

*Diocese of Aweil Relief and Development (DARD) - South Sudan*

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# **DARD Financial Policy & procedure**

**An indigenous national Organisation Operating  
in Northern Bahr el Ghazal State**

*2<sup>nd</sup> financial Policy Addition 2015*

Vision: .....

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## **1.0 Preamble**

Diocese of Aweil Relief and Development –South Sudan formed/founded in 2011 by Diocese of Aweil who had realized they bear a substantive risk of suffering physical, social psychological/mental and emotional harm, in comparison with other children in the same environment.

DARD is a child focused development and advocacy organization whose members include:

**1.1 Vision statement:** To have a free, healthy, empowered and enlightened society where the poor and marginalized participate in Community development and service delivery

**1.2 Mission Statement...**To provide development and humanitarian services through access to education and food Security

**1.2.1 Finance department mission.** The finance department of DARD is committed to timely, accurate and responsible financial management. We work with the Executive Director, staff and board to ensure that all financial matters are managed with care, integrity and consistency within the best interest of **DARD**

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## **1.0 Purpose**

The policy and procedural guidelines contained in this handbook are designed to:

- Protect the assets of DARD;
- Ensure the maintenance of accurate records of DARD's financial activities;
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state, and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Finance Committee or the Board of Directors. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted every two years by the Finance Committee or other Board designee.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

## **2.0 Roles**

### **Treasurer and Finance Committee**

The Board Treasurer chairs the Finance Committee, which is composed of members designated by the Board of Directors. The Finance Committee has whatever authority as may be designated by the Board of Directors, including:

- Choosing the auditor
- Performing regular, in-depth reviews of the organization's financial activity
- Overseeing the development of the annual budget

- Determining the allocation of investment deposits

**Executive Director**

The Executive Director has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. The ED has whatever authority as may be designated by the Board of Directors, including:

- Making spending decisions within the parameters of the approved budget
- Employing and terminating personnel
- Determining wage levels
- Creating and amending operating procedures and controls
- Making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority
- Entering into contractual agreements within board designated parameters

Policies and procedures which are not specifically addressed by this document may be determined by the Executive Director when the financial impact is not over 2,000,000 South Sudanese Pounds for any fiscal year. The Board of Directors must approve any unaddressed policy or procedure with an impact of over 2,000,000/=.

**3.0 General accounting policies**

The accounting system following international accounting standards (IAS) and Generally Accepted Accounting Policies. (GAAP)

Financial statements are prepared using the accrual (*or cash*) basis of accounting.

The fiscal year is Oct 1 through Sept 30 of every year

**4.0 Administration**

Financial duties and responsibilities are separated so that no one of employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.

The Programm accountant has primary responsibility for designing and maintaining the accounting system. Book keeping support may be provided by other staff as designated.

The accounting records are updated regularly and subject to the oversight of the executive director or board of directors or its designate on at least a monthly basis.

A filing system accessible to the Executive Director is maintained for all financial records. This filing system shall be electronic or paper, or both.

Professional financial service providers are reviewed annually. For 2014 these are:

- Accounting software: [Quick Books]
- Payroll services: [Microsoft Excel]
- Banking: [.....]

- Auditors: [.....]

## **5.0 Budgets**

The annual budget for the fiscal year is prepared by the Finance Committee or Executive Director working closely with the appropriate staff using a zero based approach. This takes into account of output of the organization as approved by the management and any objectives and performance set by the Director

Budget submissions are prepared in standard format and will be debated by members prior to being approved by the Board/Director

The board of Directors approves the budget annually, prior to the beginning of the fiscal year if possible.

The budget is compared to the Annual financial statements in order to monitor the actual results.

The budget is reviewed mid-year and adjusted as necessary to reflect changing conditions. The Board of Directors approves proposed changes in the budget which **exceed SSP 20,000 or 40%** of the line item, whichever is greater.

## **6.0 Financial Statements**

Quarterly financial statements are completed and presented to the Finance Committee within 30 days of the close of the period.

A financial overview and Income Statement through the end of the previous Quarter are provided to the Board of Directors at each Board meeting.

At the End of Every Financial Year, The Accountant in Cooperation with the Executive Director shall submit a statement of Financial Position to the Financial Committee at its Sitting

### **Reporting**

The reporting of the financial performance is based on the requirements of the cooperatives and societies Act the form of these statements must comply with the general Accounting policies of the organization as stated in **3.0** above

#### **The annual report includes:**

- Financial statements including an income statement, statement of financial position statement of cash flows and statement of accounting policies.
- Non financial statements called statements (called a statement of service performance) reporting on the achievement of the targets outlined in the

statement of objectives approved by management presented to the donors.

## **Audit**

Monthly Internal Audits shall be conducted by the Internal Auditors in response to the Submission of Monthly Cash Flow Reports. In addition, annual audits shall be conducted by an independent CPA or ACCA after the close of each financial year. The audit covers the financial year of Oct 1st through Sept 30th.

The Treasurer, the Executive Director and the Programm Accountant shall be involved in the annual audit / review. Presentation of the Audit Report to the Board of Directors is done by the audit firm with assistance from the Treasurer and Program accountant.

Copies of the annual audit are provided to funders in accordance with agreements in effect.

The annual report is subject to audit and audited accounts must be available not later than 4 months after the end of the finance year

## **And Internal controls:**

These are the policies and procedures adapted by the management of the organization to assist in achieving managements objective of ensuring as far as practible, the orderly and efficient conduct of its activities including adherence to management policies the safe guarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

Internal controls are put in place to minimize risks and hence help to ensure that the organization resources are used effectively and efficiently.

## **Internal control systems in the organization include:**

- Training and supervision of personnel and definition of responsibilities
- Adequate segregation of duties
- Separation of financial functions
- Separation of the authorization of transactions from the custody of the related assets.
- Separation of operating duties from the financial record keeping
- Separation of custody of the assets from the related accounting records.
- Existence of adequate documentation and records
- Holding weekly, monthly, departmental meetings
- Periodic reporting say monthly to the Director.

- All attractive assets are engragated with the organization name
- Management regularly checking assets register book listing (available from the Financial controller) against the physical assets of the organization

## 7.0 Banking

### General

The Executive Director chooses a financial institution which provides the most appropriate services for the lowest cost. The location of the financial institution is taken into account.

Separate bank accounts are maintained for operating expenses, payroll expenses, and savings. No more than **SSP 500,000** shall be on deposit at any one financial institution in order to not exceed FDIC insurance limits.

The operating account maintains sufficient funds to meet all anticipated expenditures. Generally, a balance between **SSP 10,000 and SSP25,000** is sufficient.

The payroll account maintains only enough funds to cover the monthly payroll expense. Necessary funds are transferred from the operating account to the payroll account just prior to payday.

The savings account is used to replenish the operating account when necessary and to receive excess funds from the operating account when available.

### Deposits

Whenever possible, persons receiving funds are other than the person tabulating and preparing the deposits. Also, the person tabulating and preparing the deposits should be other than the person recording the deposits.

In general, deposits are made in every Two days. Amounts greater than SSP5000 are deposited by the next business day. Amounts less **than SSP 2,000/=** may remain undeposited.

All funds are deposited in an assigned financial institution, with the exception of petty cash (see 9.0 Petty Cash). The deposit receipt is attached to the Deposit Record.

### Cheque Signing

The Board appoints the cheque signers. Usually **these are the Treasurer**, the Executive Director, and a Program Accountant. The cheque signer(s) must not be the person who writes checks or who does the bookkeeping.

Blank checks are never signed in advance.

## 8.0 Petty Cash

A petty cash account is kept at the discretion of the Executive Director. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction and a receipt acquired upon payment.

Petty cash disbursements are **limited to SSP 1,000/=**

Total petty cash funds do not exceed **SSP2,000**, except where more funds are needed for change at fundraising events. When funds drop **below SSP2,000**, the Executive Director may replenish the account by completing a requisition form for a cheque written to DARD. Alternatively, petty cash may be replenished by depositing some cash into the petty cash account that would otherwise be deposited into the DARD bank account. Full documentation for this deposit should be retained.

Petty cash can be disbursed only with the approval of the Executive Director. Petty cash requisitions are reviewed and coded by the accountant. Actual funds are managed and kept in a locked, fire-resistant box by the accounting assistant.

The petty cash account is reconciled by the accountant prior to replenishment and at least monthly.

An imprest system is used to control petty cash. This means that the petty cash float is maintained at a specific amount and is reimbursed at a regular interval on the basis of vouchers showing the payments which have been made as suggested that the float will be kept at **SSP1000**

## 9.0 Disbursements

Whenever possible, separate persons are responsible for coding, preparing, and authorizing disbursements.

Invoices are paid in a timely manner, generally weekly, and before late penalty charges apply.

Attempts are made to issue cheque for client assistance and employee advances as soon as practical; two cheque signers are required for cheque greater **than SSP2500**.

No cheque may be written to "cash" or "bearer."

## 10.0 Reimbursements

A requisition form is prepared and approved when requesting personal reimbursement for DARD expenses. Relevant invoices and receipts are attached.

Mileage expenses are reimbursed at the federal rate in affect at the time of the expense.



## **11.0 Accounts Receivable**

Invoices for grants receivable are sent out, either by email or mail, as soon as practical in accordance with the terms of the grant agreement or contract. A copy of each invoice is kept in the appropriate grant A/R file with a notation of the date it was sent. When payment is deposited, a copy of the cheque stub is attached to the invoice, which is then notated with the date paid and marked "POSTED."

Invoices for other accounts receivable are kept in a general A/R file. When payment is deposited, these invoices are marked "POSTED" and transferred to an A/R received file.

## **12.0 Account Reconciliations**

All money received by the organization shall as been received and be paid into the bank account of the organization.

The program accountant of DARD is responsible for ensuring all accounts are regularly reconciled.

Bank reconciliations are done monthly. Bank statements are reconciled by someone other than the cheque signer or writer.

Other balance sheet accounts are reconciled at least annually.

## **13.0 Large Purchases**

All purchasing shall be carried out in accordance with the best practice of purchasing and in line with the budget which have been approved by the management.

Purchases greater than SSP3000 are approved by the Executive Director.

Purchases greater than SSP5000 are approved by the Board of Directors.

Generally, DARD seeks three quotations for purchases greater than SSP10,000 where at least three suppliers are available for that service or product.

## **14.0 Conflict of Interest**

Purchases of goods or services are not made from any employee or director of the organization. Members of the Board of Directors declare any conflict of interest with regard to financial terms.

Purchase of personal items for employees or directors is not made.

Although advance notice of at least two business days is recommended.

## **15.0 Capital Expenditures**

Tangible assets exceeding SSP 8,000 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation and item locations.

A depreciation schedule is prepared annually by the auditing firm.

## **16.0 Donations**

The organization is funded by the donors and well wishers i.e. cooperates, government agencies and other Non Government Organization around the world.

The grants are given upon the approval of donor's contract of offer for funding.

Donated capital assets are recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets is disclosed.

The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

## **17.0 Payroll**

All personnel salary and wage rates are authorized by the Executive Director or the Board of Directors. All changes in employment are likewise authorized by the Executive Director or the Board of Directors.

Employees are paid on a monthly basis or other Terms and Conditions attached to the Employees Appointment. Payments to staff for salary advances, bonuses, and translations outside of normal hours are processed as part of wages.

All employees (hourly and salaried) are responsible for submitting complete time sheets on a monthly basis, with final time sheets due on each employee's last working day of the month. All time sheets must be signed and dated by employees and their supervisors. [Computerized time sheets are used for efficiency and accuracy.] Incomplete time sheets are returned to employees for correction.

Personnel records are kept at DARD for all current staff.

The Human Resource Manager, in coordination with the Programm Accountant shall prepare a payroll at the End of Every Month and Submit it to the Executive Director for Approval before payment is made to any Employee of the Organization.

## **18.0 Benefits**

*(See the Employee Handbook for the full policy regarding employee benefits.)*

Regular employees working at least 20 hours per week are entitled to benefits after a 90-day introductory period.

Insurance benefits enrollment begins the first of the month following the end of the introductory period. Insurance benefits available include medical, vision, dental, life and AD&D insurance. Dental, life and AD&D insurance premiums are paid in full by DARD for all eligible employees. Medical and vision insurance premiums are paid in part by DARD, are subject to the terms of our contracts with the insurance provider. For all types of insurance, the premiums for spouses and dependents are paid by the employee.

Other employee benefits include Paid Time off (PTO), holidays, a retirement plan, family leave and bereavement time.

## **19.0 Investments**

The investment objectives of DARD, in order of importance, are the safety of principal, liquidity, and a competitive rate of return in case of Income Generating Projects. Investment restrictions may, at the discretion of the Board of Directors, include such issues as quality, diversification requirements, or social issues.

The Finance Committee has primary responsibility for advising the Board on investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

## **20.0 Taxation.**

The organization deducts income tax from the salary payment of each staff in accordance with PAYE tables set by the government

The organization pays PAYE deduction once each month to the regulatory board set by the government say South Sudan Revenue Authority

## **APPENDIX A—Procedures**

### **Deposits**

All cheque and cash received are recorded on a daily log, listing the date received, payer, purpose, and amount received. All cheques are stamped “for Deposit only” immediately upon receipt.

All funds received are sent daily with the daily log to the accounting department for processing. Total funds are compared to daily log totals to ensure an accurate total of cash received. A receipt is provided by the accounting department for all funds received, with receipt copies attached to the daily log. All funds are placed in a locked box until preparing the deposit.

A Deposit Record is prepared listing the source account, source description, date received, amount received, and amount deposited for each line item, and a total of all funds received and deposited. *None of these funds is used to pay for expenses of any kind.* Notes are added for any discrepancies. Daily logs are attached to the Deposit Record. The Deposit Record is initialed by the preparer. A bank deposit slip is prepared and a copy attached to the Deposit Record.

After the deposit is made, the Deposit Record with attached daily logs, deposit slip, and deposit receipt is turned in to the accountant. All deposit papers are reviewed, confirmed, and recorded. Recorded deposits are marked “POSTED.”

Copies of all cheque or vouchers for grants and contracts are placed in their source files.

### **Disbursements**

All payments, except petty cash, are made by pre-numbered cheques and are accompanied by substantiating documentation. Documentation may be an invoice (bill) or requisition form.

All invoices are marked with the date received and are directed to the accounting department.

Invoices are reviewed to ensure that the goods were received or services rendered.

Each invoice is attached to a requisition form or marked with the DARD Payment Approval stamp. The proper account(s), funding source, and program are identified and coded for each invoice. The requisition form or marked invoice is approved by the appropriate manager and the Executive Director. If the Executive Director is not available, the Executive Director designate or the Board Treasurer may approve an invoice for payment.

After approval, invoices are passed to the accounting assistant for entering a bill into Accounts Payable. Entered bills are passed to the staff accountant for review and printing of checks. Printed checks are attached to the requisition forms and passed to the Executive Director for signing.

Signed cheques are passed to the accounting assistant for mailing or distribution.

Once payment is made the requisition form is be filed with the check voucher in the monthly A/P folder. The cheque number is written on the requisition form or invoice.

### **Cheque signing**

A relevant invoice or back-up document accompanies each cheque for the cheque signers to review.

The cheque voucher is used to ensure a record of the cheque is maintained.

Sequentially numbered organizational cheques are used to maintain a proper control over the cheques. Voided cheques are kept and clearly marked VOID. The signature of voided cheque is cut out and discarded to prevent misuse.

### **Account Reconciliations**

Bank accounts are reconciled monthly against the account statement. Other balance sheet accounts are reconciled annually using the DARD Reconciliation Statement. Supporting documentation is either attached (as for Petty Cash) or the location is referenced (as for Grants Receivables files). Individual documentation, such as the number of a check or journal entry, may be referenced in the Details Column of the Reconciliation Statement.

**APPENDIX B—Business Record Retention Schedule**

Accident Reports and Claims (settled cases).....	6 years
Accounts Payable Records .....	6 years
Accounts Receivable Records .....	6 years
Audit Reports .....	Permanently
Articles of Incorporation .....	Permanently
Annual Audit Reports.....	Permanently
Bank Statements and Reconciliations .....	3 years
Budgets.....	10 years
Bylaws.....	Permanently
Cash Receipt Records.....	7 years
Cheques (cancelled) .....	7 years
Cheques for important payments such as taxes, special contracts, etc. should be filed with the papers pertaining to the transaction and kept .....	permanently
Contracts & Leases (expired) .....	7 years
Contracts & Leases (active).....	permanently
Corporation Reports .....	Permanently
Correspondence with vendors .....	1 year
Correspondence (general).....	3 years
Correspondence (legal).....	permanently
Disbursement Requests .....	7 years
Deposit Slip Duplicates .....	2 years
Employee Records (after termination) .....	permanently
Employment Applications .....	3 years
Financial Statements.....	Permanently
Fixed Assets Records .....	Permanently
Grant Award Letters .....	10 years
Insurance Records, Accident Reports, Claims, Policies, Certificates .....	Permanently
Invoices .....	7 years
Leases (after expiration) .....	6 years
Journals.....	Permanently
Minutes.....	Permanently
Payroll Records .....	6 years
Property Records .....	Permanently
Purchase Orders.....	7 years
Tax-exempt status documents and all documents and correspondence Dealing with the IRS .....	Permanently

***APPENDIX C—Document History***

[25<sup>TH</sup> June 2015]. Adopted by the DARD Board of Directors.

[Add dates and revision details]

Approved by Diocese of Aweil Relief and Development (DARD)

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**Vision: A community where all children realize their full potential and rights and aspirations fulfilled.**