



FINANCIAL MANUAL EWRYOCA

Revised Version

2023

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PREAMBLE

Objective: The objective of this manual is to establish a financial management system which helps for the efficient and economic utilization of resources available to, CSO, with an optimum internal control system which enables the safeguarding of resources from misuse and ensuring efficient, quality, and timely financial information system.

Applicability: The financial management of CSO, including all field offices and projects will be administered according to this manual.

Responsibility: The Finance Department and all delegated units shall be responsible for the proper execution of this manual.

Conflicting laws: If there is a conflict between relevant laws and regulations (tax and civil society laws) issued by the Government of Ethiopia and this manual, the laws and regulations shall prevail. If there is a conflict between this manual and agreement entered with a funding organization as to financial management, the agreement shall prevail.

Revised date: This manual shall be effective from 26/10/2023

ACRONYMS

CCSA: Charity and Civil Society

Agency CPV: Check Payment

Voucher

CSO: Civil Society Organization

ERCA: Ethiopian Revenue and Custom

Authority ETB Ethiopian Birr

GAAP: Generally Accepted Accounting

Standards GRN: Goods Receiving Note

IFRS: International Financial Reporting

Standards PCPV: Petty Cash Payment Voucher

PO: Purchase Order

SIV: Store Issue

voucher

INTRODUCTION

Background

Every Woman's Rights and Youth Organization for Community Advancement (Ewryoca) is a collective founded in 2022 by Siraj Hassen and Mohamed Yusuf, bringing together youth, internally displaced people (IDPs), and refugees. Its structure ensures equal representation: 50% local community, 25% IDPs, and 25% refugees. Of its 8 decision-makers, 50% are from IDP and refugee communities representing areas like Kebribayah, Doloca Ado, Qoloji, and various refugee camps in Somali Regional State. Ewryoca began as an informal group in 2019 and formally registered on September 5, 2022, with the registration number XXGC/50/14. With 365 young members (ages 21-35), each contributing ETB 300 monthly, it champions gender equality, youth empowerment, and community development.

Community First: EWRYOCA is established with the priori aim of serving communities in need at all costs. We demonstrate our social responsibility selflessly and put the victims first and strive and act timely to address their needs..

Excellence: Quality is the heart of EWRYOCA. Whatever we do we do it in higher quality standards. We strive to deliver the best quality service to our community guided with the best available evidence and technical expertise. We strive to continuously develop ourselves and innovate to respond to the public's demand and a changing world.

Commitment: We are committed in heart and mind to serve communities in need and realize EWRYOCA's vision. We are courageous and success driven. We will do whatever it takes to achieve or organisation's Goals.

Integrity and Respect: We are honest, open, ethical, and fair. People trust us to adhere to our word and keep our promises. We strive to show a deep respect for human beings inside and outside our organisation and for the communities they live in. We strive to make people feel safe, respected, empowered, fairly treated and duly recognized. Building a strong, trusting relationship with the community, stakeholders, and our employees, is our motto. We believe our employees are the backbone of our organisation. Respecting our employees means respecting their individual human rights and privacy, ensuring a safe and healthy workplace environment, and providing them a dynamic platform, where they can explore their creativity and skills and further enhance themselves.

Accountability: We are not only responsible for our actions but will ultimately be answerable for it. We are liable and responsible for decisions made and actions taken, both personally and on behalf of our organisation. EWRYOCA expects its staff to achieve the highest professional standards and be transparent, resourceful, committed, trustworthy and loyal to serve communities in need of eye care services.

Diversity and Neutrality: EWRYOCA believes it takes people with different ideas, strengths, interests, and cultural backgrounds to succeed. We eliminate all kinds and forms of discrimination, whether based on religion, belief, race, ethnicity, nationality, gender or physical disability, and rather encourage inclusiveness for diversified backgrounds and opinions, and provide equal opportunity for all.

EWRYOCA is affiliated neither with any political nor, religious organization.

Collaboration: *EWRYOCA* believes in collective efforts to achieve its goals. It works in conjunction with the Federal and State Governments of Ethiopia, and partners with various governmental and non-governmental stakeholders, and other individuals and groups working on the same area within and outside Ethiopia. *EWRYOCA* avoids duplicating the efforts of other organisations or individuals.

Objectives of the Manual

To ensure accountability, transparency, and objectivity and to attain efficient and effective utilization of resources, the CSO has Financial Policy and Accounting Manual’.

Financial/accounting system is valuable only if it is well designed to provide useful information and if it is effectively analyzed to reflect the financial transactions of an organization: where money comes from, where it goes and how the organization is doing financially. Good financial administration is very important to have the correct information that enables the management take rational financial decisions and implement them.

A good financial/accounting system makes it possible for an organization to be financially accountable to all its important stakeholders. It must provide information, which is relevant, understandable, reliable, complete, up-to-date, consistent, and acceptable to the external users. Linked to proper system for monitoring and evaluation, a good financial management system makes it possible for the organization to be accountable, for what the money is spent on and how cost-effective it is.

This Financial/Accounting Policies and Procedures Manual is therefore, intended to help CSO to:

- Define clearly the financial and accounting policies of CSO;
- Ascertain that transactions of the organization are recorded in accordance with generally Accepted Accounting Principles (GAAP);
- Put in place a system that will provide adequate internal control over the resources of the organization to enhance the efficiency of the overall management of its operations; and
- Create a system that will enable CSO effectively meet the reporting requirement to management, board of directors, donors, government counterparts and the public at large.
- The nature of the operation of CSO
- Good practices in financial management in non-for-profit organizations which includes planning,

budgeting, accounting, internal control and monitoring of financial resources.

Generally accepted accounting standards (or International Financial Reporting Standards (IFRS))

- Relevant government laws including tax and civil society proclamations, regulations, and guidelines.

Organizational Structure of EWRYOCA

a. The following are the major function categories of the Finance department specifically pertaining to financial management.

- i. Management of the Finance Department including staffing, organization, and internal controls.
 - ii. Facilitating the planning and budgeting formulation, execution, and control
 - iii. Plan for the solicitation of funds, financial sustainability in collaboration with the management of CSO, monitor financial resource availability to execute the timely operation of CSO as designed in its implementation and action plans.
 - iv. Implementation of appropriate accounting system in line with the financial policy and procedure of CSO
 - v. Timely recording of financial transactions and submission of the required management and financial accounting reports
 - vi. Ensure that the appropriate level of internal controls is in place in collaboration with the management of CSO and ensure the compliance of the internal control procedures.
 - vii. Collaborate and facilitate internal and external auditing and appropriately follow-up on the recommendations and findings of auditors.
 - viii. Ensure that CSO is discharging its financial obligations to others including the government and vendors.
 - ix. Ensure that appropriate recording systems are in place to safeguard the resources of CSO.
- b. See Annex 32 for a chart of the organization structure of CSO.

Organization of the Manual

CSO's financial/accounting policies and procedural manual is organized in 14 sections. The Accounting Rules and Policies adopted by CSO that should be adhered to when operating the financial/ accounting activities are presented in section two. The remaining sections of the manual are on accounting procedures and processes. The preceding manual was prepared on the ground rules that are referred to as generally accepted accounting principles (GAAP) meeting relevance, objectivities, and feasibilities.

- Relevance - it results in information that is meaningful to those who need to know something about the organization
- Objectivity – the information is not influenced by the personal bias or judgment of those who furnish it.
- Feasibilities – it can be implemented without undue complexity and cost.
- Therefore, for ease of application, time saving and cost effectiveness the accounting procedural parts of the manual and the forms can be used with the exception of few amended figures like the ceiling of the petty cash, the maximum payment from the petty cash etc.

ACCOUNTING SYSTEM

Basis of Accounting Principles

CSO's financial management and accounting system applies the Generally Accepted Accounting Principles (GAAP) and in pursuant to the Commercial Code and other relevant legal provisions of the Government of Ethiopia. Accounting principles are a number of basic rules, which are developed over-time from fundamental logical set of assumptions, concepts, and conventions. These rules are referred to as Generally Accepted Accounting Principles (GAAP) and are to be applied to all accounting and financial activities. CSO adopts modified cash basis of accounting system.

Revenue recognition

- i. Revenue is recognized when received.
- ii. Restricted revenues will be recorded separately identified by funding source and project name/ code.
- iii. In-kind donations are recorded as revenue and expenditure at the time of receipt.
- iv. The value of donation shall be determined based on the invoice for which the donor paid for it. When values are not provided by the donor, the equivalent market value estimated by management of the implementing partner will be the basis for the record. Appropriate documentation should be filed to evidence the transaction.¹
- v. Approved voluntary work will be recognized as revenue and expenditure based on the market value of the service rendered. Appropriate documentation should be filed to evidence the transaction.

Expense Recognition

Generally, expenses are recognized when paid. However, salaries and wages are recognized as expenses when incurred. Unpaid taxes and other obligations in connection with salaries and wages are recorded as liabilities until paid to the respective beneficiaries.

Advance payments paid to staff, suppliers, and contractors are recorded as receivables until settlement against the receivable, along with appropriate documentation following acquisition of the goods or services, is provided.

Fixed Assets

Fixed assets are recorded as assets and expenditures simultaneously and should be depreciated over the life of the asset.

Inventory

- i. Purchase of inventory will be expensed for the period in which it was purchased.

Internal control

A system of internal controls consists of all measures used by an organisation to safeguard its resources and ensure accuracy, efficiency and reliability in accounting and operating information.

An effective internal control structure includes a series of checks-and-balances required for the appropriate recording and authorization of transactions and ensures that access to assets is limited to authorized personnel. Each transaction should be divided into component tasks completed by different staff members in order to increase the likelihood of detecting unintentional errors and prevent misappropriation of the organizations assets.

There must be segregation of duties so that no one person has control of the whole of any financial process. For example, financial transactions must be prepared by one person and reviewed by another; no person can be responsible for authorizing a purchase, making the purchase and paying for it.

The chart below includes other examples of the appropriate segregation of duties:

Person who:	Should not:
Prepares vouchers	Approve vouchers
Prepares cheques	Sign cheques
Has access to blank cheques	Post payments to the ledger
Receives cash	Record cash receipts
Prepares bank deposits or records cash receipts	Prepare bank reconciliation
Is responsible for the physical security of assets	Perform the physical inventory of assets
Maintains driver logs	Monitor fuel usage

Compensating controls for small offices

In some programmes with a smaller spend, with fewer support staff, or in periods of staff absence, it can be very difficult to maintain effective internal controls over finance activities. The risk from weakened internal controls around segregation of duties, authorization/certification and supervision can be reduced (although not eliminated) by ensuring that strong compensating controls are in operation. The compensating internal controls to reduce the risk of fraud and error includes: management checks by undertaking spot checks of financial documents, monitor trends and compare actual results against expectations, more regular independent cash and stock checks, etc.

The following four basic tests of completeness, validity, accuracy and maintenance should be consistently applied to all transactions

a. Completeness

Each element of a transaction must be documented, approved and recorded.

For example: A cash payment to a worker requires the signature of the worker or other proof as evidence of payment.

b. Validity

Is the disbursement made to a verifiable vendor or employee?

Is there such tangible proof, such as a vendor's receipt, purchased item, to confirm that the item was received or the services performed?

c. Accuracy

Is the amount recorded as received or disbursed correct?

Are all relevant charges recorded?

d. Maintenance

After a payment has been approved for payment and recorded, it should be impossible

to make changes, such as addition of a zero to the amount or changing the payee name, or in deed using the same documents for other double payments. All documents after use must be stamped PAID to avoid re-use.

Signatory Policies and Approvals

Below is the Signatory Policy for **EWRYOCA**:

Table 2: EWRYOCA Signatory Policy

Documents/Action	Approval Limit	Approver/Position
Purchase Requests	<5000 Birr	Admin & Finance Officer
	≥ 5000 Birr	Executive Director
Petty Cash Expenditures	Up to 3000 Birr	Admin & Finance Officer
Project budgets for Workshop/meeting/training/service/research budgets	Up to 30,000 Birr	Programme Director (PD) And Admin & Finance Officer
	>30,000 Birr	Executive Director
Signing of Checks/Bank Transfers	< 5000 Birr	Admin & Finance Officer
	≥ 5000 Birr	Co-sign: Executive Director and Admin & Finance Officer
Subcontracts and sub-awards	N/A	Executive Director
In-country Travel Requests	N/A	Direct Supervisors
International Travel Requests	N/A	Executive Director
Consultant Agreements	N/A	Executive Director and Programme Director (PD)
Payroll Changes	N/A	Executive Director
Staff Hire Letters	N/A	Executive Director
Cash Flow Projections	N/A	Admin & Finance Officer
Printed Quickbook/Peachtree Voucher Approval (before check signing)	N/A	Admin & Finance Officer
Timesheets	N/A	Direct Supervisors
Voucher Approval (before check signing)	N/A	Admin & Finance Officer
Field Accounts Package	N/A	Admin & Finance Officer

Fraud and dishonesty

There is a detailed fraud & dishonesty policy to ensure that all instances of fraud are treated in a consistent manner across the organisation. ALL staff must be trained on this as part of their induction..

All EWRYOCA staff and volunteers have a duty to protect the assets of EWRYOCA from fraud. Staff and volunteers must immediately report any suspicion of fraud or dishonesty to the Chief Executive Director and not to anyone else. Failure to report will be treated as a serious issue and may result in disciplinary measures being taken.

Definitions and explanations

Fraud means a dishonest or illegal act (by an employee or external group or individual), characterized by a deliberate intent at concealment or false representation, resulting in the actual or potential loss of resources to Save the Children International whether or not for personal gain.

Fraud and dishonesty come in many different forms. Here are some examples of conduct that you have a duty to report if you suspect that they are occurring. This list is not exhaustive:

- an employee asks Save the Children International to pay him or her employee expenses that have been incurred for their own personal benefit and not on behalf of EWRYOCA or one of its projects
- an employee colludes with a supplier by falsely increasing the price which EWRYOCA has to pay so that the employee can take a percentage “commission”
- any person steals money from a EWRYOCA or project bank account eg by illegally accessing the account or by diverting money on its way to or from **EWRYOCA**
- any person dishonestly accesses confidential files or data held by EWRYOCA without authorization in order to benefit from them
- an employee uses EWRYOCA’s name without authorization to procure goods or services for individuals in their private capacity
- an employee deliberately falsifies orders to circumvent EWRYOCA’s financial controls or limits an employee follows another employee’s instructions to do something which would be a fraud under this policy or
- an employee deliberately makes, or asks another employee to make, false accounting entries.

Centralized Accounting

- a. The accounting transactions are processed centrally at the head office. Branch Offices are required to produce their own financial reports for the Head Office and should transfer the backup documents to Head Office for central transaction processing.
- b. Branches are to follow the same procedure as the head office. As branch accounting is not separate, there is no need to have branch and head office accounts or exchange debit and credit advices.

Segmentation

- a. The financial reporting system of CSO is segmented by donor partners, projects, Branch Offices and other required segmentations.

Systems and Software

- a) CSO uses Peachtree Accounting Software (Sage 50)
- b) All accounting transactions should be recorded into the computerized accounting system on a daily basis.
- c) Only Authorized personnel shall have access to the computerized accounting system and its components.
- d) Computer files must be backed up on a daily basis using a separate media (i.e. CDROM, USB, or cloud-based software), and must be kept in a safe place outside the server room.

Accountable Documents & Recording

- a) Accountable documents shall be printed upon the authorization of the Executive Director
- b) The Finance Department shall be responsible for the development, printing, maintenance (ensuring safe custody and control of documents), and recording of accountable documents.
- c) Unused accountable documents should be controlled, registered and kept safely.
- d) The relevant copies of used accountable documents should be recorded, filed sequentially according to their type, and kept intact together with supporting documents in a secured place.
- e) Used accountable documents together with the supporting documentation shall be kept for a minimum of 10 years and may be disposed of after digitally copies are created under the supervision of a committee established for this purpose.

Fiscal Year

The fiscal year of CSO is from the 1st of January to the 31st of December.

ACCOUNTING PROCEDURES

In order to keep track of its financial situation, EWRYOCA must have an appropriate and reliable accounting system.

This system should:

- Record all financial transactions in an orderly and comprehensive way.
- Set procedures for handling money to safeguard it from theft or misappropriation, and protect those who are responsible for it from suspicions and accusations as to their honesty and integrity
- Arrange audits to ensure that all the procedures are adhered to (See below). Any accounting system should adhere to the following basic principles:
 - Each transaction should be accompanied by a supporting document, e.g., donation receipt for monies contributed or invoice/receipt of purchase for monies spent.
 - Use pre-numbered standard forms and records for accounting purposes.
 - Wherever possible, cash should be handled by two people working together.

- No two consecutive stages of the accountancy procedure should be completed by the same person and, preferably, every stage should be completed by a different person.
- It must be made clear who has the authority to sanction a transaction, and authorization must be obtained before any transaction takes place.
- All cheques and other appropriate documents should be signed by two people. If the cheque is for more than a certain amount of money, one of the signatories should be a staff member and the other an Executive Committee member.
- Accounting records must be kept up to date, and transactions should be recorded as soon as possible after they have been made.
- All accounts should be audited annually.
- Accounts should be made available for inspection by anyone who has good reason to view them.
- All monies should be banked as soon as possible after receipt, and a secure facility should be available to keep money safely until then.
- Once a project is established that will receive contributed income, it should be coded and a separate bank account should be opened so that there can be accurate financial control.
- EWRYOCA should have a system by which staff or volunteers who are concerned about any aspect of financial procedure may raise the matter" with a Chief Executive Director.

Accounting/ Journal Entries

For accounting recording, journal entries are recorded in two ways:

- a. Cash collection and disbursements are managed through special journals attached to the accountable documents including Cash Receipt Voucher (Annex 3) and Check Payment Voucher (Annex 6), and Petty Cash Payment Vouchers (Annex 7). Non-cash related transactions including settlement of advances, correcting journal entry corrections, and depreciation are journalized using the General Journal Voucher in a format per Annex 1.
- b. Supporting documents for all journal entries processed through the General Journal Voucher should be supported by appropriate supporting documents which should be approved by the relevant department heads of the organization and verified by Finance Department.

CHART OF ACCOUNTS

- a. The chart of account of CSO is designed in a systematic way in line with Generally Accepted Accounting Principles (GAAP) with the objective of generating standard financial reports and management accounting reports in accordance with the reporting requirements of internal and external users.
- b. To avoid arbitrary creation of the chart of accounts, each account should be created centrally with

the approval of the Finance Department head.

Financial Report

Purpose of Reports

Project reports compare the progress of implementation with what was planned at the activity and output level of the work plan.

Project reports are management tools that:

- (a) ensure that project funds are used effectively and efficiently, within the agreed time frame and budget;
- (b) project reporting should be seen as an integral part of the project's activity, supported by periodic monitoring and review

Management review is therefore exercised through receipt of timely operational and financial reports and these include monthly, quarterly and annual financial and progress reports.

Financial information generated from the accounting system shall include:

- (a) cash balances available for immediate use,
- (b) outstanding payments/commitments,
- (c) outstanding advances,
- (d) activity expenditure reports,
- (e) Income and expenditure.

On an annual basis, final accounts will be prepared by the AFO for audit.

Monthly Reports

A monthly financial report shall be prepared within 05 days after the end of the previous month and submitted to the Management.

The financial report shall include:

- (a) Monthly budget performance report (Budget against Actual analysis) including explanations of key drivers for the performance.
- (b) Monthly income and expenditure report showing:
 - i. Amounts received
 - ii. Amounts spent
 - iii. The balance in cash and bank account
 - iv. Advances outstanding

In addition, the finance team f submits monthly financial memo, bank statements, bank reconciliations, petty cash logs and reconciliation to the Executive Director on 10th of every month. When reporting financial base, it is strongly prohibited to change prior period reports as it affects balances that have been reported. If a correction is needed, general journal entry can be used to correct in the current month of reporting period.

Annual Reports

The AFO shall prepare and submit annual accounts to the management. The annual accounts shall be prepared within 3 weeks after the end of the financial year.

The PD shall prepare annual progress reports, which together with the financial report, will be consolidated into an annual report for EWRYOCA. The annual report will be circulated to all EWRYOCA stakeholders.

Organizations with an annual income of less than ETB 200,000 (Two hundred thousand Birr) allowed submitting statement of account instead of audit report. Agency may appoint external auditor if a CSO fails to audit its account within 5 months, or upon the request of 1/3 of the members of the organization, donors, or government signatories of the project agreement. CSOs to make their activity and audit reports accessible to members and beneficiaries

Quarterly Progress Reports

Progress Reports show the status of program implementation against work plans, giving full reasons if progress is not proceeding as planned.

By the 15th day following the end of each quarter, the PD will prepare progress reports and submit to the management. Such reports will cover:

- (a) A summary describing programme implementation status
- (b) A summary of major issues
- (c) A summary of progress in the quarter
- (d) Major problems and constraints
- (e) Overview of the quarter
- (f) Assessment of output against targets of the quarter
- (g) Key changes
- (h) Plan for the next quarter
- (i) Project/Programme Completion Reports

Quarter financial reports should be submitted to regional BoFED and EWRYOCA Board along with activity report. It is the obligation of the finance team to prepare, consolidate and submit the reports on timely manner. The due date to submit the quarter report to the regional authority is 10th of the beginning month of the next quarter.

Project/Programme Completion Reports

At the end of each project implementation, a project completion report shall be prepared by the PD and AFO for review and approved by the CED.

The following procedures shall be followed in preparing financial reports.

Reference	Reporting Process	Responsibility
(i)	<p>At the end of the month (GL Close Process)</p> <ul style="list-style-type: none"> a. Generate a checklist of all monthly journals to be posted and ensure that these are processed in the accounting system before the end of each month. b. Before the month ends, run a preliminary TB and validate transactions posted in the General Ledger c. File all approved vouchers and other documents, d. Reconcile the cashbook balances with bank statement and cash in hand, e. Generate a final trial balance by the 5th of the Subsequent month 	FO/AFO
(ii)	<p>Prepare schedules of:</p> <ul style="list-style-type: none"> f. Uncleared commitments as at the end of the month, g. Outstanding payments, h. Outstanding salary advances, i. Outstanding imprests, j. Summary analysis of cash payments from the imprest. 	FO/AFO
(iii)	<p>Prepare financial reports showing actual costs and budgeted amounts.</p> <ul style="list-style-type: none"> k. Programme expenditure report, l. Income and expenditure report, m. Major activity report <p>Prepare narrative report of:</p> <ul style="list-style-type: none"> n. activities completed and impact, o. explanations of all activities delayed, p. Explanation for budget/expenditure variance of +/- [5%]. q. Review and certify the above schedules and reports <p>***At the end of the year</p> <ul style="list-style-type: none"> a. Prepare annual accounts and report for audit, 	<p>AFO</p> <p>FO/AFO</p> <p>PD, CED</p>

- | | |
|--|--|
| <ul style="list-style-type: none">b. Fund balances shall either be restricted or unrestricted at the year-end;c. Restricted balances shall be committed for activities in the following yeard. Un restricted balances shall not be committed at the year end. <p>Verify physical existence of assets and stores</p> <p>At the end of the project/programme</p> <p>Prepare a statement of receipts and payments,</p> <ul style="list-style-type: none">e. A narrative report of activities in support of the payments,f. Any remaining Donor Fund balances are returned to Donors or utilized in accordance with arrangement between the donor and the management.g. Submit documents to respective recipients. | |
|--|--|

CASH MANAGEMENT

For the purpose of this manual, cash includes: petty cash, cash collected but not yet deposited, cash at the bank, payroll funds, airtime cards for phones, and purchase funds.

Collection

Cash is deposited in the form of cash or check, drafts, telegraphic or mail transfer.

a. Policy

- i. A person is assigned as a cash custodian following a satisfactory background check.
- ii.

Only authorized cashiers shall collect cash receipts except collections through bank transfers. All cash collections made in a given day shall be deposited in CSO bank account no later than the morning of the following day unless the following day is a weekend or a holiday. No payment for any purpose shall be made from the daily cash collections without first depositing the collections into the bank account.

- iii. The Finance Manager shall first authorize cash receipts from donations before the cashier collects.
- iv.
 - iv. All money received by the organization from any source must be recorded on a daily basis and the source documents shall be properly filed. Official and serially numbered receipts (receipt vouchers) shall be prepared and issued to payers in the event of any cash collections.
- vi. V. Duly signed bank credit advices shall constitute the only valid evidential documents for collections received through banks. If the individual who transfers the money in the account of CSO is anonymous, the CSO will not record the transaction in accordance with CSA proclamation.⁴
- vii. Vi. The Finance Department shall prepare a cash movement report every week to management showing the opening cash balance, cash collections during the week, cash disbursements made during the week, and the cash balance at the week's end.

b. Procedures

- i. The Finance Officer/Accountant prepares three copies of the Cash Receipt and forwards the pad to the Cashier in a format show in Annex 3.
- ii. The cashier provides the original copy to the payer after signing and stamping "PAID" on the original and all copies of the Receipt. The original copy shall be passed to the Finance Officer immediately after collection together with the relevant supporting documents.
- iii. The Finance Officer retains the copy of the cash receipt and records the cash collection in the accounting system based on the copies of the Cash Receipt.
- iv. The Finance Officer shall prepare a Weekly Cash Collection and Deposit Summary (with a format per Annex 4) and review that all cash collected is deposited intact. The weekly cash collection and deposit summary report should be filed together with the cash receipts and deposit slips and with other relevant supporting documents and should be filed in chronological order following journalizing and posting of the transactions.
- v. The Credit Advice received from a known person or entity shall be recorded and the advice is to be numbered and filed chronologically.
- vi. Bank reconciliations must be conducted by the accountant other than the one who prepares check payments and deposits cash into bank. Un-reconciled differences must be investigated immediately and unreasonably outstanding deposits in transit accounts should be reviewed to ensure that there are no errors in the accounting or from bank.
- vii. Ensure that cash funds are kept in a safe box. No person, other than the cashier, shall have access to the safe box. It is strictly forbidden to keep private cash and other valuables in the safe box. If such items are found during a surprise cash count, the items will be confiscated and recorded as overage.
- viii. Regular and surprise cash counts should be made with a format per Annex 25.
- ix. Whenever possible, the cashier's office should be physically secured with reasonable level of security measures including security entrance, grilled window and doors, etc.
- x. Cashier should not have role in accounting recording, signing, and preparation of checks and Check Payment Voucher.

Bank reconciliation

Bank reconciliation is a process of reconciling bank balance with book balance by identifying their difference and bringing them to agreement. A Bank Reconciliation Statement in the form illustrated in Annex IX must be prepared as soon as the bank's statement of an account is received. This is required due to:

- a) The normal time lags between CSO's recording and the Bank's booking of the same transaction;
- b) The fact that certain items such as Bank charges and fees are identified only on the Bank Statement and these must be picked up and recorded; and
- c) The possibility of recording errors both by CSO as well as the Bank.

All discrepancies between book records and the bank's statement must be traced and resolved immediately as follows;

Step 1: Reconcile Bank Register to G/L Account. First reconcile the Bank Register to the corresponding General Ledger account. If the two balances do not agree, trace down and resolve any discrepancies. These discrepancies will be due to time lags in recording, miss- posting, posting errors, addition errors, etc. must be corrected before proceeding further.

Step 2: Enter Bank Register & Bank Statement balances. Enter the Register balance as item 1 on the Bank Reconciliation Statement; enter the Bank Statement balance as item 5. If both balances agree, no further reconciliation is necessary and proceed to step. 7

Step 3: Proceed with reconciliation if items 1 and 5 are not in agreement: Follow the following steps;

Check with a tick mark all items common both to the Bank Register and the bankstatement;

- 1) Now list under item 2 of the Bank Reconciliation Statement all cheques that CSO.
- 2) Shows as withdrawals on its Bank Register, but which the bank has not yet listed on its statement.

Total these cheque amounts and enter this sum against item 2;

- 3) Add item 2 to item 1 and sub-total as indicated;
- 4) Then list under item 3 of the Bank Reconciliation Statement all bank deposit that CSO show on its Bank Register but which the bank has not yet listed on its statement. Total these deposits and enter the sum against item 3. (Note: Un- deposited cash or cheques are not bank deposits and play no part in the Bank Reconciliation Statement.);

Then carefully scrutinize the bank statement for unchecked entries and list these separately under item 4. Entries here would include:

- i. Bank service charge or fees generally coded as such on the bank statement;
- ii. Bank interest either for overdrafts or demand loans;
- iii. Bona fide cheques or deposits properly entered by the bank but wrongly- posted by CSO;
- iv. Cheques or deposits improperly entered by the bank;
- v. Miscellaneous adjustments of previous errors; etc.
- vi. Total these entries and enter this sum against item 4;
- vii. Add/subtract item 4 from the preceding sub-total and the result should agree with item 5, Balance per bank statement. If it doesn't agree, an error exists in the work; re-check the work completely.

Step 4: Follow up long outstanding cheques. Trace down and resolve all cheques listed under item 2 which have remained outstanding for 3 bank reconciliation periods. Confirm that these are bona fide cheques by tracing back to the cheque stubs and on the Direct Payment Voucher. If it is a bona fide cheque, contact the payee to see if it has been cashed and:

- a) If it was cashed longer than 2 months before, advise the bank so that it may trace through its records;
- b) If the cheque has been misplaced or lost advise the bank to stop payment on the cheque;
- c) Obtain a sworn deposition from the payee concerning the loss of the cheque;

- d) 2 months after the date of the deposition and provided that the cheque remains unaltered, replace the lost cheque with a new cheque on the basis of a Bank Payment Voucher which uses the deposition as supporting evidence both debits and credits CASH IN BANK account.

Step 5: Follow-up long outstanding deposits. Trace down and resolve all bank deposits listed under item 3 which have remained outstanding for 2 bank reconciliation periods. Confirm that these are bona fide deposits by recovering the Bank Deposit Slip from the files. If they are bona fide deposits, contact the bank so that it may attempt to trace the entry. If the deposit shown on the Bank Register can't be substantiated, resolve the error and adjust all records as required.

Step 6: Resolve all sundry adjustments. Trace down and resolve all adjustments listed under item 4 of the Bank Reconciliation Statement.

- a) For Bank Service charges or interest record in the General Journal debiting the appropriate expense and crediting CASH IN BANK. Post to the GJ through the normal processes;
- b) For Cheques or deposits entered by the bank but not shown on Bank Register trace each transaction to cheque stub and Direct Payment Voucher or to Bank Deposit Slip. Correct all records as required; Contact the bank where no record of the entry can be found.

Step 7: Obtaining Approval. The Finance Officer shall approve the Bank Reconciliation Statement.

Disbursement

4.2.1 Policy

- i) All of CSO cash payments shall be managed through the bank with the exception of special funds including the petty cash fund, payroll fund, and purchase funds.
- ii) Opening and closing bank accounts shall be approved by the Board of Directors of CSO. After receiving board approval, the final approval will go to CCSA and CCSA will authorize a permit letter for CSO to open or close the account.
- iii) All the bank accounts of CSO shall be operated with a dual signature arrangement. The Executive Director, the Finance Officer, and other higher officials of the organization authorized by the Executive Director shall be the cheque signatories of CSO. The Executive Director is mandatory signatory whereas the Finance Officer and higher official of the organization shall be the Secondary signatories.
- iv) The Finance Manager of CSO is responsible for drawing up all bank correspondence letters. If the bank calls to speak to someone at the office, all such calls should be put through the Finance Manager in the first instance.
- v) A single disbursement in excess of ETB 1,000 shall be effected in Check or bank transfer. A single payment which is equal to or less than ETB 1,000 shall be paid from the petty cash fund or funds other than bank account as applicable.

- vi) Bank accounts have to be reconciled on a monthly basis within 10 days after the end of each month.
- vii) Finance Manager shall monitor the overall cash movement of the organization and ensure that cash balance and expected cash inflows, at any time, are at reasonable levels to meet expected disbursements.

Payment Procedures

The objectives of the payments process is to ensure that all expenditures have been:

- approved through the budget,
- supported by valid user requisition, purchase order, delivery note/proof of delivery of goods or services rendered
- properly approved and authorized
- Accounted for or refunded

Critical aspects of the payments process include: authorization, approval, support documents, preparing cheques, signing of cheques, issuing of cheques, initiation and approve of CED or Mobile money transfers, acknowledgement of payments, and filing accounting documents.

These procedures are outlined in the table below Table 2: Payment Procedures

Reference	Procedures	Responsibility
(i)	Payment Requisition and approval of funds to carry out an activity	Staff PD, CED
(ii)	On receipt of approved documents for payments:	FO
	<p>All receipts:</p> <ul style="list-style-type: none"> ➤ Must be original VAT receipt (for suppliers/business registered for VAT) or Turn over tax if not registered for VAT. ➤ Contain at least the following: <ul style="list-style-type: none"> • Name of the business; • Serially numbered • The taxpayer's identification number; • The date of transaction; • Description of goods or services received; • Amount of the transaction; 	
	Confirm that all the documents are originals. Copy or photocopies should not be accepted	
	check that invoice is supported by adequate documents i.e. PO, GRN,	
	confirm that invoice has been approved by the PD/CED	
	confirm availability of funds	

	prepare payment requisition voucher for approval by the AFO, PD and CED.	
(iii)	Review the documents and sign the payment requisition voucher	AFO
(iv)	Write cheque and attach to documents	FO
(v)	Review documents and sign the cheque for payment.	CED/AFO/PD
(vi)	Stamp the payment "Paid"	FO
	issue the cheque to the payee,	
	Payee should evidence the cheque receipt by issuing an official receipt, or if payee is OVS employee, sign the payment	

Disbursements in Checks

- i) Request for payment should be completed and submitted for approval by the requesting department using a Payment Request Form per Annex 5. The requesting department / person should indicate the program/project budget line item on the Payment Request form. The budget line item should be indicated in the relevant agreement and aligned with the chart of accounts.
- ii) Payment requests should be supported by the appropriate document when applicable (examples are contract agreement or reference, approved purchase order, approved purchase requisition, supplier invoices (if purchased on credit), etc).
- iii) Payment requests should be submitted to Finance Manager for budget clearance, commitment review, and cash availability. The budget clearance activity may be delegated to a finance officer or accountant. Once a Payment Request gets clearance for budget, then Finance department will pass the request to Executive Director for approval.
- iv) Check Payments should be supported by Check Payment Voucher (CPV) to be prepared in two copies (including pad copy) with a format per Annex 6.
- v) The accountant who prepares the Check should sign for preparation, the Finance and Administration Manager will sign for verification, and the Executive Director for approval.
- vi) The Finance Manager shall designate one person as the check custodian who will be responsible for the safe-keeping of signed checks and to pay for payees.
- vii) Signed checks shall be delivered against signature on the Check Payment Voucher (CPV) only to the person (payee) whose name is indicated in the check or to the legal agent of the payee upon receipt of a copy of the Power of Attorney. When a vendor submits official receipts, getting the signature of the payee may not be necessary.
- viii) Void or canceled checks must be stamped the word "VOID" or "CANCELED" on the face of the check and should be attached to its check stub and left in the checkbook. Make sure that no posting occurred in the case of cancelled or void checks. If posted, then use the VOID feature of the accounting system. The record will remain in the system but will not affect the accounting.

Cheque preparation

Maintain a tight security over all Cheque Books or pads and keep them locked up whenever not in use to safeguard against theft or misuse.

Never issue blank cheques, signed or unsigned, to anyone.

Do not issue cheques in amounts less than Br. 1001.00 unless absolutely unavoidable. Such small amounts should be handled through petty cash payment.

Crossed or “order” cheques must be used to make all payments other than for Petty Cash reimbursement, salaries and wages, staff advances for office work, expense account payments, personal allowance and other payments of a private or personal nature.

On the cheque itself: write in ink; enter the date of issue of the cheque; enter the payee name starting immediately after the words PAY TO and draw two parallel lines (===) if space remains; enter the numerical amount in the box provided starting at the left margin, always indicate the decimal point, and draw two parallel lines from the last digit to the right margin of the box, thus 500.50 =====; write the words equivalent of this amount starting immediately after BIRR. Always end with cents indication in this way: “ and

50/100.”; thus Birr 500.50 is written “Five Hundred and 50/100”; and Birr 550.00 is written “ Five Hundred and Fifty and 00/100”; cross the cheque if appropriate (see above); Obtain the appropriate cheque signatures.

Complete the cheque stub with the cheque issue date, payee, and amount and voucher no.

The check custodian should communicate to the beneficiary receiving the check. However, if the beneficiary does not collect the check from the custodian within 30 days of this communication, the Finance Department will stamp “cancelled” on the face of the check and reverse the accounting entry.

Viii) “Stop Payment” may arise if a check is lost or when it is necessary to block the already-issued check for whatever reason before it is deposited by the beneficiary. Banks may require CSO to deposit equivalent cash if the balance in CSO bank account is not sufficient enough to cover the amount in a blocked check.

Disbursement using bank transfer

- i. Bank transfer shall be used when it is not possible or convenient to effect payment by check. Bank transfer should be supported by a Payment Request Form (Annex 5) where the justification for use of bank transfer has to be described.
- ii. The procedure for Payment Request is similar with the procedure used for Check payment indicated in the above section 4.2.2.1.
- iii. Bank transfers shall be made to a known bank account of an organization or a person.
- iv. The recipient should formally supply its bank account information to the Finance Department before the

transfer, either as part of the contractual agreement or on the recipient payment request letter. Whenever possible, Finance Department should demand and collect a confirmation letter from the recipient for the receipt of the bank transfer amount.

- v. The Finance Manager draws up a payment authorization letter to be sent to the bank.
- vi. The bank letter is signed by authorized signatories and then sent to ABC's bank.
- vii. Debit advices for the bank transfer should be attached to the letter, where both should finally to be attached to the Check Payment Voucher.

Petty Cash Fund

- i. Petty Cash Fund is a small amount of cash kept in an office with the Petty cashier for settling minor expenses.
- ii. Petty cash funds are cash funds advanced to certain individual for the purpose of defraying minor local expense. Petty cash funds are always maintained in the amount originally created or formally revised thereafter. Each fund custodian is responsible for this fixed amount as represented by cash and receipts or invoices for payments made from the fund. Restoration of the fund to its full cash equivalent is attained by submitting these receipts or invoices for reimbursement as described in section 5.1.3 below. Petty cash funds must be kept distinct from cash or cheques received from donors/clients and others in the normal course of operation. Petty Cash Fund is maintained with a ceiling amount of ETB 15,000.00 (Fifteen thousand Birr only).
- iii. Any single cash disbursement from petty cash is limited to a maximum of Br. 1000.00. This limit may be exceeded only when conditions force that payment should be made in cash and no other practicable means of meeting CSO's obligation exist.
- iv. Payments from petty cash fund are to be made only upon presentation of duly approved invoices, statements, cash payment vouchers, etc.
- v. Each invoices, statements, receipts, and vouchers must be duly receipted by the payer and stamped PAID.

PETTY CASH DISBURSEMENT

Petty cash disbursement process

Step 1: Prepare Petty Cash Payment Voucher (PCPV):- Based on the payment request form filled out by the requestor and approved by the Executive Director or other authorized official, the Cashier will prepare a Petty Cash Payment Voucher in two copies (Annex V) for each cash request and will complete all PCPV blocks down to the signature block.

Step 2: Check PCPV and make payment:- The Petty cash custodian will:-

- a) Check for the correct authorization signature;
- b) Check any invoice or statement presented in support of the PCPV to see that it is authenticated and has been reviewed /seen by the Requester or the authorizer; that it is bona fide; and that it is arithmetically correct;
- c) Confirm that there is sufficient information with which to account - code the PCPV;
- d) Disburse the funds and obtain the payee's signature on the PCPV;

- e) Sign the PCPV in the appropriate block;
- f) Attach supporting documents.

Step 3: Code and summarize: - The custodian will code and distribute the Debit portion (s) of each disbursement in the appropriate PCPV block. He /She will list these PCPV's on Petty Cash Summary when he/she seeks reimbursement and restoration of funds to original level.

The Forms used in connection to this section: Petty Cash Payment Voucher (PCPV) and Petty

Cash Summary are shown under Annex V & VI.

Petty cash reimbursement process

The Petty Cash Custodian is responsible for monitoring the level of his/her cash and make sure the fund is replenished at the appropriate time. The custodian must clear all outstanding PCPV's and submit a request for reimbursement at least once a month or when the balance falls to 20% of the ceiling, in the following manner:

Step 1: List and Summarize PCPV's:- The custodian will list the outstanding and as yet not reimbursed PCPV's on Petty Cash Summary. Each PCPV will be listed separately under a sequential item number and identified by PCPV date, description, applicable account coding, and amount.

Step 2 : Total and Summarize by Account: - The custodian will total the summary/summaries and, complete the account distribution block by summarizing by account code and project/donor code, and proving that the account distribution total equal the PCPV TOTAL above it. She/He will then sign the form in the Custodian block and initial the voucher Prepared block.

Step 3: Balance Petty Cash Fund: - The Custodian will now count her/his cash on hand and prove to his/her own satisfaction that her/his total plus his summary/summaries sum to the full value of his Petty Cash Fund ceiling. If a balance is not achieved, correction measure should be taken immediately.

Step 4: Submit Petty Cash Summary and supporting documents for reimbursement: - The Petty cashier will submit the Summary/summaries in duplicate together with supporting documents and cash payment vouchers to the Finance Section for reimbursement. The Finance Officer/Accountant will sign on the petty cash summary sheet to acknowledge receipt of the original documents and return the copy back to the petty cashier.

Step 5: Reimburse Petty Cash:- Based on the submitted petty cash summary report, the Finance Officer/Accountant will prepare a cheque payment voucher and a cheque from the main bank account in the name of the Custodian which s/he will cash and deposit in her/his safe box.

Step 6: Transferring Project expenses to the main account:- Finance section, based on the information on the Petty cash Summary Sheet, will transfer specific project expenses from that particular project/donor account (if different from the main bank account) to the main bank account that is used for establishing Petty cash.

Establishment of Petty Cash

1. The amount of the petty cash float shall be determined based on the average petty payments (less than ETB 1,000) for two to three weeks. As of the effective date of this document, the petty cash float at CSO head office will be ETB 15,000 and at field offices is ETB 7,500.

2. The petty cash float may be increased or decreased based on the Proposal of Finance Manager and approved by executive director when there is a significant change in the level of petty cash payments.

Replenishment of Petty Cash Fund

1. The petty cash fund shall be replenished when the cash balance has reached 20% of the float. It also needs to be closed by the end of the year and should be re-established at the beginning of the following fiscal year.
2. When the amount of a small payment is unknown in advance, a purchaser or other staff may withdraw cash from the petty cash fund using a temporary payment document referred to as Suspense Voucher using a format per Annex 24. Such payments are paid only when approved by the Finance & Administration Manager. The recipient of the payment through Suspense Voucher should settle the advance within five days.
3. Petty cash replenishment should be requested using a Petty Cash Summary and Replenishment Request Report with a format per Annex 8 in two copies.
4. The finance officer should check the Petty Cash Summary and Report against the detailed petty cash payment vouchers and their supporting documents when the cashier submits for replenishment. The Finance Manager has to make sure that there is no Suspense Voucher outstanding longer than five days at the time of replenishment request.
5. All financial documents attached to the petty cash payments shall be stamped "PAID" and all the petty cash vouchers shall be stamped "REPLENISHED" by the cashier to avoid reappearance as requiring payment.

Closing the Petty Cash Fund

1. The petty cash fund shall be closed by the end of the fiscal year and should be deposited into CSO bank account.
2. A petty cash fund may be closed when an existing petty cashier leaves the position or ceases to be a custodian for the petty cash fund. The petty cash vouchers paid until that point shall be accounted for and the remaining cash balance shall be deposited into bank in a situation so that it is not possible to handover these funds to the incoming petty cashier.

Surprise Count

A designated accountant or the Finance Manager shall conduct a surprise cash count on a regular basis.

Mobile Telephone Card Fund

1. Management shall review the fund float to meet the changing conditions regularly in line with the Human Resource Development Manual of CSO and monthly distribution to staff should strictly be in line with this manual.
2. The Executive Director may approve issuance of air time to staff when there is a need to have extra work related phone calls than the regular usage level.
3. Mobile telephone cards shall be kept under the custody of the cashier.

4. Issuance of mobile telephone cards shall strictly be carried out in accordance with the monthly amount as determined in the human resource manual for air time fund. The replenishment of mobile telephone card fund shall be accompanied by the air time fund usage report log sheet.

SPECIAL PROCEDURE FOR COMMON TYPES OF DISBURSEMENTS

Work/Purchase advance

6.1.1 Policy

6.1.1.1 Purchase advance may be provided to a supplier, consultant, and contractor depending on the Performa invoice or the contractual agreement entered with them.

6.1.1.2 Purchase advance may also be paid to a purchaser acting on behalf of CSO for the acquisition of goods. This is only applicable for small purchases as indicated in the Procurement section of this manual.

6.1.1.3 Work Advance may be paid to a staff other than CSO's cashier in connection with project activities outside the head office.

6.1.1.4 The disbursement policies and procedures are applicable for all purchase advances.

6.1.2 Procedure

		Credit	Debit
To record the purchase advance to a purchaser	Work advance/Purchase advance/Advance Contractor to	10000 ETB	
	Cash at bank/Petty cash		1000 0 ETB
Settlement of Work/Purchase Advance	Expenditures	10000 ETB	
	Purchase advance / Advance to contractor		1000 0 ETB
Refund of unused cash (to be evidenced by cash receipt voucher)	Cash on hand	10000 ETB	
	Purchase advance		1000 0 ETB

6.1.2.1 Purchase advances provided to a purchaser should be cleared within 5 days.

For advances paid to suppliers, consultants, and contractors, the settlement shall be governed by the specific delivery agreement of the contract.

Settlement of the purchase advance should be verified against the receipt(s) for goods and services in accordance with the specification and contractual agreement. It is the responsibility of the requesting (user) department to verify the receipts of the goods and services paid for against the advance.

6.1.3 Accounting/ Journal Entry

Travel Advance

621 Policy

- a) The per-diem rate for local travel is settled according to administration manuals.
- b) Per diem and travel advances shall be paid to staff of CSO when they are on field work beyond 50km from his/her regular place of work. However, per diem shall not be paid to field officers, whose very nature of job requires frequent motilities beyond 40km radius within the assigned region of work.
- c) Travel and per diem may be paid to participants other than staff members who attended workshop and trainings facilitated by the CSO only when supported by budget.
- d) The per diem rate for local and international travel shall be determined in accordance with the human resource manual of CSO. The per diem rate shall reflect the variations between the various local and international travel destinations. It is the policy of the CSO to harmonize travel and per diem policies and procedures agreed upon with donor partners.
- e) CSO shall not pay per diem and reimburse travel expenses to a staff member if staff is already paid (reimbursed) by a partner organization for the same travel incident.

622 Procedure

Travel and Per Diem Advance Request

6221 Prior to approval of a travel request, directors or other authorized supervisors shall review and determine the necessity of travel, and the number of days required to accomplish the field task.

6222 Travel and per diem advance payment covers the travel cost (if CSO doesn't have means of transport available), and meal and lodging expenses (Per diem). Transport cost will not be paid to the staff member if CSO organizes the transportation.

6223 Field trips should be requested in advance using a Travel Authorization Form with format per Annex 9. The Travel and Advance Request Form should be verified by the immediate supervisor of the requesting staff and should be approved by the Executive Director of CSO.

6224 Air Ticket booking card (Annex 10) or EWRYOCA Booking card (Annex 11) must be filled by the traveler and to be verified by the immediate supervisor and to be approved by the Executive Director.

6225 Use of taxi for work related travel in the absence of the CSO EWRYOCA may be allowed with the prior approval of the CSO Executive Director.

6226 Prior travel and per diem advance payments shall be settled before requesting another travel advance.

Settlement of Per Diem Advance / Declaration of Travel

6227 Per diem advances should be settled within three days after completion of field work with a format per Annex 23.

6228 Travelers shall present receipts for lodging and reimbursements based on the maximum allowable rate for the place of travel. All lodging receipts should be authenticated and valid. No refund will be provided above maximum allowable rates unless there are special circumstances which can be justifiable.

6229 Staff will be entitled for a full day per diem rate for all days other than date of departure and return days. The rate for departure and return days will be computed as follows:

O 50% of the daily per diem rate will be computed if an employee departs in the afternoon (on the departure day) & or arrives before noon (on the return day).

O An employee will be entitled to the full rate if he is out of the duty station before noon (on departure day) & or arrives after noon (on the return day).

62210 The Finance Department shall prepare and report unsettled travel and per diem advance payments to all Managers/departments for an appropriate timely action.

62211 When the travel and per diem advance payment are not settled within reasonable period of time and no reasonable explanation of delinquency, the Finance Department shall deduct the unsettled advance from the employee's salary.

International Travel

62212 When a per diem rate for international travel it according to administration manuals rate.

62213 Travel and per diem advance payments shall be settled within 3 days after return of the traveler to permanent job location.

6.3 Advances and loans

63.1 Salaries and personal advances to employees, other than specified advances such as travel and purchases for authorized office assignment, are not permissible. However, under certain circumstances the Executive Director could approve a maximum loan of one month salary for CSO staff to be repaid within six months of the fiscal year.

63.2 No advance may be issued to an employee unless and until all outstanding advances are settled

63.3 CSO 'S management will take the following actions pertaining to long overdue receivables;

The executive director will give verbal notice followed by written notice with an interval of 15 days and then instruct the Finance Department to deduct the outstanding amount from the salary of the staffs who do not settle their travel advances within 10 days after completion of assignment. If the outstanding amount is substantial enough that it could not be recovered from the monthly salary of the staff within three months then the case will be forwarded for court action.

RECEIVABLE / DEBTORS

Receivables

Receivables include Charges Receivable (payments due to CSO. either for services rendered or membership fee), Grants Receivable (receivable from donors as per signed project documents), and Account receivables from such as refund for excess payments or cancelled orders or contracts.

6.1.4 Charges receivable

This is a receivable that emerges when the CSO sales services / goods on credit basis or membership fee. A written and legitimate document should be available before such recording is made.

6.1.5 Fund receivable

This is the case when fund is secured for a specified project and the project document is signed. Entry for receivable shall be made based on the fund release arrangements specified in the project document. A separate subsidiary account shall be maintained for each project and donor. This could also occur when a refund is expected from a donor for expenditures made by CSO on an agreed basis.

6.1.6 Advances

Advance for Travel, Purchases and the like must first be authorized by the Executive Director. Travel Authorization/Advance Request form must be completed before departing for field-work.

Immediate follow-up must be made by accounts on all advances, outstanding longer than ten days after completion of assignment. However, all employees of CSO are responsible to settle their travel, training, or any other advances within ten days of the completion of the mission, by filing out the appropriate advance settlement form and getting approval by the appropriate authority.

No advance shall be released to employees before settlement of previously taken advances in his/her name.

6.1.7 Accounts receivable aging

Every calendar quarter “aging” of Receivable balances must be prepared. The basic objective is that old debts to CSO should be highlighted and acted upon. Each sub-account balances under the Account Receivable controlling account will be analysed in to segments of 60 days old; 60-120 days old; 120-180 days old; 180 - 1 year old; and over 1 year old;

6.1.8 Accounting/ Journal entry

		Credit	Debit
7.1.5.1 To record the payment of staff advance	Staff advance	1000 ETB	
	Cash at bank		1000 ETB
7.1.5.2 To record the payment of other receivable or other advance	Prepayments	1000 ETB	
	Cash at bank		1000 ETB
7.1.5.3 To record settlement of other receivable or other advance	Expenses Account	1000 ETB	
	Staff advance/ other advance		100 ETB

Payables

Current liabilities

Current liabilities are monies due to other parties within one year, and include the following;

- i) **Income Tax Payable:** A tax withheld from salaries of local employees of the organization and to be paid to the Inland Revenue Administration.
- ii) **Withholding Tax/Advance Tax Payable:** A tax withheld from suppliers (in excess of Birr 10,000.00), and service providers (in excess of Birr 3000.00) through the advance tax payment regulation issued by the Ministry of Finance and to be paid to the Inland Revenue Administration.
- iii) **Severance Payable:** This is a reserve for future severance payment to employees upon termination.
- iv) **Trust Funds Payable:** This is money left over from a specified project of a restricted fund, and is due to the donor.

Purchase order process

The purchase order process detailed in the procurement manual will be adhered to.

The Forms used in this section: Purchase Order (PO) and Purchase Order Record Slip (PORS) are shown under Annex XI & XII.

MATERIAL STOCK

Stock materials

Stock control over materials will be exercised by accounts by maintaining general and subsidiary ledgers. Stock Card in quantity and value must be maintained for stock items only. Bin tag must be affixed on the item, which depicts the items name, Identification No., location

& Quantity balance. Periodically, the total of the value balances on the Stock Cards must agree with the value balances on the stock ledger accounts & the quantity balances on the Stock Card must agree with the bin tag quantity balance.

Receipt of Stock Materials into stock shall be evidenced by pre-numbered Goods Receiving Notes & issue of stock items should be evidenced through Goods Issue Notes (Annex XVI - XVII).

Non-stock materials

Non-Stock Materials are those materials which will be procured upon the Request of user departments usually in small denomination, and will be issued immediately. Thus, there is no need to maintain a Stock and Bin Card to such materials and should be evidenced by Goods Received/Issued/Voucher. Examples of Non-stock materials are receipts of spare parts for Vehicles, supplies purchased for a specific workshop, etc

FIXED ASSET

Definition

For the purpose of accounting record at the CSO, Fixed Assets are assets of a permanent nature whose useful life will extend for a period of over one year and whose cost exceeds Birr 500.00 at the time of purchase. CSO. Could hold fixed assets in the form of Vehicles, furniture, equipment, buildings, etc

6.2 Policy

6.2.1 Fixed assets should be identified using a systematic identification number system.

When required by donor, the relevant coding scheme of the donor will be applicable on donor funded fixed assets.

6.2.2 Fixed Assets should be recorded in a register. Purchased fixed assets are recorded at the purchase cost as per the invoice if acquired by CSO, or by the cost of construction if constructed internally, or based on the asset value based on information received from the donor, or at market value if the value of a donated asset cannot be determined especially when it is a second hand.

6.2.3 Appropriate maintenance planning and timely execution of maintenance should be in place

6.3 Procedure

Receiving

6.3.1 Purchase of fixed assets and receipt of fixed assets in the form of donation should be evidenced by Goods Receiving Notes with a format per Annex 12.

6.3.2 Fixed assets received should be provided with an identification number before being issued to the user.

Register

6.3.3 The Fixed Asset Register shall be maintained for all assets eligible to be recorded as fixed assets with a format per Annex 27.

6.3.4 Additional fixed asset records should be maintained by the source of funds (donor/project) to ease future reporting to donor partners who are requesting such reports.

6.3.5 The fixed asset register should include at least the following information

- ☐ Name and description – Record the name and description of the asset
- ☐ Cost – Original purchase price or fair value of the asset donated
- ☐ Supplier – Record the source of the asset
- ☐ Fund Source(s) – The financier for the acquisition of the asset
- ☐ Purchase reference – Provide a reference to the procurement/ payment documents
- ☐ Date of purchase – Record the date of purchase
- ☐ Location – Record the present location of the asset through inspection
 - Custodian (user) – The name of the first time custodian
- ☐ Condition – Record the present condition of the asset (excellent, good, fair and poor). The condition column will have a multiple columns for recording the condition for each service year.
- ☐ Asset Identification Number – Record the asset identification number (tag number) where numbers are being assigned (Section 7.2.2)

6.3.6 In addition to Fixed Asset register, Fixed Assets Card with a format per Annex 26 should be maintained for each asset to help the annual depreciation calculation.

Annual physical count

1. Executive Director shall appoint a count committee to conduct annual fixed assets physical count. The committee members are drawn from all departments, and the Finance and Administration Department will take the leadership.
2. The Finance Department shall take the lead in executing the annual physical count.
3. The list of fixed assets for the count should be provided by logistic department for the count committee.
4. The physical count sheet should include the description of the assets, the identification number, the location at the time the count, the condition of the asset and other relevant remarks. The count sheet should be signed by all count committee members.
5. Following the count, the count committee should report the count list and its recommendations based on observations. Areas for recommendations can include, but are not limited to: the acquisition process, the numbering system, the use and safeguarding of assets from theft and misuse, proposed courses of action for non-usable assets, and so on.
6. The custodian of the asset is responsible for the loss and/or reckless damage of the property and will be liable to pay the recoverable price of the asset. The status of the asset should be marked on the

Fixed asset register book

A register of all fixed assets of CSO that physically exist should be maintained. All fixed assets of the organization shall be given tag numbers. The purchase cost of a Fixed Assets is recorded as expenditure. The Fixed Assets Register Book shall contain information such as cost, tag number, location, employee responsible for the asset, date of acquisition, etc. Physical inventory of fixed assets should be taken at least once in a year at the end of the fiscal year to verify the existence and condition of the assets.

Issuance and Transfer of Fixed assets

1. Fixed assets should be issued to the user against Store Issue Vouchers with a format per Annex 13
2. One copy of the store issue voucher should be attached into the personnel file of the staff responsible for the asset. This documentation is useful for future follow-up and the fixed asset register should record the staff member responsible.
3. Proper handover procedure should take place when there is a change of custodian. The handover note should be prepared in four copies. Two copies will be delivered to the recipient and to the staff who deliver the asset. The other two copies will be attached to the personnel file of these respective staff.
4. When fixed assets are returned to the store or vendor from which they were initially received, a Store Return Voucher (Annex 31) should be completed.
5. The Finance and Administration Department should be responsible to ensure that any outgoing staff return the fixed assets s/he received by referring the Fixed Asset Register and the personnel files.

Maintenance of fixed assets

The user and, when it is a commonly used asset, the logistic Department are responsible for proper use of fixed assets and ensuring that periodic maintenance has been planned and executed.

Disposal of Fixed Assets

Fixed asset which are no longer useable by CSO for whatever reasons, should be disposed in accordance with the CCSA rules in connection with disposal of fixed asset.

Valuation and depreciation

The value of a fixed asset is its original cost or estimated market value. The original cost of a fixed asset includes the value of the vendor invoice and all other expenditure incurred in bringing the asset to its working condition and location. In modified cash-based accounting system while fixed assets are procured expenses are debited and cash is credited. Therefore, there is no need of calculating depreciation.

INVENTORY

Inventory items are supplies and consumable items which do not satisfy the definition of fixed assets.

10.1 Policy

- ✓ Purchase of inventory is recorded as an expense at the time of purchase.
- ✓ Inventory items include greater than 500 Birr

Acquisition

- Purchase of inventory items and receipt of inventory items in the form of donation should be evidenced by pre-numbered Goods Receiving Notes with a format per Annex 12.
- Store Requisition with a format per Annex 14 should be used by user departments to request for inventories from the store of CSO. If the stock is not available from the warehouse, Purchase Requisition with the format per Annex 15 shall be filled by Finance and Administration Department for processing procurement.

Issuance/Transfer of Inventory

- Issuance of inventory should be evidenced by Store Issue Voucher with a format per Annex 13. The Store Issue Voucher shall be prepared by 3 copies and the original will be sent to the accountant, the first copy will be kept by the custodian (or the storekeeper) and third copy will remain in the pad.
- Stock and Bin Cards will be maintained for the purpose of controlling stock. The bin card shows only the movement of stock in quantity (Annex 16) and the stock card includes information about the value inventory received (Annex 17), and the quantity on hand.

Annual count

- A physical count will take place at least once in a year to ensure the existence and condition of stock by a count committee appointed by the Executive Director using a format per Annex 28.
- The count committee, the same committee which is also responsible for the count of fixed asset is expected to submit a count report which includes the status of the inventory and its recommendations. Areas for recommendation include: the disposal of items no longer useable, advice on storage management, procurement systems, and any other issues observed by the count committee.
- Shortage of inventory should be accounted for. If there is a responsible person for the shortage of the inventory, the value of the shortage will be accounted in the name of this person and logistic Department should follow-up for the immediate refund of the value of the inventory items.

Disposal of inventory

- Damaged inventory items or items which are no longer used by CSO may be disposed with the approval of the Board of Directors of CSO.

FUND BALANCE

This is the accumulated balance of the difference between the revenues received and expenditures in accounting periods. It is a balance sheet item, and based on the nature and source, fund balance is classified as Restricted Fund and Unrestricted Fund. Records to these accounts are made only at the end of a fiscal year, to close revenue and expenditure accounts and to transfer the balance.

Restricted fund

Restricted fund represents the excess of revenue/grant over expenditure on funds that are attached to specified projects and activities over time. The Restricted Fund Account being a controlling account, separate subsidiary ledger accounts will be maintained to record the excess of revenue/grant over expenditure for specific donors on funds granted for a specified project as per signed project document. The use of funds under this category is limited to that particular project implementation or for the specified purpose only. Records to this account are made at the end of a fiscal year while closing the revenue and expense accounts. Subject to an agreement with the donors, the remaining balance in each particular subsidiary accounts of the donor after the implementation of the project, if any, either shall be returned to that particular donor or transferred to unrestricted fund account for use by the Consortium.

Unrestricted fund

Represents the excess of revenue/grant over expenditure for funds obtained other than under the Restricted Fund account. The use of funds under this category is not limited to a particular project and donor. Funds under this account include, excess of revenue over expenditure from the general budget allocated, surplus from income generated by CSO., and any residual revenue from any other source other than restricted fund.

REVENUE

Definition and type

Revenues are receipts in cash, assets, or in other forms from Members, other donors, or individuals by CSO. To be used for its routine operations and capital undertakings or for project implementation activities. Revenues of CSO could either be generated locally or abroad. They include:

- Remittance from membership fee;
- Grants of cash or asset from other donors;
- Incomes that might be generated by CSO either through income generating activities or through a provision of services;
- Proceeds from sale of scrap or disposal of assets that are no more required by

the organization;

- Contributions in terms of money or free service/labour; and
- Other miscellaneous incomes

These revenues, supported by evidence of receipts, will be credited to Revenue Accounts. Separate subsidiary revenue accounts will be maintained to record receipts of each restricted funds.

Accounting records

- i) When membership contribution is collected: based on bank deposit slip:
- | | |
|----------------|----|
| Bank | Dr |
| Membership fee | Cr |
- ii) For Donations/Grants in Cash, or confirmed pledge from other sources
- | | |
|------------------|----|
| Bank/Receivable | Dr |
| Revenue – Source | Cr |

If the donor requests to have a separate bank account, the debit will be made to that specific account

- iii) For donated stock materials/inventories
- | | |
|-----------------|----|
| Stock/Inventory | Dr |
| Revenue | Cr |
- (To record the value of materials received)

- iv) For donated free services/labour:
- | | |
|---------|----|
| Salary | Dr |
| Revenue | Cr |
- (To record the salary of a volunteer staff)

- v) For donated Facilities for temporarily use (Building, Equipment, OVS...) Rent
- | | |
|---------|----|
| Rent | Dr |
| Revenue | Cr |
- (To record the equivalent rental value of donated facility)

- v) For income generated by the CSO
- | | |
|----------------------------|----|
| Cash/Bank/Receivable | Dr |
| Revenue – Generated Income | Cr |
- vi) For donated Property
- | | |
|----------|----|
| Property | Dr |
| Revenue | Cr |

TAXES & LEGAL LIABILITIES

Policy

13.1.1 The Finance Manager should follow-up for changes to tax laws, regulations, and directives including related regulations such as social security and other contributions.

13.1.2 Withholding tax retained by customers should be offset with the total profit tax liabilities to determine the outstanding tax payables to Ethiopian Revenue and Custom Authority (ERCA).

Procedure

Income Tax from Employment

- Income taxes should be withheld from employees according to the income tax law. Income Tax Proclamation 976/2016 provides the following rates to be used for the computation of monthly taxes to be withheld from payroll:

Ranges in Birr		Tax Rate
	Up to	
	60	0%
	16	1%
	32	1%
	52	2%
	78	2%
	10	3%
	A	3%

- Income tax withheld should be paid to the appropriate Revenue and Custom Authority office within thirty days from the end of the month concerned.

Withholding Tax

As per Proclamation no 979/2016, CSO is required to withhold 2% of the gross amount of payment they make to taxpayers providing goods and services under the following circumstances:

- Supply of goods involving above ETB 10,000 in any one transaction or one supply contract;
- Rendering of services involving above ETB 3000 in one transaction or one service contract (list services is detailed in Proclamation No. 979/2016).
- CSO should collect 30% withholding tax instead of 2% for those service providers or suppliers of goods or works who could not submit a Tax Identification Number Certificate.
- According to the income tax law CSO has the responsibility to withhold such taxes with a serially sequenced pre-numbered receipt with a format per Annex 18. CSO should transfer the collection in ten days from the end of collection month to the respective Revenue and Custom Authority Office by filling a withholding tax return form supplied by the authority.

Value Added Tax

ABC may request a VAT refund for expenditures funded by donors who have the tax exemption privilege by the Ethiopian Government. The F&A Manager will facilitate documentation and communication with the relevant department of the donor partner.

Pension Fund Payables

New employees who satisfy the legal requirement for pension schemes should be registered immediately in the month of employment. Logistic Department is responsible for the follow-up of the registration of new recruits for social security scheme

Logistic Department should compute properly both the employee and CSO contribution for social security fund in accordance with the prevailing rates and should transfer the fund to the appropriate agency in a timely manner.

Cost Sharing

The Finance Department should verify whether employees that graduated from public universities have any unpaid college fees. The Department deducts the cost sharing on a monthly basis for a period of 12 months until the outstanding balances paid⁶.

BUDGET

10.2 Policy

14.1.1 The funding sources for CSO are from membership contributions, grants from donor partners, and voluntary services.

14.1.2 CSO will have one master budget in line with its strategic plan and also a project based budget for each identifiable project.

14.1.3 The budget of CSO is a financial representation of its activity plan and is a framework for performance evaluation and measurements to assist in CSO's efficient and effective utilization of resources.

14.1.4 CSO will have a master budget line item list in accordance with its chart of accounts.

The master budget list should be prepared in collaboration with the Finance Department and Program departments.

10.3 Procedures

Budget formulation

1. Budget preparation shall commence at least three months before the commencement of the new fiscal year.
2. The budget line items should be prepared in line with the master budget line item list of CSO. The budget document should classify the budget items by project and administration expenses.
3. The budget should be prepared through an activity-based approach with the application of incremental budgeting for admin related budgets.
4. The Executive Director (ED) shall assign a budget committee to prepare the draft budget of CSO.
5. Based on the guidelines issued by the committee, each department shall prepare its budget. Ongoing projects will be accounted for in the annual budget.
6. The budget committee consolidates the annual budget and a budget hearing will be facilitated by the budget committee in the presence of the heads of departments.
7. The following items are worth noting during the budget formulation process:
 - Start from activities to be accomplished. Identify ongoing activities and portion of these activities (projects) to be accomplished during the budget year. Determine new project activities to be accomplished over the budget year.
 - Identify the components required to accomplish activities.
 - Work out expenditure headings/ line items.
 - Work out income headings;

Cost the expenditure items carefully, including allowing for inflation, salary increases, cost of living, and unusual expenses.

 - Work out what income you can expect carefully and conservatively.
 - Work out what your deficit is and determine how you can fill the deficit.
 - From your income and expenditure budget, develop a cash flow budget. The cash flow plan is a fine-tuning tool to determine the financial feasibility of the budget.

Budget approval

1. Annual budget shall be approved by the general assembly.
2. Supplementary budget requests throughout the year, including signing of a project agreement by ED, shall be approved by the board of directors.
3. Budget shall be approved before the last day of the current fiscal year.
4. Following the approval of the budget, annual cash flow forecasting shall be prepared by
5. Finance Department in consultation with other departments disaggregated by months.

Budget execution

- 1) The ED is responsible for the implementation of the approved budget. In addition, each

program head is responsible for the proper utilization of the approved budget for their respective programs.

Budget Adjustment

- 1) No budget adjustment or overspending is permitted for restricted fund projects other than the manner indicated in the respective grant agreement.
- 2) For unrestricted funds only, the ED can approve additional budget per activities to the extent of 10% of the activity budget but not exceeding 10%.

Budgetary Control

- 1) Payment /disbursements are effected following a budget clearance.
- 2) Budget execution reports should be submitted at least quarterly to management. Budget execution reports may be produced more frequently when required by donor partners and the management of CSO.
- 3) Cash flow forecasts should be revised on a monthly basis for changes by Finance and Administration Department in consultation with other departments. The F&A Department should plan for cash availability and coordinate the cash flow requirements at all levels.
- 4) Overspending is strictly forbidden other than the approved budget adjustments as described above. User departments should follow-up the status of their budget using the computerized accounting system. Appropriate and timely decision have to be made based on the budgetary control reports.

Budget Monitoring and Amendments

- Every project office/ unit head must restrict expenditure within the limits of available funds once approval has been done
- The operational budget and plan will be used to guide daily management of expenditures.
- Budget monitoring shall be the responsibility of project officers or unit heads. The Finance Officer shall oversee the overall monitoring and reporting.
- Project actual costs are to be prepared by the Accountant/Finance Officer monthly and these are compared to the (originally) approved budget lines.
- The budget will always therefore be incorporated in the financial reports, to compare actual spending or revenue against what was planned. All variances more than 10% of the budgeted amounts shall be investigated and corrective action recommended.
- Budget amendments must be approved beforehand. Proposals for budget amendments are generated by Finance Officer or project officers and shared with the management, board or donors for approval.
- The finance unit should provide a budget vs. actual income and expenditure report every month to every project officer for his/her projects.

- The project officers are expected to review these reports for accuracy, completeness, as well as level of progress against budget/ plans.

FINANCIAL STATEMENTS

Policy

Objective of financial statement

The financial statements are designed to meet the following needs:

- To provide information about the financial position, financial performance, and cash flows of CSO that is useful for range of users in making appropriate decisions.
 - Ensure comparability of CSO'S financial statements with the budget and prior periods' actual expenditures.
 - Confirmation of compliance with intended objectives: This provides assurance that the mandate and purpose of CSO have been complied with and resources used for its intended objectives;
 - Assessment of financial viability: an indication of CSO ability to continue to provide the services for which it exists;
 - Measurement of performance: The financiers/donors and other stakeholders need to know not only that management is meeting its objectives but also how efficiently the funds are being spent;
1. **Fair Presentation:** Financial statements must “present fairly” the financial position, financial performance, and cash flow of CSO. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, income, and expenses set in this policies and procedure manual.
 2. **Reporting Period:** There are 12 reporting periods using the Peachtree accounting system. Hence, it is possible to produce financial statements monthly, quarterly, and semiannually apart from the annual financial statements. As with all financial reports, it is essential that financial statements are timely and thus it is expected that the Finance Manager finalize its interim financial statements within one month of time after the end of the month, or quarters.
 3. For the annual financial statements, the report has to be submitted within 4 weeks from the end of the fiscal year.

4. Internal auditors shall review the financial report and forward its comment to the finance department.
5. Approval: Any errors discovered during the external audit should be subsequently adjusted, though as audit adjustments should only be made in respect of significant differences, the incidence of such adjustments should be rare provided that financial statements have been properly prepared.

Procedures

Preparation of year end time table: The year-end time table is prepared and issued by the Finance & Logistic Manager. It should be issued to all departments (autonomous Departments) as part of a memorandum concerning the year-end procedure.

The memorandum includes settlement of outstanding advances (advance to projects, workshops), deposit of all funds in the hands of the cashier at the end of the fiscal year, physical counts of all property and assets, etc.

Settlement, reconciliation and compiling: Settling of advances (including unsettled per diem and work advances) compiling, valuing, and reconciling of annual physical counts of stock, fixed assets, cash on hand and in bank accounts and clearance of prepayments. Depreciation and amortizations have to be computed.

Account closure procedure: It is important to wait for audited accounts and incorporating audit adjustments before closing the accounts in the accounting software. Net revenue and expenditure accounts for the respective funds should be debited or credited to fund balance accounts against the income summary account (account type of Equity - Retained earnings) before closing the accounts in the computerized accounting system. After you pass the journal, you need to have sufficient backup.

Follow the user manual of the computerized accounting system or the year end closing. The procedure will close all revenue and expenditure accounts to the income summary account. Hence the income summary account will have a nil balance at the beginning of the following fiscal year.

Financial Statements Presentation

In order to enable the Management and Board of Directors to monitor and control the activities of CSO and to make valid comparisons of various financial periods, operating results of income generating units, and revenue and expenditures details, it is necessary that financial statements be presented in a standard format at all times.

Financial statements in this context mean the annual accounts are prepared for external audit, which will be comprised of:

- Balance sheet

- Revenue over expenditure, and Fund Balance Statement

- Cash flow statement (optional)
- Notes, comprising a summary of accounting policies and other explanatory notes.

7. Balance Sheet

- ☐ The balance sheet should be classified by Current Assets and Noncurrent Assets, Current liabilities and long term Liabilities, and finally as Fund balance. General Fund balance and Restricted Fund Balance. An example of a balance sheet format is given in Annex 19 attached.
- ☐ Current assets are cash, cash equivalent, assets held for collection, consumption, or sale within one year; or assets held for trading (rare in CSO) within the next twelve months. All other assets are non-current assets.
- ☐ Current Liabilities are those to be settled within one year or those liabilities for which CSO does not have unconditional right to defer payment beyond one year. Other liabilities are non-current.
- ☐ Items to be shown in the face of the balance sheet
 - ☐ Cash and cash equivalents
 - ☐ Debtors
 - ☐ Fixed Assets
 - ☐ Investments
 - ☐ Creditors
 - ☐ Tax Liabilities
 - ☐ General Fund Balance
 - ☐ Restricted Fund Balance
 - ☐ Fixed Assets Fund Balance

Additional items may be included to the above list if the enclosure is important for fair presentation of CSO's financial position.

Supporting detail for items presented in the face of the balance sheet will be presented as a note to the accounts.

Revenue & Expenditure Statement

The income statement should be classified as revenue (with sub classification of major revenue groups), project expenditures, and administration expenditures. The details of the revenue by major revenue classification will be disclosed as a note to the accounts. In addition, the corresponding revenue and expenditure reports of financiers should be disclosed as additional notes to the accounts.

The items to be disclosed individually in the Excess of Revenue over Expenditures account include:

- ☐ Revenue:

- ☐ Donation Income
- ☐ Members
- ☐ Contribution

- ☐ Other Income
- ☐ Expenditures
- ☐ Project Expenditures
- ☐ Administration Expenditures
- ☐ The details in project expenditures are determined according to budget breakdowns of each restricted donation. The details or major components of expenditures may be presented as a note to the accounts of in the face of the Revenue & Expenditure Reports. It is advisable that details of the list will not exceed beyond one page.
- ☐ An example of Revenue and Expenditure Statement format is given in Annex 20.

9. Other Financial statements

- ☐ Cash flow statements: Since the financial statements of CSO are based on modified cash, the Revenue and Expenditure Report is expressive on the flow of cash. Some of the capital expenditures are more project-driven than investment-driven like in a business organization. Accordingly, it is not viewed as essential for CSO to have a consolidated Cash Flow Statement except in situations described in the following section.
- ☐ Budget Utilization Reports should be prepared at least on a quarterly basis with a format per Annex 21.
- ☐ The charts of accounts are designed in such a way that it is possible to filter reports by donor and projects. As per the user guide of the computerized accounting system, it is possible to filter reports by particular revenue and expenditure center. Revenue and Expenditure Reports can be generated by each financier, by income generating units, by branches/projects etc.

10. Notes to the Accounts

- ☐ Notes to the accounts must present important information to ensure fair presentation of the financial statements. The notes to the account must include:
- ☐ Statement of purpose: A brief description of CSO's objectives and activities.
- ☐ Express the basis of accounting, which is modified cash basis accounting
- ☐ Specific policies applied as indicated in the first section of this manual

- ☐ Providing additional information that is not presented in the face of the
- ☐ balance sheet and Revenue and expenditure reports including:
- ☐ Summary of cash balances by type and custodian (if bank)
- ☐ Summary of debtors by type of debtors
- ☐ Inventories by Category (may not be necessary if the balance is not material)
- ☐ Schedule of fixed assets movement
- ☐ Summary of creditors by types (trade creditors, staff creditors, tax liabilities, accruals, Sundry creditors, bank loans, etc.)
- ☐ Movement of General Fund balance
- ☐ Movement of Restricted Fund Balance
- ☐ Revenue and Expenditure reports by donor by classifying as donation in cash and donation in kind
- ☐ Details of income other than grants
- ☐ Movement of Grants by financiers (opening Grant, amount received during the year, amount expended during the year, and the ending grant balance)

11. Comparative Figures Note

- ☐ The financial statements of any one year should include the comparative figures for the immediately preceding year. Such comparative figures being taken from the financial statements of that year.

12. Management Report

- ☐ The annual financial statements should be accompanied by a short management report prepared and signed by the Secretary General and the Finance Manager.

13. Compliance to donor reporting

- ☐ It is vital to meet the following generic requirements of donors in addition to additional requirements indicated in the grant agreements where applicable:
- ☐ Developing a checklist for reporting quality control to ensure that the report is presentable.
- ☐ Provide sufficient explanation for variances, exceptions, and results.
- ☐ Review the financial reports in light of activity reports generated by the program department. If there are inconsistencies, then the report should be adjusted accordingly and when required, explanation should be provided for variances between activity reports and financial reports.
- ☐ Respecting report submission timetable.
- ☐ Respecting and strictly using the agreed upon reporting format.
- ☐ Be truthful to the donor and clarify challenges ahead of time and sort them out before the reporting date.

16. Classification of expenditures as Program and Admin

The relevant statutes for explanation on determination of an expense as Program expenditure or administrative expenditure by a CSO are Charities and Societies Proclamation 1113/2019 and Civil Society Organization's Administrative Expense Implementation Directive (Directive No.847/2021).

Charities and Societies Proclamation 1113/2019 article 63(2) states that the Administrative cost of an organization established for the benefit of the general public or that of third Parties may not exceed twenty percent (20%) of its total income. Which means that organizations utilize eighty percent (80%) of the financial and material resources they have raised or generated for the fulfillment of the objectives for which they are established and limits administrative expenses to not more than twenty percent (20%);

An expense is considered to be an administrative expense of an organization if:

- ☐ It is not related to the expenses of a project,
- ☐ It is necessary for the continuity of the organization,
- ☐ It related to administrative activities.

The proclamation states that "Administrative Expense" means expenses which are not related to the project activities of an organization but are necessary to ensure the continuity of an organization and related to administrative activities, and shall include: salaries and benefits of administrative employees; purchase of consumables and fixed assets and repair and maintenance expenses related to administrative matters; office rent, parking fees, audit fees, advertisement expenses, bank service fees, fees for electricity, fax, water and internet services; postal and electricity, fax, water and internet services; postal and printing expenses; tax, purchase and repair of Vehicles for administrative purposes, and procurement of oil and lubricants for the same; insurance costs, penalties and attorney fees.

The following are not related to projects and are considered to be administrative expenses, .expense incurred for a good or service only used by the head office of an organization, expenses for the procurement of Vehicles for head-office use and related expenses, Salaries and benefits for employees hired to carry out works of the head and branch offices, and any construction for the head and branch offices.

The other expenses which relate to serving the purpose the organization is established for (project activities) are considered as Program expenses.

AUDITING

16.1 Policy

16.1.1 All staff members of CSO are responsible for cooperating with the internal and external auditors in the execution of their work.

16.1.2 It is the responsibility of the management of CSO to ensure that the appropriate internal control procedures are in place.

Internal Audit

16.1.3 CSO may outsource the internal audit function until such time that it decides to have a full time internal auditor.

16.1.4 The internal auditor shall have unlimited power of audit over the whole affairs of finance, property, and activities of CSO.

External Audit

16.1.5 The accounts of CSO shall be audited annually by External Auditor⁷.

16.1.6 External Auditor shall be appointed by the Board of Director of CSO.

16.1.7 The financial statements should have to be reviewed and discussed by the management of CSO before being forwarded to external auditors.

16.1.8 Draft Financial reports shall be delivered to the auditor within two months from the end of the fiscal year.

16.1.9 Audit draft reports should be reviewed and comments and disclosures have to be agreed upon before the release of the final audit report. The final audit report should be submitted to the Board within three months from the end of the year. The audit report shall be presented to the General Assembly within four months from the end of the fiscal year.

The Executive Director shall issue copies of the audit report to the relevant stakeholders including Charity and Civil Society Agency (CCSA).

Separate project audit may be conducted by external auditor when requested by donors and when the requirement of separate audit is indicated in the grant agreement.

17. REVISION OF THE FINANCE POLICY

The Finance Department has to periodically review this manual and submit recommendations on improvement. The management of CSO should discuss proposed recommendations and will submit them to board for approval. Once the recommendations are approved by the Board of Directors of CSO, the revised version of the policy manual should be released accordingly.

Changes to the policies and procedures will be reflected in the Amendment section of this manual and incorporated directly into relevant sections.

VEHICLE POLICY

Policy

1. EWRYOCA will have vehicles to support project activities. Project vehicles are authorized for Project related activities only.
2. Drivers are the only staff authorized to drive EWRYOCA vehicles unless authorized by the ED. Violation of this policy will result in administrative action and may result in termination of employment.
3. Personal use of project vehicles is prohibited. Vehicles shall be used to support the project's objectives and are not to be used for the personal benefit of staff. EWRYOCA policy prohibits using project vehicles for any personal purpose. In certain environments, an exception to this rule may be granted with written prior approval.
4. Exceptions to this rule may be authorized by the ED or the Donor of the vehicles under the following categories:
 - a) Public transportation is unsafe or unavailable
 - b) Medical Emergency
 - c) Transportation of dependent children to and from school when other transportation is unavailable or inappropriate
 - d) Home-to-office transportation when employees are not permitted to drive by local law or custom
5. If local circumstances support the need for limited personal "authorized use" that extends beyond standard business use as described above and will require to follow the following process:
 - 5.1. Consult with your Admin and Logistics Director to determine if an exception may be warranted. The Admin Director shall forward your request to the ED.
 - 5.2. Except in the case of a medical emergency, no personal, non-business use is allowed until the ED is received. If vehicle use is required in a medical emergency, ED approval can be requested retroactively.
 - 5.3. Only the ED may then approve personal use of vehicles providing it does not negatively affect the official needs of the vehicle.

- 5.4. All personal use must be documented in the vehicle log and any personal use of the vehicle must be billed monthly to the individual based on per mile/kilometer cost.
- 5.5. The Finance Director is responsible for ensuring adequate recordkeeping to demonstrate sufficient reimbursement to the project.
6. In no case shall a project vehicle be loaned to an outside party.
 - 6.1. EWRYOCA is liable for accidents involving project vehicles, and discovery of any unauthorized use of a project vehicle could result in employment termination of the individual involved.
 - 6.2. If unauthorized use of a project vehicle results in any damage (to the vehicle and/or other vehicles, persons, or property) the individual(s) involved will be fully responsible.
7. Only OVS employees and persons officially participating in Project activities are permitted to travel in a project vehicle.
8. There are time restrictions regarding the use of project vehicles. Drivers are not permitted to drive project vehicles before 6:00 AM in the morning and after 7:00PM in the afternoon, unless authorised by the ED.

Vehicle Management Responsibilities

1. The AFO is the overall manager of the project vehicles, ensuring strict adherence to vehicle policies and efficient use of vehicles consistent with approved monthly work plans.
2. The AFO is responsible for the scheduling of the vehicles.
3. All staff transport requests are made through the AFO. Staff members are expected to respect scheduled travel times and itineraries.
4. Drivers are responsible for attending to the security of the vehicle and checking that vehicles are in a roadworthy condition and compliant with all vehicle legislation (valid licenses, tax & insurance etc,) before they are used. Routine checks of oil, fuel, battery, brake and clutch fluid and water level of the radiator should be done every day.

5. The Driver is responsible for cleaning the vehicle both inside and outside as required.
6. Drivers are responsible for maintaining vehicle logs (see next section).
7. Admin and Logistics Director or other delegated personnel reviews logs monthly for compliance and for calculating monthly fuel consumption per vehicle.

Fuel

1. When the project vehicles need fuel at central office, the following action is required:
 - 1.1. Drivers request a fuel purchase request from the Admin and Logistics Director who verifies the need against the vehicle log before authorizing the request.
 - 1.2. The Admin and Logistics Director compute the number of kms driven since the last filling.
 - 1.3. The Driver takes the approved order form to the Finance Director for approval of advance or Coupon.
 - 1.4. The Driver should obtain a receipt indicating the number of liters purchased and the amount paid. Inputs of fuel should also be recorded on the vehicle log.
2. Fuel purchases during field trips:
 1. The Driver or another staff member receives a fuel advance or coupon prior to travel.
 2. Fuel purchases needed during trips should be made from these funds and a receipt should be obtained indicating the number of liters purchased and the amount paid.
 3. Inputs of fuel should also be recorded on the vehicle log.
 4. The receipt(s) and unused advance funds or coupons should be returned to the Finance department to clear the advance.

Maintenance & Cleaning

1. All (Ewryoca) vehicles must be maintained regularly.
2. Drivers are responsible for checking that vehicles are in a roadworthy condition and compliant with all vehicle legislation (valid licenses, tax & insurance etc.), before they are used.
3. Routine checks of oil, fuel, battery, brake and clutch fluid and water level of the radiator should be done every day.
4. The Driver must report any maintenance or repair needs to the Admin and Logistics Director as soon as identified. If a vehicle cannot be driven due to an accident or mechanical reasons, the Driver must consult with the Admin and Logistics Director prior to taking any actions to arrange towing or repair of vehicle.
5. Any repairs required while in the field must be verified and authorized by the Programme or project coordinator who is in the field with the Driver.
6. The Admin and Logistics Director maintains a vehicle maintenance record for all vehicles.
7. The Driver is responsible for cleaning the vehicle both inside and outside as required.

Vehicle Usage, Fuel and Maintenance Log

Vehicle Usage Log

1. The purpose of the Vehicle Usage Log is to document and monitor appropriate use of OVS vehicles.
2. The log collects information on when, how far, why, and by whom a vehicle is used. These logs are kept in every project vehicle.
3. It is the responsibility of each Driver to keep a log of trips and mileage.
4. During each day, the Driver must complete the Vehicle Usage Log (Appendix 11FO) which documents the following information:
 - Purpose of Trip
 - Departure Time
 - Departure Point
 - Kilometre Reading Departure
 - Arrival Time
 - Arrival Point
 - Kilometre Reading Arrival
 - Litres of fuel added (if the vehicle is driven to a fuelling station)
 - Driver Signature
 - Passenger(s) Signature
5. A separate vehicle log is maintained for each vehicle for each day that the vehicle is in use. Logs are then submitted to Logistics Director for review on a monthly basis.
6. The Finance Director is responsible for reviewing the Daily Vehicle Logs to ensure they are consistent with fuel receipts, trip reports and other documentation.
7. Any inconsistencies identified should be immediately reported to the Logistics Director.
8. Specifically, logs are reviewed to ensure that:
 - a) Vehicles have been used as assigned;

- b) Fuel intake is in accordance with kilometres driven;
 - c) Vehicles have only been used by assigned staff; and
 - d) Maintenance needs are anticipated and in accordance with kilometres and locations driven.
9. Vehicle logs are then filed by vehicle in the Logistics Department files.

Vehicle Fuel & Maintenance Log

1. The purpose of the Vehicle Fuel and Maintenance log is to document the operating costs of a vehicle, for example - how many km/L of gas the vehicle gets and how often a vehicle receives service and/or new parts.
2. This log collects data on when and what supplies or services are purchased for a vehicle, at what cost, and from whom.
3. Instructions for Maintaining vehicle Logs:
 - 3.1. Both logs (Vehicle Usage and Vehicle Fuel & Maintenance) are to be placed in each project vehicle and kept there at all times.
 - 3.2. Both logs are to be kept up to date at all times. The Vehicle Usage Log is to be completed for every trip the vehicle is used for; the Vehicle Fuel and Maintenance Log is to be completed every time fuel and other supplies are procured, and every time maintenance is performed.
 - 3.3. Both logs are to be collected on calendar month cycles and reported with the field accounts for each month ending. In other words, on the first day of each month new log sheets should be started, and the log sheets for the month just ended collected and submitted with that month's field accounts (e.g., October logs submitted with October field accounts). A copy should be maintained in the field office should they be needed.

Vehicle Safety and Security

1. The following vehicle safety guidelines must be followed at all times:
 - 1.1. Seat belts must be worn by the driver and all passengers at all times.

- 1.2. Vehicles cannot carry more passengers than the designated seating capacity.
- 1.3. Drivers must drive defensively, strictly observe all traffic regulations and drive within established speed limits, adjusting speed as appropriate to the terrain and in such a way as to ensure the safety of passengers, cargo and minimize the wear to the vehicle.
- 1.4. Drivers should be particularly observant of pedestrians, bicycles, animals, vehicles or any other potential hazards on the road.
- 1.5. Under normal conditions and on a good road, the maximum speed a vehicle may travel is 100kph.
- 1.6. Drivers are prohibited from using their mobile phones or sending texts while operating a vehicle.
- 1.7. All vehicles must have first aid kits.
- 1.8. Any Driver found guilty of careless or dangerous driving will be personally liable for any related fines and will also be subject to disciplinary action.
- 1.9. Helmets must be worn at all times while driving a motorcycle. Passengers must also wear a helmet.
- 1.10. All boat operators and passengers must wear life vests.
- 1.11. The Driver has the sole authority to decide whether the vehicle and/or conditions are safe for travel.
2. Drivers are responsible for attending to the security of the vehicle.
3. Vehicles should never be left unattended if there is any doubt about their security.
4. Vehicles should be parked at the office compound when not in use.
5. Vehicles should be parked in secure place for the night by the Driver and never later than 7pm under any circumstances unless authorization is given by the ED.

6. Vehicles must be locked with alarms operated.
7. When out of town, vehicles must always be parked in a secure location, particularly at night. A secure location is defined as one where the risk of vandalism to the vehicle, theft of the vehicle or any of its contents is negligible.
8. Keys for vehicles should be returned to the Logistics Officer prior to close of business for safekeeping in the office.
9. Drivers approved to pick-up vehicles outside of office hours must coordinate handling of keys with the Logistics Officer.

Driver Hours and Health

1. In the interest of passenger's safety and driver's health, drivers may not drive for extended periods without a break. The following time restrictions must be strictly adhered to:
 - 1.1. The maximum time drivers may drive in any one day is 10 hours.
 - 1.2. Drivers should take a short break, for minimum of 15 minutes, after every 3 hours.
 - 1.3. For long drives of 6 hours +, drivers must break for lunch after a maximum of 5.5 hours.

- 1.4. The driver should feel free to request a break should he/she experience tiredness before the recommended rest time.
2. Drivers are responsible for ensuring that they are sufficiently fit to carry out their duties effectively and that none of their judgment, abilities or reflexes may be impaired. This may involve taking the following precautions:
 - 2.1. Ensuring that they have sufficient sleep prior to undertaking a long journey
 - 2.2. Avoidance of alcohol prior to a journey
 - 2.3. Maintaining general good health and fitness
3. Drivers have a duty to report to the Logistics Director immediately if they feel they are unwell or unfit to drive for whatever reason.
4. Any Driver found driving under the influence of alcohol or drugs will be subject to instant dismissal.
5. Drivers are required to have eye tests on an annual basis.
6. Within the time limits indicated above, the Logistics Director must approve in advance all vehicle use outside of office hours. This can include early pickup of vehicles in the morning and use on weekends and holidays for work purposes consistent with monthly work plan.
7. Drivers picking up vehicles for use outside of office hours must get approval from the Logistics Director.

Use of Non-Project Vehicles

1. Employees must use project vehicles for work purposes. The use of a taxi must be approved by the Logistics Director and is only permitted when project vehicles are not available.
2. Employees should use project vehicles for work purposes wherever possible. The use of a privately-owned vehicle (POV) for work purposes may be authorized by the ED if:
 - 2.1. Project transport is not available, and

- 2.2. The vehicle has fully comprehensive insurance cover including such cover while used for work purposes. (The Logistics Director is responsible for verifying this and maintaining evidence on file prior to approval by ED).
3. If a staff member receives authorization to use their privately-owned vehicle (POV) in the implementation of Project business, EE allows for per distance unit compensation to cover the cost of fuel.
4. EWRYOCA will reimburse employees at the approved rate provided that:
 - 4.1. Prior authorization has been given by the ED.
 - 4.2. A logbook (as described below) is maintained for such journeys.
5. Privately Owned Vehicle Usage Log: The purpose of this log is as follows:
 - 5.1. To document use of a privately-owned vehicle for EE business. The log collects information on whose vehicle was used, when, how far, and why, and a certification from the vehicle owner on its use, which is required for EE accountability.
 - 5.2. To provide a simple format for which an employee may log use of their vehicle and ensure that they have provided all necessary information required to claim usage compensation.
 - 5.3. Instructions for use of this log:
 - 5.3.1. The log is to be completed for each event (i.e., trip) that the POV was used during implementation of EE business.
 - 5.3.2. The log is to be signed by the individual and submitted with an expense report claim for compensation.

Reporting Accident

1. All accidents must be reported immediately to the police by the Driver and then the ALO.
2. The Driver should:

- 3.1. Obtain contact details of any other parties involved in the accident or witnesses to the accident.
 - 3.2. Not move the vehicle, if at all possible, until after reporting to the police.
 - 3.3. Take steps to protect the vehicle and any luggage from damage or theft, by moving to the nearest secure location before leaving it unattended.
4. Any traffic offence for which the driver is booked by the police should be reported to the Logistics Director.
5. Drivers not reporting accidents, traffic offences or other incidents are subject to disciplinary action.

Partnership Policy

Scope, Purpose and Definitions

1. The focus of this policy is EWRYOCA 's relationships with programme/project partner/donor organisations. Partners in this document refers to any legal organisation that has a shared goal with EWRYOCA and includes government ministries and departments, national and international non-government organisations (NGOs), funders/donors, disabled and blind peoples' organisations, local community organisations and private sector companies.
2. The policy applies to:
 - a. Project-level and strategic-level programme partnerships, which may or may not involve the provision of funding;
 - b. One-to-one programme partnerships and more complex programme relationships such as alliances, coalitions and consortia of partner organisations.
 - c. Funding partnerships with whom we will work collaboratively over a number of years to address a defined and particular set of aims
3. This policy should provide EWRYOCA staff with guidance, direction and a framework for negotiations when entering into a programme partnership. It should be shared openly with all programme partners from the outset of a relationship.
4. EWRYOCA defines partnership as a mutually beneficial relationship between two or more organisations undertaken for a specific shared goal.
5. Partners in this document are
6. EWRYOCA believes partnerships:
 - a. Enables us to utilise the considerable experience, knowledge and contacts of local organisations.
 - b. Allows us to deliver sustainable services via existing organisations and to thereby strengthen the overall system, rather than setting up parallel services.
 - c. Allows us to combine our resources and expertise with our partners' to work more effectively and achieve more than we would if working individually.
 - d. Facilitates capacity building and sustainability.

Partnership Principles

1. **Shared Goals, Vision and Compatible Values:** A shared commitment towards achieving agreed goals is essential for working together.
2. **Mutual Accountability:** The mutual rights and obligations between EWRYOCA and partner organisations must be established and formally agreed at the outset.
 - a. Accountability focus not only funding and financial controls, but also on the use of other resources such as information, contacts, skills, experience, local knowledge, materials and equipment.
 - b. All partnership project will be subject to formal contracts.
 - c. EE's and all donor contractual obligations are properly reflected in the project funding agreement or an alternative legally binding contract with each programme partner and funder.
 - d. All parties are responsible for providing the agreed inputs, as outlined in the Project Funding Agreement (PFA) or other legally binding contract. Inputs could include financial contributions, technical support, provision of equipment or staff, or access to training.
 - e. All parties are responsible for delivering the outputs and activities ascribed to them and as agreed between them in the project paperwork; specifically the project proposal, logframe and implementation plan.
 - f. All parties are responsible for ensuring that expenditure falls within acceptable parameters of variance from the agreed project budget.
 - g. All parties are responsible for assessing the potential risks to project delivery and must work together to monitor and manage them on an ongoing basis.
 - h. All parties must ensure they are aware of the project's funding source(s) and the obligations and reporting requirements thereof.
 - i. All parties must maintain appropriate accounting standards and record keeping, in accordance with legal and contractual obligations.
3. **Ownership:** EWRYOCA and Partners should take appropriate management responsibility for the programme/project and own it.
4. **Openness and Understanding:** an open and participatory dialogue, with an emphasis on consultation and sharing of information from the earliest stages of the partnership need to be fostered between EE and its partners and funders.

5. Joint Learning and Mutual Support: The partnership must be committed to learning from its actions, its successes and its mistakes. EE and partner organisations should provide the necessary time, space and environment to facilitate formal and informal learning, and to ensure that all parties act upon lessons learned.
6. Respect: EWRYOCA and its partners need to respect each other's mandates, obligations, principles and independence. EWRYOCA and its partners should be recognised for all of their contributions; not simply those that are measurable in terms of cash value or public profile.
7. Integrity: EWRYOCA and its partners/funders have an ethical obligation to each other to accomplish their tasks in a responsible and appropriate manner with honesty, truthfulness, sincerity, while remaining fair and ethical in the most difficult situations.

Standards for Partnership

1. In order to enter a programme partnership, EWRYOCA should be satisfied that NONE of the following criteria apply to the organisation under consideration:
 - a. The organisation's mission and values are in conflict with EWRYOCA's.
 - b. The organisation intentionally discriminates against people on the grounds of religion, politics, race, tribe, caste, age, disability, gender, ill-health, sexual orientation etc.
 - c. The organisation is found involved in exposing beneficiaries, including women, children and other marginalised groups, to any form of abuse and exploitation.
 - d. Partnering would cause conflict or have legal implications for any other existing partnerships or relationships, including with donors.
 - e. The organisation is suspected of furthering its aims through violence or terrorist activities and/or has some connections with terrorist groups.
 - f. The organisation implicitly or explicitly hopes to use its work with EWRYOCA for converting programme stakeholders to any kind of political or religious belief.
 - g. The organisation is not appropriately registered as a legal entity under various acts of the local and international laws.
 - h. The organisation has not complied with the laws under which it was formed.
 - i. The organisation and/or its executives have been found involved in fraudulent or illegal activities as per credible sources.
 - j. The organisation is bankrupt, being wound up, under administration by the courts, entering arrangement with creditors, has suspended business activities or is the subject of legal proceedings.
 - k. The organisation has been convicted of an offence concerning professional conduct in the last three years.
 - l. The organisation has been blacklisted by government, regulatory, monitoring, or another oversight body.

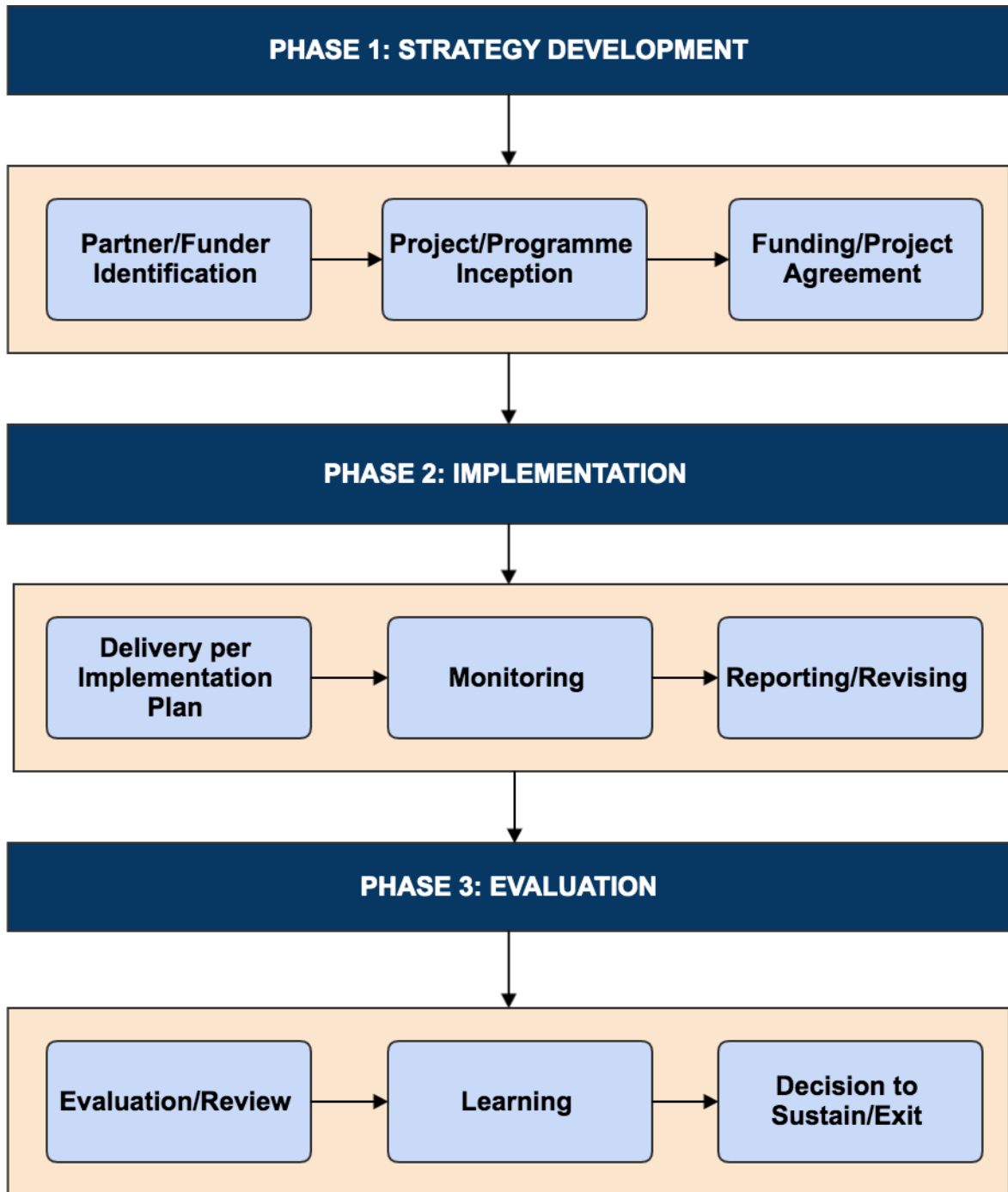
Institutional Cost

1. It's EWRYOCA 's policy to withhold 18% institutional cost from the total direct project cost from funded and partnership/collaborative projects whose finances, field work and other project related activities are managed by EWRYOCA.

2. In return, EWRYOCA will provide all the necessary support that the partnership or funded project would require during its entire period ranging from offering adequate office space to the research team and materials, to providing full financial, administrative and logistics management support as per a legally binding agreement that will be finalised and signed between representatives of EWRYOCA and the project sponsors.
3. Some funders and collaborators may have different rate for indirect/institutional cost. In such cases an approval need to be sought from the ED to execute the partnership agreement.

Partnership Framework

Figure 3: EWRYOCA's Partnership Framework



Risk Management Policy

Purpose

1. Risk in this document is defined as the uncertainty surrounding events, either external or internal, and their outcomes that may have a significant impact, either enhancing or inhibiting, on any area of EWRYOCA's operations.
2. EWRYOCA maintains risk registers as an integral part of the Risk Management Framework, which informs understanding of risk within all areas of EWRYOCA's activity.
3. The purpose of this policy is to provide guidance on managing organisational risk to support the achievement of strategic objectives, protect beneficiaries, staff and business assets and ensure business operations and financial sustainability.
4. The policy objective is to provide a framework to:
 - a. Define risk governance
 - b. Identify principal risks
 - c. Assess priority risks
 - d. Describe how risks should be documented
 - e. Develop mitigating strategies and actions
 - f. Monitor and review risk activities
 - g. Communicate and report risks

Risk Governance

1. Board: is required to identify and review the strategic, operational, regulatory, people, political and environmental risks to which the organisation is exposed and to assess the likelihood of such risks and the possible level of impact they would have. The Board must be satisfied that risk management is embedded in the organisation and adequate systems are in place to monitor, manage and, where appropriate, mitigate EWRYOCA's exposure to major risks. The Board is required to:
 - a. Ensure an effective framework is in place to identify and manage risks
 - b. Ensure risk management is integrated into the strategic and operational planning processes - approve major decisions affecting EWRYOCA's risk profile or exposure
 - c. Agree and review the institutional risk appetite as required

- d. Seek assurance on matters of risk management, control and governance from audit
 - e. Identify areas of risk for focussed discussion where appropriate
 - f. Undertake “Audit and Risk Committee” role which includes:
 - i. Review the work of internal and external auditors along with relevant management responses and implementation plans, and other matters as appropriate
 - ii. Review reports from management and other sources relating to risk
 - iii. Regularly review the Strategic Risk Register and associated controls, and, as required, the risk management framework to ensure they are appropriate
2. Chief Executive Director: is responsible to the Board and for reviewing key management reports, issues and actions at every management meeting. Discuss and decide as to whether priority risks need to be introduced, amended or replaced in light of external events or operational challenges. Promote risk management processes throughout the organisation and encourage transparency in reporting and speedy issue and risk escalation.
 3. Internal Auditor: is responsible to the Board and need to prepare and report which has a detailed review of priority risk log at every audit and Board meeting. The report should include an opinion on the adequacy and effectiveness of EWRYOCA’s arrangements for risk management, control and governance; and determine the internal audit plan through a risk-based approach, which includes a review of the risk management framework.
 4. External Auditors: will consider whether the statement of control included in the corporate governance section of the audited financial statements, explaining the risk management arrangements operated by EWRYOCA, is consistent with their knowledge of EWRYOCA . The Board is responsible for signing off this statement and does so based on the work of the external auditors and having considered the annual reports from the Internal Audit, containing an opinion on the adequacy and effectiveness of the risk management, control and governance arrangements.
 5. EWRYOCA Staff: Need to comply with risk management policy and processes and foster an environment where risks can be identified and controlled.

Risk Identification

1. EWRYOCA needs to look at risks specific to each particular project context.
2. Risks need to be reviewed every year by the EWRYOCA management team.
3. Priority risks change quite often. The principal risks shall be categorised and presented to the ED and the Board as:
 - a. Financial
 - b. Operational
 - c. Legal and regulatory
 - d. Political and environmental
 - e. Strategic
 - f. People
4. Each principal/priority risk should be entered into the **Risk Register** (see below) dated, summarised, categorised, and assigned an owner (for mitigation strategy), and mitigation strategy.
5. The priority risk is assessed by considering the following dimensions:
 - a. Risk appetite (high, medium, medium/low, low)
 - b. Significance of the risk (scale of 1-5, where 5 is the most significant)
 - c. Probability of risk occurrence (scale of 1-5, where 5 is the most probable)
 - d. Description of worst-case outcome, including a financial quantification if appropriate

Risk Matrix

1. For grading risk, the scores obtained from the risk matrix are assigned grades as follows:

1-6	Low Risk	Monitor, inc aggregated/multiple green issues; action as required
8-15 If the Likelihood is higher and the Severity is lower	Moderate Risk	Identify action to mitigate/reduce the risk to commence within 6 months
8-15 If the Severity is higher and the Likelihood is lower	High Risk	Identify action to mitigate/reduce the risk to commence within 3 months
16-25	Very High Risk	Identify immediate action required to mitigate/reduce the risk

2. **Likelihood score (L):** this answers the question “What is the likelihood of the consequence occurring?”

Likelihood score	1	2	3	4	5
Descriptor	Rare	Unlikely	Possible	Likely	Almost Certain
Frequency How often might it/does it happen	Will probably never happen/ recur. Less than a 25% probability that event will occur.	Unlikely to happen/ recur, but it is possible it may do so. Between 20% and 40% probability that event will occur.	Will possibly happen/ recur occasionally. Between 40% and 60% probability that event will occur.	Will possibly happen/ recur persistently. Between 60% and 80% probability that event will occur.	Will undoubtedly happen/ recur, possibly frequently. Greater than 80% probability that event will occur.

Risk Register

1. The Risk register helps to monitor and show how risks are being managed. The below describes how each section of the risk register should be completed.
2. **References:** Each risk will have a unique reference and will use the following formula: EWRYOCA /year the risk identified/risk number. For example, EWRYOCA2023-01 indicates the first risk identified in 2023.
3. **Risk Description:** All risks should be written using the ‘If’ event and ‘then’ consequence wording. The ‘If’ part of the sentence should explain the condition(s) that would need to be present in order for the risk to occur. *For example, if referrals form Primary eyecare units are not coordinated.* The ‘Then’ part of the sentence should detail the

consequence(s) that might occur should the risk occur. *For example ...then secondary eyecare units services will be under increased pressure.*

4. **Risk Category:** Each risk should be assessed against each risk category (Financial, Operational, Legal and regulatory, political and environmental, strategic, and people). The risk category detailed in the risk register should be the category (or categories) that the risk affects the most and/or is the furthest away from the risk appetite.
5. **Risk Severity and Likelihood:** are completed based on the Risk matrix described above.
6. **Risk Score:** The risk score is determined based on the risk matrix, the likelihood and severity score must be captured to indicate how the risk scoring was derived. A net risk rating of 10 could be derived from an almost certain likelihood and a minor severity impact, or an unlikely likelihood and a catastrophic impact hence the need to record the likelihood and severity for each risk.
7. **Risk Response plan:** The action plan should clearly maps out how each risk will reach its target risk rating and should include the task, action owner and deadline.
8. **Mitigation Action:** Should be done based on the risk mitigation matrix below.
9. Indicate if there is any **Residual risk after mitigation.**
10. **Risk Owner:** All risks should have a risk owner who is accountable for ensuring the risk is managed appropriately. The risk owner should be a member of the Senior Leadership Team.
11. **Risk Support:** Most risks will have one or more individuals who are risk supports. These individuals will have direct responsibility or oversight of activities to manage the risk. The risk support will be responsible for providing relevant updates and the risk owner will review this before it is accepted on the risk register.

Risk Mitigation

3. Each risk shall have an owner responsible for the mitigation strategy. The key elements of the mitigation strategy are noted on the risk register with summary associated comments. In addition, if a risk has been delegated to a specific committee or the Board, this should also be captured.

4. Below is EWRYOCA's risk response/risk mitigation options:



5. This approach is designed to be a dynamic process, both in terms of considering what the top risks are and looking at strategies to mitigate them.
6. These strategies provide the foundation for developing our key operational and financial processes such as safeguarding, reserves, investment and treasury management policies.

Risk Monitoring

1. The Board is ultimately responsible for the system of risk management and internal control and through the auditor reviews the effectiveness of this system.
2. Every year the Board considers in depth the nature and extent of the principal risks that OVS is willing to take to achieve its strategic objectives. For each principal risk, risk appetite is assessed to balance opportunities for business development and growth in areas of potentially higher risk, while maintaining reputation and reasonable levels of broad stakeholder support.
3. The risk list is reviewed in depth by the ED and senior management prior to each audit and annual review of risks by the Board. The auditor reviews and presents the risk register at each meeting.
4. Key management reports, issues and actions are reviewed at every monthly management meeting.

5. It is an accountability of the ED and senior management to promote risk management processes throughout the organisation and encourage transparency in reporting and speedy issue and risk escalation.
6. Priority risks are reviewed regularly by Internal Audit and considered when developing the annual internal audit plan. Key risks are also assessed and referenced in the development of the audit approach for each individual internal audit review.

Risk Reporting

1. A risk systems adequacy statement and description of each priority risk should be included in the annual report submitted to the ASCO.
2. Project risk registers should be included on each project reports alongside other relevant documentation.
3. Risk management should factored into business planning, performance management, audit and assurance, business continuity management and project management and monitoring.
4. Partner risk processes inclusive of safeguarding and financial control elements are assessed as a core element of partner due diligence.

Table 6: (Ewryoca) Risk Register Form

(Ewryoca) Risk year_RISK- NUMBER		Risk Description = Fact - >Cause (IF) - >Event (THEN)		Severity: (5) Catastrophic. (4) Major. (3) Moderate. (2) Minor. (1) Negligible.	Likelihood: (5) Almost certain. (4) Likely. (3) Possible. (2) Unlikely. (1) Rare.		Plan Risk responses using cost benefit analysis (outputs include actions, actionees,	See Risk Mitigation Section
Risk ID	Date Raised	Risk description	Risk Category	Severity Impact	Likelihood / Probability	Risk score	Risk Response	Resolution/Mitigating Action
(Ewryoca) 2023-01				0	0	0		
				0	0	0		
						0		
						0		
						0		
						0		
						0		

Risk grading = Likelihood x Severity (L x S) = Risk Grading			
Likelihood			
Almost Certain - 5	5		10
Likely - 4	4		8
Possible - 3	3		6
Unlikely - 2	2		4
Rare - 1	1		2
	Negligible - 1		Minor - 2
Severity			

Annexes

Annex 1: General Journal Voucher

CSO

JV. No. _____

Date _____

DESCRIPTION	ACC/ NO	Project Code	Donor Code	DEBIT		CREDIT
Addition Entry Description						

Prepared by _____ Approved by _____

Posted by _____

DISTRIBUTION

Original -

Accounts 1st

Copy – Pad

Annex 2: Sample Chart of Accounts

1110-01 Cash on

Hand 112-01 Petty

Cash

113-01 Payroll

Fund 114-01 Cash

at Bank

115-01 Purchase
Fund

116-01 Fuel
Fund

117-01 Air time
fund

121-00 Work Advance

121-01 Work Advance - Abebe

121-02 Work Advance - Kebede

122-0 Staff Advance

122-01 Work Advance - Abebe

122-02 Work Advance – Kebede

123-00 Prepayments

130- Fixed Assets
00

131- Building
00

131- Acc/Dep - Building
01

211-00 Creditors

221-00 Staff Creditors

222-01 Unclaimed Salary

222-02 Credit Association

231-00 Tax liabilities and other
ob

231-01 Income Tax payables
(from

Employment
)

231-02 Withholding Tax
Payables

231-03 Cost Sharing Payable

231-04 Pension Fund Payable

241-00 Accruals

311-00 General Fund Balance

321-00 Restricted Fund Balance

331-00 Fixed Asset Fund
Balance

399-00 Income Summary
Account

411-00 Donation in Cash

412-00 Donation in Kind

413-00 Membership
Contribution

132-00	(Ewryoca)	499-00	Other Income
132-01	Acc/Dep - (Ewryoca)		
133-00	Furniture and Equipment	510-00	Project Expenditure
133-01	Acc/Dep – Furniture and Equipment	610-00	Administratio
134-00	Other Assets		n Expenditure
134-01	Acc/Dep – Other Assets		

Annex 3: Cash Receipt Voucher

TIN No _____

Address _____

Date _____

Cash Receipt Voucher

Received From _____

Purpose:

Amount in words:

Br.

Source of fund _____

Project _____ Field _____

Office _____

Received by _____

For accounts use only

General ledger	Project /Donor code	Debit	Credit

DISTRIBUTION

Original – Payer

1st Copy - Accounts

2nd Copy - Pad

Annex 4: Daily Cash Collection & Deposit Report

DAILY CASH COLLECTION & DEPOSIT REPORT

Date _____

Cash Receipt Voucher				Description	Received	
Date	No.					
				(B.B.F.)		
				(Collection Total)		
Deposit Slip						
Date	DS	Amount				
				(Deposit Total)		
B.C.F.						

 Prepared By

 Checked By

 Approved

By Distribution: Original – Accounts, Copy: Cashier

Annex 5: Payment Request Form

Payment Request Form

Date _____

Pay to: _____

Address: _____

Purpose: _____

Amount in Words

Budget to charge:
Project _____ Budget item _____

Br.
TelegramDonor _____

Payment method: Check ☐ C.P.O ☐ Draft ☐ Telegram ☐

Requested by: _____

Certified by (Head of department) _____

Remark by a budget Clearance accountant / officer

Finance and Administration Manager) _____ Executive Director: _____

Finance use only- Withholding Tax Calculation (When applicable)	
Invoice amount before VAT	
Less 2% WHT	
Add 15% VAT	

Amount due to the vendor	
--------------------------	--

Distribution: Original – Accounts

Annex 6: Check Payment Voucher

Address_____

Date_____

Check Payment Voucher

Received From: _____

Purpose:

Amount in words: _____

Br.

Check No _____

Source of Fund _____

Project_____Field

office _____

Prepared_____by

Checked by_____

Approved by_____

Received by: Name _____
Signature _____

For accounts use only

Description	General ledger	Debit	Credit

DISTRIBUTION

Original – Accounts, 2nd Copy - Pad

Annex 7: Petty Cash Payment Voucher

CSO

Address_____

Date_____

Petty Cash Payment

Voucher Received From:

Purpose:

Amount in words: _____

Source of Fund _____
_____Field office_____Project__

Br

Prepared _____
by

Checked by_____

Approved by__

Received by: Name _____

For accounts use only Signature_____

Descript t ion	Genera l ledger	Debit	Credit

DISTRIBUTION

Original - Accounts

2nd Copy - Pad

Form Page: _____

93

Cashier's name and signature _____

Checked and receipt of Petty cash fund summary replenishment request from together
with

all supporting documents by (name & signature) _____

Approved by _____

Date Replenished _____

Distribution:

Original – Finance, Copy – Cashier

Annex 9: Travel Authorization

Address _____

Date _____

Travel Authorization

Name: _____ Position: _____

Place of Travel: from _____ To _____

Purpose of Travel: _____

A. Travel days (From _____ to _____) Total no. of days _____

Perdiem _____

Lodging _____

B. Transport _____

C. Other travel expense _____

Requested By: _____

Checked By: _____

Authorized By: _____

DISTRIBUTION

Original – Accounts

Annex 10: Air Ticket Booking

Address _____

Date _____

Air Ticket Booking

Name: _____ Position: _____

Purpose of Travel: _____

Place of Travel: from

Travel days: from _____

to _____

Type of Booking: /Put an X mark/ Round Trip ☐

Single Trip ☐

Source of Fund _____

Project _____

Field

office _____

Requested by _____ Checked by supervisor / Department Head Approved by _____

DISTRIBUTION Original – Accounts

Annex 11: (Ewryoca) Booking Card

Address _____

(Ewryoca) Booking Card

Date: _____

Name of Requestor: _____ Position: _____

Place of Travel: _____

Purpose of Trip: _____

Departure Date:_____Departure time:_____Number of days: _____

From:_____to _____Schedule date of return: _____

Type of car requested: _____

Source of Fund _____

Project _____

Field
Office

Requested by

Checked by supervisor / Department Head Approved by

DISTRIBUTION Original – Accounts

N.B Copy to human resource office

Annex 12: Goods Receiving Note

Address_____

GOODS RECEIVING NOTE No. _____

Date _____

Supplier _____

PO No. _____

Purchase Requisition. No. ____

Consumable _____

Spare Parts _____

Supplier's Inv. no. _____

Fixed _____

Budget Source _____

Budget Code _

Project Name _____

	Item Description				(Price)			

Remarks

Received by:

Delivered by:

Checked by:

Approved by:

Name

Signatur

e

Date_____

DISTRIBUTION

Original – Accounts / Supplier

1st Copy – Accounts, 2nd Copy – Store, 3rd Copy – Pad**Annex 13: Store Issue Voucher**

Address_____

STORE ISSUE VOUCHER No. _____

Date _____

Receiving _____ Dept.

Store Req. No. _____

Project Name _____

Date _____

Budget Source _____

Budget Code _____

	Item Description				Price				

Approved by: _____

Delivered by: _____

Name _____

Signature _____

Date _____

DISTRIBUTION

Original – Accounts 1st Copy – Store 2nd Copy -Pad

Annex 14: Store Requisition**STORE REQUISITION**

Address _____

No. _____

Date ____

Requesting Dept. _____

Project
Name _____

For Store use only

Budget Code _____

	Item Description					

Prepared by:

Certified by:

Approved by

Name _____

Signature _____

Date _____

DISTRIBUTION

Original – Accounts 1st Copy -store keeper 2nd Copy – Pad

Annex 15: Purchase Requisition

Address _____

PURCHASE REQUISITION No. _____

Date:- _____

Requesting

Department _____

Store Requisition No _____ Date _____

Budget Source _____ Budget Code _____

	Item Description					

Prepared by

Checked by

Approved by

DISTRIBUTION

Original – Accounts (through purchaser) 1st Copy – Store 2nd Copy –Requesting
Department 3rd copy- Pad

Annex 16: Stock Card

Address_____

Stock Card_____

Item Description_____

Model _____

Stock Card No. _____
Part No. _____

		Particulars (Issued to & Received From)	Stock Moveme n t			Price		

Annex 17: Bin Card

Address _____

Bin Card

Item Description _____

_____ Model _____ Part No. _____ Shelf No. _____

Stock ID/Code _____ Page _____

		Stock Movement		
		Ref ere nce No	Q ty O	E a l

--	--	--	--	--

Annex 18: Receipt for Withholding Tax on

Payments Receipt for Withholding Tax on

Payments

House. No. ____

Address: _____

Kebele: _

—

Date _____

TIN No. _____

Receipt for Withholding Tax on Payments _____

Tax-payer's Name _____

Taxpayer Identification No. _____

Region _____

Wereda _

Kebele

House No. _____

Type

of

Transaction

Amount_____

2% (or 30%) Tax withheld Birr

Sales

Invoice

No.

We have withheld from the above named Taxpayer Birr_____ representing 2% (30%) tax payable to the Tax Authority as per Article 53 (Or Article 91) of the Income Tax Proclamation No.979/2016.

Name_____

Signature_____

Position _____

Date_____

Seal_____

DISTRIBUTIONOriginal - Customers 1st Copy - Accounts 2nd Copy – Pad Copy

Annex 19: Balance Sheet

**Civil Society
Organization
BALANCE SHEET
AS AT December 31, 20X1**

	20X 1			20X0	
ASSETS					
CURRENT					
ASSETS					
Cash and bank					
balances Debtors					
Total Current					
Assets NON					
CURRENT					
ASSETS					
Fixed					
Assets					
Investment					
s					
Total					
Noncurrent					
Assets					
Total Assets					
LIABILITIES & FUND BALANCE					
CURRENT					
LIABILITIES					
Creditors					
Tax					
Liabilities					
Total					
Current					

Liabilities**FUND BALANCE**

General Fund

Balance Restricted

Fund Balance **Fixed****Asset Fund Balance****Total Fund Balance****Total Liabilities****and Fund**

Civil Society Organization
REVENUE & EXPENDITURE REPORT
FOR THE YEAR ENDED December 31,
20X1

Annex 21

P.O NO. DATE: SUPPLIER: BIRR:

[illegible]

Annex 22: Purchase Order

Address_____

Purchase Order No. _____

Date _____

Supplie_____

r

Address:

Supplier Reference (Proforma) No_____Date _____

Procurement Committee Minute Ref_____date _____

Special
Instruction _____

	Item Description			(Price)			
						T o t	

DISTRIBUTION

Original –Supplier

1st Copy –

Accounts 2nd Copy

- Purchaser 3rd

Copy – Pad

Annex 23: Per Diem Settlement/ Declaration Form

Perdiem Settlement/Declaration Form

Staff Name (Traveler) Name _____

Gross Salary _____ Daily Perdiem Rate _____

Regular place of work _____

Project _____ Source of Fund _____ Budget item _____

Travel Period From _____ To _____

Purpose of travel _____

Departure			Arrival					
					T			
					T o			

Travel Advance Taken Birr _____

Total Perdiem Birr _____

Amount to Be Reimbursed to the Employee Birr _____

Amount to Be Collected from the Employee Birr _____ No

Cash Receipt__

Main Duties Executed;

1. _____

2. _____

3. _____

I certified that the Above Information is true & correct to the best of My

Knowledge: Certified by (Department head)

A[[Approved
Approved By _____

Annex 24 : Suspense Voucher

SUSPENSE VOUCHER

Date _____

Payee Name _____

Project _____

Source of Fund _____

Budget line item _____

Purpose of payment _____

Amount in words _____

Prepared By

Authorized By

Received By

Paid By (Name and Signature)

Note: Advance should be settled not later than three days. This suspense voucher should be destroyed upon submission of a valid receipt and refund of cash which is the difference between the advance and the invoice value.

Annex 25: Cash Count

Cash Count

Cash Count as at _____

Types of Cash/Fund _____

	100x _____ = _____	
	50x _____ = _____	
	10x _____ = _____	
	5x _____ = _____	
	1x _____ = _____	
		Total Birr
	1.00x _____ = _____	
	0.50x _____ = _____	
	0.25x _____ = _____	
	0.10x _____ = _____	
	0.05x _____ = _____	
	0.01x _____ = _____	
		Total Coins
Total Birr and Coins _____		
Checks(as per attached)		
Suspense's Amount _____		
Vouchers Amount		
Others		
Total Amount		
Established Fund		
Overage(Shortage)		

I _____, the undersigned, certify that all the cash counted are
retuned back to me in full amount.

Name and Signature _____

Counted by (Name and Signature) _____

Witness (Name and Signature) _____

Annex 26: Fixed Asset Card

FIXED ASSET CARD Asset

Description_____

Asset Category

Sub Classification

Asset ID No°

Supplier _____Mfg Serial

N°_____

Nam

e

Purchase Cost Br. _____ No Of
Unit

Unit Cost
Br_____

Date Of Purchase _____

GRN N°

GL Accounts _____

Date_____

S
I
V

Date

Department/Location_____

- Plate N° _____
N°_____

- Engine N° Chasis

Depreciation Rate _____

DEPRECIATION SCHEDULE						
		COS T	D E P R E	AC CU MU LA TE		
	-					

Annex 27: Fixed Asset Register

Fixed Asset Register

Page _____

[illegible]

Annex 28: Inventory Count Sheet

Inventory Count Sheet

County Type: Sample ☐ Comprehensive ☐ Monthly ☐ Quarterly ☐ Annual ☐

	Item Number/Descripti on	I t e	U n i	C u a			

Counted by (Count Team Leader)_____

Signature_____

D
a
t
e

Witnesses'

1. Name & Signature _____

2. Name & Signature _____

Store Keeper
Name_____

S i g n a t u r e

Date

Annex 29: Quotation Analysis Sheet

Date _____

iTEM	Supplier 1		Supplier 2		Supplier 3		Supplier 4	

[illegible]

[illegible]

	Tax										
	Net payabl e										

Committee’s

Recommendation

Signature of the committee members

Name

Signature

Date

Annex 30: Internal Invoice

Internal invoice

(Receipts Only for Payments without Official Receipt) Date _____

Paid _____ to _____

Amount _____ Paid _____

_____ Birr

Purpose

Paid/Requested by Certified/Approved by Cash Received
by

Name Name Name

Signature Signature Signature

Annex 31: Store Return Voucher

STORE RETURN VOUCHER

Ref. No. _____

Date _____

Retuning Department

Reason for Return _____

	Item Description			

Received by:

Delivered by:

Certified by

Approved by:

Name _____

Signature _____

Date _____

DISTRIBUTION

Original – Accounts 1st Copy – Customer/Staff 2nd Copy- Store 3rd
Copy - Pad

Annex 33: Missing/ Lost Receipt Memo

LOST or UNAVAILABLE RECEIPT

Date of charge:

Vendor Name:

Amount:

Prepared by:

Check one:

- ☐ Personal expense (**STOP; do not complete the rest of this form**)
- ☐ Business expense JOB/ACCOUNT CODE: [Click here to enter text.](#)

BUSINESS EXPENDITURE

Description:

Certification: I, [Click here to enter text.](#), certify that the purchase described above is a legitimate business expenditure for which I have lost, misplaED or did not receive the receipt documenting payment.

~~Sign and date~~ _____

Annex 34: Some Accounting Terms

Term	Definition
A chart of account s	Is a created list of the accounts used by a business entity to define each class of items for which money or the equivalent is spent or received. It is used to organize the finances of the entity and to segregate expenditures, revenue, assets and liabilities in order to give interested parties a better understanding of the financial health of the entity.
Accoun t payable	Amount owed to a creditor for delivered goods or completed services
Account receivab l	Claim against a debtor for an uncollected amount, generally from a completed transaction of sales or services rendered.
Account i ng cycle	The sequence of steps followed in the accounting process to measure business transactions and transform the measurements into financial statements for a specific period.
Account i ng Entry	Also known as journal entry
Accrua l basis	Method of accounting that recognizes revenue when earned, rather than when collected. Expenses are recognized when incurred rather than when paid.
Accrue d liability	Are liabilities which are incurred, but for which payment is not yet made, during a given accounting period. Some examples in a manufacturing environment would be: wages, taxes, suppliers/vendors, etc.
Advers e opinion	Expression of an opinion in an auditors' report which states that financial statements do not fairly present the financial position, results of operations and cash flows in conformity with generally accepted accounting principles (GAAP).

Asset	An economic resource that is expected to be of benefit in the future. Probable future economic benefits obtained as a result of past transactions or events. Anything of value to which the firm has a legal claim. Any owned tangible or intangible object having economic value useful to the owner.
Bank reconciliation	A process by which an accountant determines whether and why

	statement and the balance of the cash account in the firm's general ledger.
Bank statement	A periodic statement, usually monthly, that a bank sends to the holder of a checking account showing the balance in the account at the beginning of the month, during, and at the end of
Cash basis	Method of bookkeeping by which revenues and expenditures are recorded when they are received and paid.
Cash flows	Net of cash receipts and cash disbursements relating to a particular activity during a specified accounting period.
Commitments	Refer to (significant) expenses which have been incurred for a project or organization in a particular period but haven't yet been
Confirmation	Auditor's receipt of a written or oral response from an independent third party verifying the accuracy of information requested.
Credit Advice	A note issued by the bank to inform the account holder that its account is credited.
Current assets	Asset that one can reasonably expect to convert into cash, sell, or consume in operations within a single operating cycle, or within a year if more than one cycle is completed each year.
Debit Advice	A note issued by the bank to inform the bank account holder that its bank balance is debited (deducted) based on the transfer order it issued.
Debt	General name for money, notes, bonds, goods or services which represent amounts owed.
Debtor	Party owing money or other assets to a creditor.
Disclaimer of	Statement by an auditor indicating inability to express an opinion on the fairness of the financial statements provided and the reason for the inability. The auditor is required to disclaim depending on the limitation in scope.
Draft Transfer	Type of cash payment method, like a check but issued by

	the bank.
Float	Maximum petty cash maximum limit.
Fiscal year	Period of 12 consecutive months chosen by an entity as its accounting period which may or may not be a calendar year.

	an entity's operations.
Fixed assets	Is a long-term tangible asset that is not expected to be converted into cash in the current or upcoming fiscal year, e.g., buildings, real estate, production equipment, and furniture. Sometimes
Fuel Coupon	These are purchased from fuel companies in advance to buy fuel from fuel stations.
Fund Balance	It is an equivalent of owner's equity in a non-profit organization. It is the net asset of a non-profit organization (Total Assets less liabilities). The fund balance can be further classified as restricted and unrestricted fund balance.
Imprest System	Popular petty cash control system in financial management.
Internal audit	Audit performed within an entity by its staff rather than an independent certified public accountant.
Internal control	Process designed to provide reasonable assurance regarding achievement of various management objectives such as the reliability of financial reports.
Outstanding	A check that has been written by the drawer and deducted on his or her records but has not reached the bank for payment and is not deducted from the bank balance by the time the bank issues its statement.
Purchase Funds	Similar to a petty cash fund handled by a purchaser for very small payments to avoid lengthy procedures: request for payment, purchase requisition, purchase order etc.
Restricted fund	Fund established to account for assets whose income must be used for purposes established by donors or grantors of such assets.
Transit Account	Deposits recorded by the IP but yet not shown in the bank statement.

Variance analysis	Involves looking at variations from budget to identify significant or unusual variances and what has caused them to happen. This helps us plan the next phase.
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