Finance department in cases

where results of a physical stock require significant currency value adjustments to the accounting records.

The physical stock account should be supervised and controlled by members of Help The Needy Charitable Trust Offices/ Partners management teams.

Instructions to participants, who are involved in the physical inventory process, should be in inscription and include:

- a. Location, date, and start time.
- b. Team designation and rolls of key team members.
- c. Assignment of teams to specific areas.
- d. Detailed instructions including examples on how to complete the recording of the physical counts.
- e. Guidance on how to designate suspect stock for later review as to obsolescence, damage, or scrap.
- f. Identification of stock designated as institutional property awaiting disbursement instructions (in cases in which the inventory is physically segregated).

Stock should be maintained in a manner that facilitates physical counting and should be conducted by personnel who are familiar with the Stock being counted.

In cases which a second team recounts stock, the recount should be promptly reconciled to the initial count, along with all differences reconciled.

All sheets or tags used during the physical count should be accumulated and accounted for before the completion of stock within specific area. A process, such as sequential numbering, should be utilised to assure all physical stock documents are accounted for.

III. Stock not on Help The Needy Charitable Trust premises

In cases where Help The Needy Charitable Trust owned stock which is in transit or otherwise not in the Help The Needy Charitable Trust's physical possession; should be verified through the use of existing records that can be reviewed and used to authenticate its existence either through physical measurement at a later date, or through some other independent sources.

IV. Proper identification of inventory ownership

If practical, all stock that is being held for beneficiaries should be clearly identified in stock records.

V. Reconciliation of physical and perpetual records

The physical stock quantities should be reconciled promptly with continuous records. A recap of differences should be developed showing the: stock item, the amount on the perpetual records, the amount counted, the unit difference and the value of the difference in the prevailing currency.

The perpetual stock records should be adjusted for significant variances as compared to the physical quantities counted.

All differences must be investigated.

Items that were identified as questionable value should be reviewed and adjusted to reflect their realisable value.

The Finance/Accounts department should be advised on differences that result in adjustments to the stock values in Help The Needy Charitable Trust Offices/Partners accounting records.

15.0 Exceptions to Financial Guidelines in responding to an Emergency-Humanitarian Disaster

On the occurrence of an emergency-humanitarian disaster, time is critical and of the essence for Help The Needy Charitable Trust to respond instantaneously and swiftly to the disaster, to ensure immediate aid reaches to the beneficiaries.

Finance is the key to deliver emergency aid, there is a need to ensure cash reaches the office in the field while donations-in-kind reach the beneficiaries, without any form of wastage or loss incurring. This is vital to ensure the reputation of Help The Needy Charitable Trust is maintained. This will enable Help The Needy Charitable Trust to report accurately to donors after the event.

Emergencies are defined by specific limitations due to certain conditions, not by projects name. For example, during an earthquake emergency, the need to get emergency food and medical supplies to the effected population may be regarded as an emergency need. However, once the situation was stabilised, there may be other needs such as preparing food and non-food item supplies, for a new camp which may be populated in the forthcoming period i.e. two weeks' time. This should **NOT** be regarded as an emergency from financial procedures perspective. Therefore, normal financial procedures such as obtaining three written quotations should apply assuming that the goods are available in local markets.

As a general rule, all the financial procedures outlined in these guidelines must be followed in emergencies. When it is not possible to follow a procedure due to extreme impracticality of the situation, an alternative means of achieving verification, approval and authorisation must be obtained from. Exceptions are only granted (with adequate authorisation) when the circumstances make it impossible to adhere to the procedures stated here. Among the possible circumstances where changes in procedures may be required are:

I. Emergency Supplies are needed urgently.

In this case, the procurement procedure can be adjusted as follows:

- Complete the Purchase Request Form and seek approval for the purchase, from the relevant line manager.
- Call potential approved vendors by phone to obtain verbal quotation, write the quotations directly on the Bid Evaluation Form.
- Where contractors need to be employed to undertake specific work, the criteria should be set and presented to all contractors.
- If the Purchase Committee is unavailable, discuss with the CD, Finance Manager and Programme Manager to select the vendor. The Bid Evaluation Form should be signed and approved by them. When the purchasing decision needs to be made from a remote location, verbal

verification through the phone on the purchase decision should be attempted with the CD, Finance Manager and Programme Manager. However, any verbal verification in this case must be supplemented with a written confirmation when it is possible to do so.

- A confirmation of delivery must be obtained
- The minimum documentation required for emergencies are **Purchase Request/Order, Bid Evaluation and Delivery Confirmation.**

II. Emergency Aid Distribution

Aid distribution must be managed and must never be done in a chaotic fashion. At the minimum, the beneficiaries must form lines to collect aid supplies. Upon collection, the beneficiary must print his/her name and sign the Aid Distribution Form . Pictures (with date & time) of the distribution should also be taken as a record/evidence of the distribution.

III. Stock Issue for Emergencies

A Stock Request Form must be filled for any stock taken out from the store. At the very least, the Stock Request Form can be filled by the storekeeper during the loading of emergency supplies to the vehicle, and further approval obtained from the Programme Coordinator once it is possible to do so.

IV. Minimum Documentation

In circumstances where Help The Needy Charitable Trust personnel assess the minimum documentation is not possible as stated namely: **Purchase Request/Order, Bid Evaluation and Delivery Confirmation**, in these circumstances a log must then be kept of all payments that records the following:

Information required	Guidance to Help The Needy Charitable Trust Personnel
Name of person who made the payment	In particular for cash advances
Name and signature of person who received the payment	You might have to write the receipt yourself and the signature may be a cross or thumb print. Carry pre-printed receipt books with you. If the person refuses to give or sign a receipt, note down the details on a piece of paper and sign it yourself with a note explaining why you could not get the payee's signature. You may be questioned later, but at least you will have the information to provide the answers
Name, address and official stamp of organisation if person received money on behalf of an organisation	Ask yourself also whether the person is authorised to accept payment on behalf of the other organisation -normally that organisation should be able to issue an official receipt of their own

Amount of payment	In both numbers and words for large amounts
Currency of payment	Make sure the currency of payment is clearly indicated especially if you are using several currencies
What the payment was for	Give a detailed explanation
Date on which payment was made	Write the day with two digits, for example 02 rather than 2. Write the year with four digits - it will be a matter of which calendar is being used
Whether paid by cheque or cash	If paid by cheque you must add the cheque number. Name and signature of person preparing payment Name and signature of person checking payment
Name & signature of person preparing payments Name & signature of the person checking payments Name & signature of person approving payments	Should be different person preparing, checking and approving payment, and each person should be formally authorised to do so. Especially important for larger payments, but you need to strike a balance between workability and control. Full signatures are far better than initials as they are more difficult to forge
Reference to supporting documentation	Contracts, invoices and delivery notes - attach originals to avoid double-invoicing and/or payment

V. Transportation of Cash to the Field

Help The Needy Charitable Trust personnel taking the cash from Help The Needy Charitable Trust to the field should obtain a receipt from the accounts/finance department of Help The Needy Charitable Trust Offices with cash. This should be signed by the field office to acknowledge receipt of cash, while Help The Needy Charitable Trust employee's return the signed forms to the accounts/finance department.

VI. Handling Cash

All members of the emergency team should be at the process of recording money received and spent thus keeping all receipts.

Limit the number of people handling cash - possibly one person for small cash payments (Petty Cash) and one other person for larger payments.

All advances must be recorded. Without records it rapidly becomes very difficult to keep track of advances leading to loss of money.

VII. Recording of In-Kind Donations

Records should be kept of all In-Kind Donations and those that have been distributed to beneficiaries. Regular and spot checks should take place to ensure there is no loss, misappropriation or theft of In-Kind Donations.

Ensure that In-Kind donations are not utilised by local personnel for personal use. A regular stock take should take place.

Records are of utmost importance, to ensure that Donors and Institutions can be provided with assurance that In-kind donations have received the beneficiaries. Refer to Section 1.3 Income Management Sub Section VI, Income in Kind.

VIII. Overview

These guidelines are intended as quick guidance in emergency situations, no departure from the full Help The Needy Charitable Trust Financial Guidelines is acceptable for established field offices, without authorisation from the Finance department.

16.0 Field Office specific

I. Introduction

The Help The Needy Charitable Trust Field Office specific guidelines are designed to give guidance in additional areas specific to Help The Needy Charitable Trust Field Offices. It should be noted that Help The Needy Charitable Trust Field Offices at all times should refer to and take guidance from Help The Needy Charitable Trust Financial Guidelines.

The additional guidance is, as it states, an additional not a replacement or departure from the main body of guidelines.

II. Documentation

Refer to Help The Needy Charitable Trust Financial Guidelines section 1.4 Cash and Bank Guidelines:

- I. Opening Bank Accounts, section 1.5 Procurement Guidelines
- II. Approval Levels

All Field Offices should maintain a record of the following essential documents:

1. Registration documents (if registered)
2. Bank Account List and list of cheque signatories.

Approved form to setup field office bank account from Executive Committee at Help The Needy Charitable Trust

3. Approval limit for procurement of assets, supplies and other payments. A table should be produced to show the limits of expenditure and the authorisations required.
A copy of the expenditure approval limit must be sent to Finance
4. Working with Partners:

There are several types of partners that Help The Needy Charitable Trust cooperates with:

- The relationship with the partner does not involve any transfer of funds or assets between Help The Needy Charitable Trust Offices and Partners. In this case, the following procedures are not applicable.
- The partner does not receive any funds from Help The Needy Charitable Trust but helps to implement projects such as relief distribution for Help The Needy Charitable Trust. In this case Help The Needy Charitable Trust must ensure that during the project implementation by partners; Help The Needy Charitable Trust's internal control procedures are adequately followed especially in regards to stock control and verification of receipt by beneficiary.
- The partner receives a grant or sponsorship from Help The Needy Charitable Trust to implement a project. In this case all the internal control procedures outlined below must be followed.

Refer to Help The Needy Charitable Trust Financial Guidelines: Help The Needy Charitable Trust Policy on Grants.

- Help The Needy Charitable Trust uses partner's bank account, due to unavailability of a bank account in a new country, as commonly happens during emergencies. The following procedures must be followed.

The procedures of working with partners are as follows:

- Approval letter from Executive Committee at Help The Needy Charitable Trust, which permitted you to use partner organisation's bank account.
NO funds should be transferred through personal bank accounts.
- A Partnership Agreement must be made. The agreement should clearly state:
 - a) The requirements where Help The Needy Charitable Trust partners must have an Help The Needy Charitable Trust approved internal control and reporting system.
 - b) Area and scope of work -the areas of cooperation between Help The Needy Charitable Trust and partners as well as the duties of each party should be clearly stated.
 - c) The type of reports to be produced and the dateline for sending the reports to a designated Help The Needy Charitable Trust staff.
- A copy of the Partner's Registration document should be kept by Help The Needy Charitable Trust Field Office.

III. Organisational structure

The Organisation Structure must reflect:

1. Number of projects managed
2. Number of project components i.e. health, education, Water & Sanitation etc.
3. Scale of the project managed.
4. Number of Sub-offices
5. Risk and Stability of the area
6. Segregation of duties - a riskier operation will require greater segregation of duties, and hence more staff needs to be employed to ensure asset custodian, recording and authorisation is separated.

Minimum number of segregation of duties for sub-office

Normal Situation (low/average risk)

1. Leader (Program Manager/Head of Mission)
2. Admin and Financial Officer

High Risk Situation

1. Leader (Program Manager/Head of Mission)
2. Finance Officer
3. Admin Officer

IV. The Structure of Finance Department

Country Head Office (Finance Manager) Country Head Office (Admin Manager)

=

Sub Offices (Admin & Finance Officer/Accountant)

The management structure for the Admin and Finance Officer at sub offices is a form of matrix management structure. While the head of the sub office is a Programme Coordinator/Manager, the Admin and Finance Officer are ultimately responsible to the Finance Manager at Head Office (for financial matters) and Admin Manager at Head Office (for admin matters).

It is very important to clarify that as long as the Project Coordinator/Manager at the sub office is following all the admin and financial procedures, the Admin and Finance Officer must give full support to facilitate the operations. Admin and Finance Officer do not have the authority to stop any payments that have been made according to the procedures.

In circumstances where sub office affairs do not follow the admin and financial procedures, the Admin and Finance Officer must not approve/make payments. Instead he/she should refer the matter to the Finance Manager (for financial issues) and Admin Manager (for admin issues) immediately. The Finance Manager/Admin Manager will try to resolve the situation in consultation with the Programme Manager at the Head Office. The Admin and Finance Officer must keep record of all communications, where all communications must be recorded in writing. Verbal communication is not sufficient evidence that authorisation has been obtained.

If the breach of procedure is material and no action has been undertaken by the Finance Manager, the Admin and Finance Officer must refer the matter to the Internal Audit.

The Admin and Finance Officer could be held personally liable for any unauthorised transactions including the ones that do not follow the procedure. In addition to Help The Needy Charitable Trust financial guidelines if he/she does not take the necessary steps as stated above.

Duties of Sub Office Admin & Finance Officer/Accountant

1. Assist/support all project coordinators.

2. Ensure that Help The Needy Charitable Trust guidelines and procedures are being followed. The Admin & Finance Officer should not approve any documentation/payment that does not follow the financial guidelines and procedures.
3. If there is any change/breach of procedures he/she should report to the Finance Manager. The Finance Manager should communicate with Programme Manager and resolve the situation.

V. Financial Control

All Help The Needy Charitable Trust Field Offices should establish and operate financial aspects and operate in accordance with the Help The Needy Charitable Trust Financial Guidelines, with particular reference to the sections on Financial Controls Segregation of duties

This section is additional guidance and is NOT a replacement or departure for Field Offices from the main body and text of Help The Needy Charitable Trust Financial Guidelines

Principles of Internal Control

All forms, reports and procedures presented in this section are intended to preserve the basic principles of internal control, and ensure that Help The Needy Charitable Trust assets are adequately protected. As much as possible, the Management of Help The Needy Charitable Trust Field Offices and Emergency Operations are responsible to ensure the following functions are separated by assigning the role to different members of staff:

The following guidance is in addition to the section 1.9 Fixed Assets Management of the Financial Guidelines.

- Custodian of Help The Needy Charitable Trust Asset

All Help The Needy Charitable Trust assets such as: cash, vehicles, office equipment, computing equipment and accessories, furniture, communication equipment, project equipment etc. should be assigned as a custodian. This is to ensure that all assets are being maintained by Help The Needy Charitable Trust staffs are responsible for safekeeping as well as the condition of assets.

- Recording of Help The Needy Charitable Trust Assets

All assets acquired, disposed and handed over to another staff should be recorded by a member of staff, which is not responsible for the custody and authorisation of the asset's use. The degree of control would depend on the value and liquidity of the asset. Top priority should be given to the: control of cash in hand, cash in bank, stock and fixed assets.

All Field offices should operate along a standard and logical fixed asset tagging system.

- Authorisation of Help The Needy Charitable Trust Assets

The person who is responsible for authorising the use, acquisition and disposal of Help The Needy Charitable Trust Assets, should not be in charge of the custody and recording of the assets to prevent any misuse.

All Field Offices should obtain written approval from before the disposal of any fixed assets.

Note: Where the internal control procedures outlined are not possible due to unavoidable and unforeseen circumstances, alternative means of safeguarding Help The Needy Charitable Trust assets must be explored. Any exceptions to the normal procedures should be documented and the appropriate approval from the Management must be obtained.

VI. Financial procedures and forms

i) REQUEST FOR TRANSFERS

The Transfer Request Form should be filled by the Finance Manager and approved by the Head of Mission/Country Director. It should be submitted to the Regional Programme Manager/Emergency Manager for approval. Funds are transferred once it is authorised by the Project Division Manager and Finance.

Transfers from should be accounted for on receipt according to the budget, no debtors should be set up for expected transfers. reserves the right to amend the amount of transfers to be sent to Field Offices according to circumstances.

ii) PROCUREMENT

The following guidance is in addition to the section 4.5 Procurement Guidelines and 4.6 Tendering Guidelines of the Help The Needy Charitable Trust Financial Guidelines.

All purchases above a certain limit (to be determined by the Country Director and Finance Manager) refer to section 4.5 Procurement Guidelines: **III. Approval Levels and follow the procedures outlined below:**

a) Request for purchase is made by the originating department.

An approved (by line manager) Purchase Request Form must be submitted to the Purchasing/Admin Officer. The authorisations required will depend on the expenditure limit set as shown in.

b) Quotations are obtained from approved vendors.

Vendors are contacted by the Admin/Purchasing Officer to submit quotations. All Help The Needy Charitable Trust vendors must fill in Help The Needy Charitable Trust Vendor Detail Form. A background check must be conducted to verify the reliability of the vendor before they can be accepted as an approved vendor.

c) Quotations and Bids from various vendors are compared.

A Bid Evaluation Form must be completed detailing the quotations received.

The **Purchase Committee** will meet to decide based on: price, quality, reliability and other factors as to which supplier to select for the purchase. The selected supplier must be clearly stated on the Bid Evaluation Form together with the reasons for selecting the vendor. The decision must be signed by all the members of the Purchase Committee. The Purchase Committee will have at least five members of which are: Country Director, Finance Manager, Admin/Purchasing Manager, a person who has technical knowledge about the product and the manager from the requesting department or his/her representative

d) The order is made to the selected vendor.

A Purchase Order is sent to the vendor. Three copies of the Purchase Order should be prepared. One copy is for **file** (by the Admin/Purchasing Officer); another copy is sent to the **vendor** whilst a further copy is sent to the **storekeeper** for delivery verification.

e) The goods/services are received.

A copy of the Purchase Order should be given to the storekeeper (or any person authorised to receive the goods) and a Goods Received Note would be used to confirm the quantity delivered and the condition of goods. The Purchase Order copy and a copy of the Goods Received Note, should be sent back to the Accounts/Finance Department for payment processing; where goods are delivered direct to beneficiaries, either one of the following must be completed:

- Send an Help The Needy Charitable Trust employee (with a copy of the Purchase Order) to the distribution site, to observe and confirm the delivery, quantity and condition of the goods OR,
- Appoint a representative among the beneficiaries to confirm the delivery, quantity and condition of goods. The representative should have the details of the purchase before the goods are delivered OR,
- In the case where distribution is geographically dispersed and in small quantities such as, delivering fertilisers to each farmer's house. Confirmation of delivery can conducted at a later stage when Help The Needy Charitable Trust staffs are able to make a field visit to the beneficiaries. In this case, each beneficiary should be given a **ration** card which is signed by driver whenever a delivery is made. **The ration** card will be kept by the beneficiary for inspection by Help The Needy Charitable Trust field officer.

f) Vendor confirms amount owed.

An invoice from the supplier is received during or after delivery of goods, to confirm the amount which should be paid

g) Payment is made to the vendor.

As a precondition, all the relevant procurement documents (Purchase Request, Bid Evaluation Form, Purchase Order, Delivery Confirmation and Vendor Invoice) must be attached to the Bank/Cash Payment Voucher for payment approval by the Finance Manager and Head of Mission.

The **Purchase Order, Bid Evaluation Form and Delivery confirmation** are absolute essential documents for releasing payment to the vendor.

A payment voucher checklist will ensure that all the supporting documents are present.

h) Deposits or Advance Payment to the Vendor.

Advance payment to the vendor should not be encouraged except when it is a normal business practice in the area that Help The Needy Charitable Trust is operating. Any deposits or advances to suppliers must be authorised by the Finance Manager and the CD

VII. Receipts

All types of receipts must be reported in the Quarterly Reports (for Field Offices) and Monthly Reports (for Emergencies). Further document formats for bank and cash are in Appendix B12, B13 and B14. Receipts must be clearly separated in the accounts according to the categories below:

a) Transfers from

It is the responsibility of the Regional Programme Manager/Emergency Manager to ensure each transfer made to the field office is accompanied by a transfer sheet, detailing the breakdown of the transfer according to projects.

b) Income from Institutions

A document must be provided by the donating institution to specify what is being donated along with the purpose it is intended for. For example, In Kind Donations Form should be used for in kind donations.

c) Income from Other Sources

Any donation from locals, interests, advance repayments and reimbursements must be clearly separated in the accounts (i.e. allocated an account each).

d) In Kind Donations

The following guidance is in addition to the section 1.3 Income Management: Income In-Kind of the Help The Needy Charitable Trust Financial Guidelines.

In Kind Donations Form (Appendix B15) must be used to record in kind donations received. Two copies are produced; one for file and the other as an acknowledgement of receipt to the donor. The In Kind Donation form must be reconciled with the Goods Received Note from the store to confirm the delivery of the In Kind Donation. The stock records held by the Finance department (**Sage Accounts**) and in the store must be updated. An estimated market value must also be allocated to the goods based on the market value of the country of operation, donor's documentation and expert's opinion (wherever possible). The valuation of stock must be approved by the Finance Manager and Project Manager

VIII. Payments & transfers

The following guidance is in addition to the section 1.4 Cash & Bank Guidelines and 1.7 Accounts Payable Guidelines of Help The Needy Charitable Trust Financial Guidelines.

a) Withdrawal from Bank to Safe

A Safe Replenishment Form must be approved by the Finance Manager and the Country Director/Head of Mission for transferring funds from the bank to the safe.

A person should be assigned to maintain the receipts and disbursements from the safe. The same rule must be followed where a safe is not (or cannot be made) available for cash withdrawal from the bank. In this case, the cash held in a secure place by a responsible person is treated as a 'safe'.

b) Bank Payments

The Bank Payment Voucher should be used to obtain approval for all bank payments. The payments should be separated by project and budget (i.e. account codes) as it would appear in the accounting entry.

c) Cash Payments

All cash payments should be filed separately according to the currency. It is assumed that all cash payments are made through the safe or any other means of safekeeping cash. Cash Payment Vouchers must be used to obtain approval for all cash payments.

Supporting documents (such as Purchase Order, Delivery confirmation, Travel Request Form, Staff Expense Claim plus receipts etc.) must be attached to Bank Payment Vouchers and Cash Payment Vouchers respectively.

d) Petty Cash

Petty Cash Payment Vouchers should be used for petty cash payments. Afloat level should be assigned for petty cash. However, a person should be assigned to maintain the petty cash till. For example float replenishment would require you to fill out a Float Replenishment Form which, should be used to obtain approval from the Finance Manager.

e) Safe and Petty Cash Reconciliation

For both Cash in Safe and Petty Cash, the recordkeeping should be maintained by the Accountant while the custodian of the cash is held by the cashier. On a daily basis, a cash count (using the Cash Count & Reconciliation Form, should be performed and reconciled with the Cash balance in Sage accounts. Authorising expense should also be kept separate from custodian and record keeping. Normally, the Finance Manager will be responsible for authorising payments. However, in smaller field offices or in emergencies, the Programme Manager/Coordinator and the Finance Officer/Accountant will be in charge of authorising payments.

f) Advances

Advances must be recorded in the accounts as a current liability in the name of the applicant. By doing so, any amount owing or unsettled by any Help The Needy Charitable Trust staff (or supplier) can be monitored. Advances can be divided into:

Cash Advance for Project (one account for each advance taken)

The Cash Advance Form should be used whenever an advance is needed. Once the advance is settled by returning the balance unspent or submitting a Staff Expense Claim Form if some expenses are overspent, the Advance for Project account will be closed and the expenses charged to the appropriate expense account. IOU forms are used for smaller advances.

Salary Advance

Salary advance will be charged to the monthly salary. The amount of salary advance that can be taken is limited to an amount that will be determined by the CD, Finance Manager and Project Manager. The monthly repayment period for salary advances is up to one year maximum.

Advance to Suppliers

Advance to suppliers should be avoided except when it is the normal business practice of an area that Help The Needy Charitable Trust is operating in. Any advance to suppliers must be authorised by the Finance Manager and the Country Director. Note: Every month, a statement must be produced to each staff/supplier to show the amount of the advance owing/unsettled to Help The Needy Charitable Trust. These reports can be generated from Sage Accounts standard reports.

Cash advances

Ways of recording Cash Advance:

- 1) Direct - for advances in small amount and over short period (usually less than a day) Debit Credit Cash 900 Stationary expense 900 However, a register must be used to keep track of the amount taken and returned

Cash Advance Register

Date Staff

Doc. Ref. No.

Advance	Returned	Expense	Cashier	Received	by;
13/1/05	Ismail	CAV1/019	1,000	100	900 Sign Sign

- 2) Detailed - advances are recorded in the accounts when taken and settled separately. This will involve many transactions, but is at the expense of accuracy and better control especially for large advances and those advances that are not settled on the same day. Take Advance Debit. Credit Cash 1,000Cash Advance: Ismail 1,000

Advance Settlement

Cash Returned: Cash 100Cash Advance: Ismail 100

Charge to Expense: Cash Advance: Ismail 900Stationary expense 900Note:

In both cases, the Cash Advance Request form will have to be completed and placed in the 'Unsettled Cash Advance' file until they are settled

g) Cash Handover

A Cash Handover Form should be used whenever Help The Needy Charitable Trust staff is given large amounts of cash to: be distributed to beneficiaries, purchase asset, make payments to supplier or any other purpose.

ASSET CONTROL

The following guidance is in addition to the section 1.9 Fixed Assets Management of the Help The Needy Charitable Trust Financial Guidelines.

a) Assets Register

A list of assets or Assets Register should be maintained by the Admin Officer (or a person assigned by the Admin Manager) for each field office or temporary emergency office. The assets list should state clearly who is the asset custodian and where it is currently located.

b) Asset Handover

Any movement of assets to a different location/custodian should involve the Asset Handover Form.

IX. Financial procedure with Help The Needy Charitable Trust partners

i) *Withdrawal from Partner's Bank Account*

As a principle, any payments, transfers or withdrawals from the partner's bank account must be supplemented by the same internal control procedures outlined within this section, and throughout the Help The Needy Charitable Trust Financial Guidelines.

Help The Needy Charitable Trust's funds held in the partner's bank account should be regarded as 'Other Debtor' (i.e. Other Receivable) in Help The Needy Charitable Trust's books.

The balance of Help The Needy Charitable Trust's funds held in the partner's bank account must be reconciled on a monthly basis with Help The Needy Charitable Trust's records.

Ideally, the partner should set up or allocate a separate bank account to hold Help The Needy Charitable Trust's funds to prevent any accidental use of Help The Needy Charitable Trust's funds for unauthorised purposes.

ii) Projects Implemented by Help The Needy Charitable Trust Partner

Any Help The Needy Charitable Trust partner who implements projects on behalf of Help The Needy Charitable Trust must have Help The Needy Charitable Trust's approved internal control system that is of equivalent standard as being outlined by all sections of this document.

XI. Reports

The following guidance is in addition to section 2.1 Financial Reporting of the Help The Needy Charitable Trust Financial Guidelines.

Help The Needy Charitable Trust Field Office reports should include:

Budget vs. Actual Income & Expenditure Report (In Kind Donations should also be included based on estimated valuation as explained in 1.2 Income Management: Income In-Kind).

Detailed

Balance Sheet, as at end of Quarter

Detailed

Stock valuation report, as at end of Quarter

A bank reconciliation statement at the end of the period concerned

Note: All these reports are available in QuickBooks standard reports.

Field Office - Reports must be submitted to Help The Needy Charitable Trust's HQ on a **Quarterly Basis**

As stated in

2.1 Financial reporting of Help The Needy Charitable Trust Financial Guidelines.

Emergency operations - must produce reports on a **Monthly Basis**. The chart of accounts in **Sage Accounts** must be in the same format as the master budget.

XII. Budget Implementation and Reporting

- i) Field Offices every line of expenditure should be matched against the budget. The **Sage Accounts** budget vs. actual report facility is available for this purpose. Budget vs. actual reporting must be done on a monthly basis.
- ii) Emergency Projects - in the absence of a line by line budget, emergency programmes (through a designated Finance Manager/Accountant) should prepare an internally approved (by Head of Mission, Finance Manager and Programme Manager) budget as soon as possible, to ensure all expenditures are adequately tracked and evaluated. The budget should be at least for 3 months, and should be revised from time to time to reflect the changes in the project activities and circumstances. The Programme Manager has the responsibility to update Head of Mission and Finance Manager of any significant changes in project activities, so that Finance Manager can update the budget **in Sage Accounts** as soon as possible.

Post Budget Adjustments

All Field Offices with amendments to budgets set should submit their proposals by project to the relevant Regional Programme Manager at, who will then present the proposal to the Projects Approval Committee

Note: Budget adjustments apply to increase or decrease in budgets. In circumstances where the original budget has been over optimistic a reduction may be necessary.

XIII. Stock Control

The following guidance is in addition to the section 2.0 Stock Guidelines of the Help The Needy Charitable Trust Financial Guidelines.

1) Stock Receipt

All incoming stock either through Help The Needy Charitable Trust procurement or through in kind donation should be recorded in the Goods Received Note.

In the case that the goods are purchased by Help The Needy Charitable Trust, a copy of the Purchase Order must be sent to store keeper before the delivery of goods. The storekeeper will use the Purchase Order as a basis of verifying the quantity and condition of goods received are as ordered. Any discrepancies will be recorded in the Goods Receive Note. The Purchase Order copy along with a copy of the Goods Received Note must be sent to Accounts department for payment processing.

2) Stock Issue/Despatch

All stock issues should be approved and authorised using the Stock Request Form. The storekeeper should not release any stock without proper authorisation. A bin card will be used to update each stock item of any stock movements.

Note: Weekly stock updates should be made into QuickBooks. The storekeeper is held responsible to send Admin weekly summary of stock movements.

XIV. Employees

The following guidance is in addition to the Help The Needy Charitable Trust Human Resources Guidelines

1) Recruitment

i) Employment Contract (Appendix D1) - relevant issues which should be covered by the contract are:

- a) Job description and main duties
- b) Holiday entitlements
- c) Working hours
- d) Travel Allowance (fixed according to each country)
- e) Line Manager and Subordinates
- f) Conditions for salary advances

ii) Personal History Form must be completed by each Help The Needy Charitable Trust's employee

2) Leaving Employment

i) Job Handover Form

Job handover form and assets in custody must be given to the replacement staff.

The handover form should list the assets held in custody whilst the list of main duties and tasks are in progress. The final month salary will be held subject to completing the handover process.

3) Attendance

i) Timesheet - a record must be made of the daily time in and time out for each staff (including volunteers).

4) Volunteers:

i) All volunteers are expected to respect the ethics and values held by Help The Needy Charitable Trust.

ii) Volunteer List- a register should be maintained to hold the personal details of each volunteer along with the start and end of the volunteers work.

iii) The duties code of conduct and any financial benefits to them should be clearly stated in a contract agreement.

5) Expatriate:

i) Employment Contract - every expatriate should have an employment contract with Help The Needy Charitable Trust that contains all issues highlighted above, plus any other issues specific to working abroad such as:

a) Where and when the salary is paid.

b) Entitlement for housing benefit and the maximum rent allowable.

c) Entitlement for salary advance, the maximum amount allowed for salary advance and the procedure for application, repayment and reconciliation.

ii) Salary Advance Form- application for expatriate salary advance must be made using this form, along with a copy of the approved salary advance form which, should be sent to the Finance Department at HQ. The salary advance must be recorded in the accounts as a current liability under the name of the expatriate concerned. A statement should be produced to the expatriate to show the total amount of advance taken.

XV. Project Control

1)

Travel Request Form/Log - All field trips or trips to a destination of more than 30 km (such as for attending meetings, seminars, purchasing assets, overseas trips etc.) should be approved by the Head of Mission. A Travel Request Form should be used to specify the purpose of the trip, number of participants and any requirements such as vehicle use and advances. The travel request form will be required for the release of any advance and vehicle use. The Travel Register should also be updated with details of the trip including any reference to advance taken, staff claim and vehicles used. During, emergencies, subject to the agreement of Head of Mission, Finance Manager and Project Manager, the requirement for filling in the Travel Request Form may be excluded and only a log in the Travel Register is required. In this case, a column should be provided for HM to give approval for the trip.

2)

Aid Distribution Control - Aid distribution must be verified by the beneficiaries.

3)

During the initiation phase of the project, the Project Manager must work together with the Finance Manager to create a budget based on the cash flow needs of the projects activities. The PM also has the responsibility to plan and coordinate activities of each project component with the FM, to ensure there are no disruptions in cash needs of activities such as: purchasing supplies, payment to suppliers, volunteers, staffs, beneficiaries etc.

4)

Camp Management - the following are the main areas of concern:

a. Camp Asset Control - office supplies, office equipment, stocks (especially aid supplies), project equipment, shelter materials etc.

b. Camp Registration Process - Camp Registration Forms must be completed.

c. Camp Aid Distribution - must be adequately verified using Camp Aid Distribution sheet. A secure place for storing aid supplies must be made available. Store Control procedures such as Stock Request Forms and Bin Cards must also be observed.

d. General Camp Monitoring

e. Water Bladder Monitoring Form

f. Shelter Materials Control

g. Camp School

h. Camp Clinic

Filing System

Basic Information - Petty Cash Float level, members of purchase committee, Salary Advance formula, depreciation policy.

Filing System

1)

The filing system below is based on the bank and cash payments. The purpose is to provide easy traceability and audit reference to every transaction. Every transaction should have the respective voucher as the top sheet and the relevant supporting documents attached to it. If in a case a supporting document is too bulky, a reference to the location of documents could be made on the Payment Voucher.

2)

A separate bank transactions file should be created for each bank account. Similarly, cash transactions should be separated by Cash (i.e. cash in safe) and Petty Cash. Within the cash category, separate filing or folders should be made for each currency. In other words, we should not mix the documents for home currency and foreign currency.

3)

A separate file should be made for each category below. If there are only few documents, then make a folder within the related files. For example, if the Bank Receipt Vouchers are few, then make it as a folder (i.e. sub section) of Bank Payment Voucher file.

4)

All the main vouchers should be **pre-printed and serial numbered**. This will minimise the chances of error and provide an additional security to the forms.

5)

The **serial number of the form** should be entered as the transaction reference number in Sage Accounts. This will provide an audit trail from Sage Accounts transactions to the source documents. Similarly, the **Sage Accounts transaction number** (which is also in a unique series as none 'delete able') should be referenced on the form as evidence that the transaction has been entered into Sage Accounts. Furthermore this will ease the traceability from the document to the corresponding Sage Accounts transaction.

Financial Documentation Files

1. Cash in Bank
2. •Bank Payment Voucher Pre-printed
3. •Bank Receipt Voucher & Cash in Safe
4. •Cash Payment Voucher Serial Number
5. •Cash Receipt Voucher Petty Cash
6. •Petty Cash Payment Vr. Ref. In Sage Accounts
7. •Petty Cash Receipt Vr.

Note: Within a file, separate folders should be made for each currency.

Procurement Process and Filing

The stages in purchasing are as follows:

Stage Document Transit File

1. Approval for Purchase Request
2. Supplier selection Bid Evaluation
3. Confirmation of Purchase Order

PO file

4. Confirmation of delivery Goods Received Note

GRN file - matched against PO

5. Confirmation of amt. Owed Supplier's Invoice

Unpaid Invoice file

6. Confirmation of Payment, Bank Payment Voucher Note: BPV file is the final destination of the procurement cycle.

Transit files - these documents will be kept in these files until they are settled or matched.

1. PO file - awaiting Invoice from supplier. Upon receipt of supplier's invoice, the PO together with the corresponding invoice will be matched with the Goods Receipt Note (GRN or delivery confirmation) and kept in the 'Unpaid Invoice File'.
2. GRN file - to be matched with supplier's invoice.
3. Unpaid Invoice file - awaiting payment approval & disbursed to supplier. Once payment is made, the documents (PO, Supplier's Invoice, and GRN) will be attached to the Bank/Cash Payment Voucher and filed in the Bank Payment Voucher/Cash Payment Voucher file.
4. Unsettled Cash advance file - awaiting settlement by staff taking the advance. The settlement process requires the return of any cash balance together with the receipts for the expenses made. Once the settlement has been made, all documentation must be attached to the Cash Payment Voucher and stored in the Cash Payment Voucher file. A copy of the cash advance and settlement document must also be attached to the Cash Receipts Voucher to accompany the cash balance returned.

Financial Policies and Procedures Files

1. Financial Guidelines and Policies
2. Statutory Regulations
3. Institutional Donor reporting requirements
4. Procurement Procedure
5. Salaries/payroll: file, deduction, family maintenance
6. Salary advance/loans
7. Approved budget file

Admin files

1. General (reg. doc, approval limits, org. charts, bank lists)
2. Personnel History
3. Contracts (rental agreements, agreement with suppliers)
4. Insurance Policies
5. Vehicle Ownership document Keep in SAFE
6. Asset Register

Management files

2. Strategic Management Plans
3. Human Resource Policies and Guidelines
4. Directives

5. Government regulations