

Evidence Action

Nigeria Finance Procedures Manual

For Country Leads and Finance & Operations Teams

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GENERAL

This manual has been prepared to document the finance procedures of Evidence Action Nigeria. Its purpose is: to ensure the effective operation of Evidence Action; to serve as a reference tool in making decisions involving the management and operation of Evidence Action; and to establish procedures with respect to accounting, financial management, procurement, and records retention.

Organizational policies and procedures may be amended through the Board of Directors by recommendation of the President of the Board. Organizational policies and procedures will be reviewed on a periodic basis by the Management Team and Board of Directors to determine if other changes are necessary.

The CFO shall be the final authority for any disputes, contradictions or special circumstances that may arise in the course of ordinary business pertaining to issues of finance, accounting, procurement, and internal audit controls.

ROLES AND RESPONSIBILITIES (FIN.NG.INT.01)

Policy Reference: FIN.NG.INT.01

Effective Date: 1 September 2018

Origin: 1 September 2018

Chief Operating Officer – The COO is responsible for strategic leadership and administrative management in all areas of operations, finance and human resources globally.

Chief Financial Officer (CFO) – The CFO is responsible for strategic leadership and administrative management in all areas of finance globally.

Executive Vice president – Africa Region - The Executive Vice President is responsible for the strategic leadership and tactical management of all aspects of Evidence Action's operations in the Africa Region.

Director of Finance and Operations, Africa Region (DFO-AR) – The Director of Finance and Operations, Africa Region will be the Regional Finance Lead and is responsible for the strategic leadership and tactical management in all areas of finance and operations as pertains to each of the country offices in the Africa region.

Country/Department Leads and Budget Holders – Country/Department Leads and Budget Holders are staff representing both programs and functional departments. Budget holders are appointed to oversee specific budgets and the expenditures related to those budgets. These could be program budgets, department budgets, or donor budgets.

The roles and responsibilities above are the active roles effective as of August 2022. These roles and definitions may change with amendments to the structure of the organization.

ACCOUNTING, AUDIT, AND FINANCIAL MANAGEMENT (FIN.NG.INT.02)

Policy Reference: FIN.NG.INT.02

Effective Date: 1 January 2023

Revised: 10 December 2019, 1 April 2021, 1 January 2023

Origin: 1 September 2018

Accounting (FIN.NG.INT.02.01)

Evidence Action Nigeria will adopt the Evidence Action Global Chart of Accounts as posted on the Evidence Action financial accounting management software system. This Chart of Accounts is subject to modification per guidelines received from the Evidence Action Global Finance department.

A. Principles and Oversight

- A. Program/Department Leads and Budget holders will approve all expenditures for their respective budgets. For computer hardware and software expenditures, the Information Technology (IT) Department lead must also approve and provide the technical specifications.
- B. The Regional Finance Lead will approve all pooled expenditures that will include the Regional F&A pooled expenses.
- C. Only the Program/Department Leads and Budget holders may approve airfare, travel and entertainment expenditures. All consultants must be approved in writing by the Regional Director in consultation with the Regional Finance Lead.
- D. The Finance Office will maintain sample signatures of all employees authorized to approve program expenditures.
- E. Program/Department Leads and Budget holders may assign senior program staff temporary approval authority not to exceed the equivalent of USD \$3,000 and must notify the Finance Office in writing when temporary approval authority is assigned and concluded. Temporary authority may be assigned in the case of travel or extended out of office status.
- F. All payments that exceed the equivalent of \$50,000 will be approved by the sub hub director through the routine payment approval process and a summary shared on a monthly basis with the regional director.
- G. To the extent possible, payments to suppliers should be paid via either cheque, EFT or Mobile Money. Payments below the equivalent of USD \$85 may be made from petty cash with approval from the Country finance lead – Finance excluding any program advances.
- H. Voided cheque will be maintained in a separate file in the Finance Office and stamped "VOID" on the face of the cheque and also defaced by punching it on sections other than on the check number section.
- I. The Finance Office must verify all support documentation for accuracy, compliance, and authenticity before issuing any payments.
- J. The Finance Office will verify that all entities and individuals receiving a payment from Evidence Action, including staff, are screened through sanctions and terrorists watch lists (i.e. "CSI Check") before receiving any payment in accordance with the [Sanctions & Terrorists Watch List Procedures](#).
- K. The Country finance lead- will verify all payments. Any payments above the equivalent of USD \$3,000 will be approved by the Sub Hub Finance lead. All payments above the equivalent of USD \$10,000 will require final authorization by the Regional Finance lead or his/her Designee.
- L. All cheque/cash payment/mobile money vouchers, purchase request forms, and purchase orders must be uniquely and sequentially numbered. All support documentation must be dated and stamped "PAID" after a payment is signed and released to the vendor.
- M. Blank cheques must never be signed. Cheque books should remain under lock and key in the office safe.
- N. All support documentation for staff advances should be surrendered to the accountant in charge of the office Petty Cash with original receipts attached to the project return. The appropriate entries should be posted into the petty cash running balance account and financial accounting management software system by the finance office.
- O. Any unspent staff advances should be banked or returned to the office cashier intact with the original bank or office cash receipt being attached to the staff advance return. The appropriate accounting

entries should be posted into the financial accounting management software system by the finance office.

- P. All purchases must have an approved purchase requisition and/or purchase order prior to making a purchase.
 - Q. The Finance Office will not process any payments that are in violation of these procedures.
- B. Country Office Petty Cash
- A. Evidence Action Nigeria will maintain an Imprest system for petty cash payments. The maximum amount of petty cash available will not exceed the equivalent of USD \$600 for the Nigeria office.
 - B. Petty cash payments will be made only for cash purchases excluding any program advances not exceeding the equivalent of USD \$85.
 - C. All program petty cash payments will be paid from the Evidence Action Nigeria Main Bank account. All project advances must be accounted for within thirty days of the advance. Any outstanding advances beyond 45 days will be recovered from the staff's salary and disciplinary action taken on the individual staff.
 - D. A purchase requisition indicating which program the expense relates to must be completed by the employee requesting goods or services.
 - E. The purchase requisition must be approved by the Program/Department Leads and/or Budget Holders and forwarded to the operations sub-department.
 - F. Upon authorization, the assigned Procurement Officer will procure the goods/ services from a preferred supplier.
 - G. The assigned Receiving Officer will receive the delivery of goods and date, sign, and stamp "RECEIVED" on the delivery note, invoice, or cash receipt.
 - H. The delivery note, invoice, or cash receipt will be forwarded to the assigned Petty Cash Accountant for preparation of the petty cash voucher.
 - I. The petty cash voucher will be verified and approved for processing by the Country Finance Lead or his/her designee.
 - J. Upon approval, the assigned Petty Cash Accountant will make the payment to the pre-approved supplier who will sign the petty cash voucher indicating receipt of payment.
 - K. The fully signed petty cash voucher should then be filed by the Petty Cash Accountant in the appropriate petty cash payments file.
 - L. Random petty cash counts should be carried out at least once every week and every last working day of the month. A petty cash register indicating the balance of petty cash funds must be issued and signed by the assigned Petty Cash Accountant, the officer carrying out the cash count and approved by the Country Finance Lead.
 - M. The Country Finance Lead is responsible for the monthly cost share and allocation among programs for petty cash expenditures.
 - N. The Petty Cash Accountant should replenish petty cash when the balance falls below the equivalent of USD \$600.
 - O. Upon receiving a request for additional petty cash, the Country Finance Lead or her/s designee should verify all payments completed since the last cash request.
- C. Cheque Payments
- A. Evidence Action Nigeria will maintain 3 bank accounts. These will be: 2 Central Local currency accounts and USD currency bank account. Additional Bank accounts could be opened on a need basis with approval from the Regional Finance Lead in consultation with the Regional director and the CFO. Bank reconciliations for all bank accounts will be completed at the end of each month.

- B. All payments above the equivalent of USD \$85 will be paid via Cheque/EFT/Mobile Money.
- C. All expenses that are cost-shared between programs will be cost-allocated at the end of every month as per the Evidence Action cost allocation policy. The Finance Office must verify all support documentation for accuracy, compliance, and authenticity before issuing any payments.
- D. A purchase requisition indicating which program the expense relates to must be completed by the employee requesting goods and services.
- E. The purchase requisition must be approved by the appropriate Program/Department Lead and/or Budget Holder(s) and forwarded to the procurement sub department. This will be done electronically via process maker or any other approved workflow system.
- F. Upon approval the assigned Procurement Officer will procure the goods or services from a preferred supplier.
- G. The assigned administrative officer will receive the delivery of goods and date, sign, and stamp “RECEIVED” on the delivery note, invoice, or cash receipt.
- H. The delivery note, invoice, or receipt will be forwarded to the appropriate Finance office for preparation of the cheque/EFT/mobile money payment voucher.
- I. The cheque/EFT payment voucher will be attached to the supporting documents and verified for compliance and budget allocation.
- J. The Country Finance Lead will approve all payments below the equivalent of USD \$3,000. Any payments between the equivalent of USD \$3,001 to 10,000 will be approved by the Sub Hub Finance Lead after verification by the Country Finance Lead. Any payments above the equivalent of USD \$10,000 will be authorized by the Regional Finance Lead or his/her Designee.
- K. Upon authorization, the cheque/EFT must be signed by at least two authorized bank signatories. Any payment above the equivalent of USD \$50,000 will be approved by the sub hub director through the routine payment approval process and a summary shared on a monthly basis with the regional director.
- L. Finance will maintain a proper serialized filing system of all payments documents for audit purposes.
- M. The accountants will input all payments data into the online banking system/ mobile money system.
- N. All bank payments must be signed off by 2 bank signatories for any payment to be processed.
- O. Authorized bank account signatories will be the following staff:
 - Regional Director
 - Country Lead
 - Regional Finance Lead
 - Sub-Region Director
 - CFO

In case of any of the above leaving the organization or there being a need to remove any of the above from the list of approved signatories, the –Sub Hub Finance Lead will prepare the letter to the bank to be signed by 2 signatories as per the signing mandate with the bank.

All new additions must be sanctioned by the Board of Directors or its nominees with the power of attorney.

- P. All Payments Above USD \$1,000 (Competitive bidding)
 - a. A purchase requisition indicating which program the expense relates to must be completed by the employee requesting goods or services.
 - b. The purchase requisition must be approved by the appropriate Program manager/ Budget holder.

- c. A minimum of three (3) competitive quotations must be obtained for this type of procurement. (See Procurement Manual and Processes)
- d. The winning quotation will be based on but not limited to:
 - Lowest price and high quality of goods or services
 - Supplier reliability
 - Delivery period
 - Credit facility
 - Past business transactions with Evidence Action
 - After sales service

D. Payroll

- A. Salary payments are completed monthly and wired directly to individual staff accounts via the banking system.
- B. Evidence Action Nigeria does not have a salary advance policy. Any salary advance requests must be requested in writing by the staff member and approved in writing by the Regional Finance Lead in consultation with the Sub-Region Director and the repayment done within 90 days.
- C. The Country Human Resource Lead will prepare the payroll incorporating all the payroll changes and share with the Country Finance lead by 15th of the payroll month.
- D. The Country HR Lead will maintain electronic copies of pay slips and timesheets for all country office staff. All personnel files should remain under key and lock at all times.
- E. The Country Finance Lead will verify the payroll ensuring all the changes have been supported and effected accurately by 20th of every month. If the 20th falls on a weekend/public holiday, he/she will prepare the payroll on the last working day before 20th of every month.
- F. The Country Finance Lead will share the payroll with the Country Lead for review and approval, upon review and approval the country HR lead will share with Sub Hub Finance Lead, for her/his review and approval, the Sub Regional Finance lead will forward the payroll to Regional HR lead for review and final authorization.
- G. The Country Finance lead will process for payment to staff the approved payroll by 25th of every month or as instructed. If the 25th falls on a weekend, he/she will process payment to staff on the last working day before 25th of every month.
- H. For the technical track payroll, this will be prepared by the Sub Regional payroll lead, reviewed by the regional HR lead, approved by the regional finance lead before final review and authorization by the Regional director. The Sub regional payroll lead will process for payment to staff the approved payroll by 25th of every month or as instructed. If the 25th falls on a weekend/public holiday, he/she will process payment to staff on the last working day before 25th of every month.
- I. Expat PAYE approval and authorization will be by the regional finance lead.
- J. The Sub Hub Finance Lead will share the executive payroll summary with the Sub regional Director and Regional Finance Lead on a monthly basis. The regional finance lead will share the regional executive payroll with the Regional Director on a quarterly basis.
- K. The Country HR Lead will distribute pay slips and staff advances statements to all Evidence Action Nigeria employees by the last working day of the payroll month.
- L. Payroll wire transfers to individual staff bank accounts must be completed by the 27th of each month.
- M. Statutory deductions per Nigerian law must be withheld from the payment of salaries and paid to the relevant government agencies by their due dates as stipulated in the Nigerian statutes.
- N. Any other deductions from the staff salaries must be as per written instructions from the individual employee.

- O. For purposes of hourly rate employees, the normal workweek will be based on 40 hours with normal work hours being from 8:00 am to 5:00 pm with one hour lunch break.
 - P. All salary adjustments /changes by programs must be communicated to the HR department by the 12th of any given month. Any adjustments after the 12th will be effected in the following month.
 - Q. A salary adjustment form must be prepared by the relevant employee's manager every time a salary adjustment is recommended by the staff's department lead and approved by the country HR Lead and the Country lead. This form will be shared with the Country Finance Lead. Evidence Action Nigeria employment contracts must be amended every time a salary increase or contract renewal is recommended. The Country Lead or his designee must approve all employment contract promotions and extensions.
 - R. For GRS staff, salary adjustments are recommended by the staff's department lead and approved by Global HR.
- E. General Ledger
- A. Transactions shall be recorded in the General Ledger on a daily basis.
 - B. General Ledger balances are summarized transaction totals used for financial reporting to Evidence Action management, donors, and other organizations (as required).
 - C. The General Ledger is closed at the end of each Fiscal Year (December 31st) when yearly financial reports are prepared.
- F. Reconciliations
- A. Bank reconciliations for all bank accounts will be completed at the end of each month.
 - B. Bank account reconciliation best practices include the following:
 - a. Bank account reconciliations shall be prepared monthly to verify financial records and monitor possible discrepancies. Responsibility for bank account reconciliations shall be vested in a designated staff member not involved in handling receipts or disbursements.
 - b. The bank reconciliation will be reviewed by the Country Finance Lead. The Sub Hub Finance Lead will be responsible for compliance review after which the Regional Finance Lead will approve for finance approval and the Country lead approve for the final management review.
 - c. Bank account reconciliations shall be retained on file in the event of audits or other internal reviews.
 - d. Supporting documentation shall be attached to related bank account reconciliations. Such documents include a list of outstanding checks, deposits in transit, cash book summaries and other relevant documentation.
 - e. General journal entries should be made to record the reconciliation of items that appear on bank account statements but are not recorded in the General Ledger.
 - f. Bank account reconciliation shall always start with the opening balance brought forward from the previous reconciliation and end with an adjusted balance that reconciles the current ending balance according to the bank statements.
 - g. Reconciling items identified during the bank account reconciliation process shall be cleared by the subsequent month. The Regional Finance Lead shall resolve items that appear for two months in a row.
 - h. The Regional Director shall be notified by the Regional Finance Lead and appropriate action taken for irreconcilable or unidentified variances discovered during the bank reconciliation process.
 - i. All disbursement checks that have been outstanding for more than three months shall be voided and replaced.

- C. The following items may cause discrepancies between the General Ledger and bank account statements:
 - a. Incoming fund transfers
 - b. Bank charges and interest booked by the bank but not Evidence Action Nigeria
 - c. Checks issued by Evidence Action Nigeria but not presented to the bank
 - d. Deposits in transit that are made and recorded by Evidence Action toward the end of the month but not booked by the bank on the ending bank statement date due to processing delays.
- D. Bank reconciliations for all Evidence Action Nigeria bank accounts shall be completed by the 5th of the following month.

Billing and Financial Reporting (FIN.NG.INT.02.02)

Please see FIN.G.INT.02.02 for more detail.

A. In-House Reports

The grants and budgets regional lead will prepare and share the BMR's monthly. The due dates for submission and discussion of these reports will be by the end of the following month.

B. Donor Reports

The Evidence Action US office will lead donor reporting under the Senior Grants & Compliance Manager. The Senior Grants & Compliance Manager will coordinate closely with the Manager - Grants and Budgets to develop the financial report. The Regional Finance Lead will ensure that all transactions in the accounting data base are accurate and complete. If any adjustments need to be made, the –Country Finance Lead will be responsible for completing. Reports to individual donors per the due dates listed in the grant agreements must be sent by the US team.

Accounting for and Managing Assets (FIN.NG.INT.02.03)

Please see FIN.G.INT.02.03 for more detail.

Definitions

Assets— Items owned by a company

Fixed Assets — Items owned by a company that exceed \$5,000 in value per unit and have a useful life of more than 1 year. These are capitalized and depreciated monthly.

Inventory — Items owned by a company that are less than \$5,000 in value. This includes consumables, which may have a useful life of less than one year.

Register (Inventory System) — Complete list of items owned by the company; both fixed assets and inventory are recorded on the register.

A. Principles

- A. The Finance department shall record each fixed asset in the General Ledger and the Fixed Asset Record.
- B. Accounting entries for fixed assets purchased with Evidence Action private or unrestricted funds are made on a cash disbursement voucher as a debit to the fixed asset account and a credit to cash.

- C. Accounting entries for in-kind contributions of fixed assets from a private or grant donor are made on a general journal voucher as a debit to the fixed asset account and a credit to in-kind contributions revenue.
- D. Accounting entries for fixed assets received from donors that retain ownership of the fixed assets and require donor approval for disposition at the end of awards are made on a general journal voucher as a debit to the appropriate award line item expense account and a credit to the award liability account. The liability account shall be reduced when Evidence Action recognizes revenue for the expense recorded against the donor award.

B. Capitalization

Evidence Action Nigeria will capitalize fixed assets which have an expected useful life of more than one year and a value of \$5,000 or more. All fixed assets will be expensed in full upon purchase, and periodic depreciation will be recorded via the Capital Fund account.

C. Establishing an Asset Record

The Asset Record shall contain the following information:

- Name and description of the fixed asset
- Cost, including purchase price, unreimbursed taxes, duties, delivery costs, and installation fees
- Acquisition date (month and year)
- Location
- Employee to whom the fixed asset has been assigned or who has custodial responsibility
- Asset number assigned by the Finance department
- Manufacturer's serial and/or model number
- Estimated useful life
- Estimated salvage value
- Estimated depreciation value
- Funding sources (if fixed asset acquisitions have been funded by multiple donors)

D. Calculating and Recording Depreciation

- A. An estimated useful life and salvage value (the best guess of the estimated value that a fixed asset will realize upon its sale at the end of its useful life) for each type of fixed asset acquired shall be designated and used to depreciate all fixed assets in that category. Local professional accounting standards or practices shall be used to determine estimated useful life and salvage value. Suggested fixed asset lives are as follows:
 - Computer equipment – three (3) years
 - Furniture and equipment other than computers – five (5) years
 - Vehicles – five (5) years
 - Buildings – forty (40) years
 - Leased building improvements – If the related facility lease has an automatic renewal option, the recommended asset life is forty (40) years. Otherwise, the improvements shall be depreciated over the remainder of the lease term.
 - No asset life shall be assigned to land nor shall land ever be depreciated.
- B. Depreciation expense shall be recorded monthly on a general journal voucher as a debit to depreciation expense and a credit to accumulated depreciation. Accumulated depreciation is the sum of the depreciation expense recorded since the asset acquisition date. The depreciation entry shall

terminate when the fixed asset has reached the end of its estimated useful life. The accumulated depreciation for a given fixed asset shall never exceed its cost. The fixed asset cost and the accumulated depreciation shall remain on the books until the disposal of the fixed asset.

- C. The straight-line method of recording depreciation expense is recommended unless local standards or local practice dictate otherwise. The straight-line depreciation method spreads the asset's cost evenly over its estimated useful life beginning with the month it was first placed into service. One or more expense accounts may be used to record depreciation expense in the General Ledger according to donor or other audit requirements.
- D. The information contained in the Fixed Asset Record shall be used to develop the monthly depreciation expense entry. If a manual ledger is used, the monthly depreciation expense over the estimated life of each asset shall be shown in the ledger. The Fixed Asset Record which contains a summary for all assets by type and funding source shall be used to calculate total depreciation expense.

E. Asset Disposal

Evidence Action Nigeria shall use a standard Asset Disposal form with a Request section and a Disposal section to record the disposal of each asset and obtain appropriate donor approvals.

Before submitting a disposal request, staff shall notify their department lead of a need for replacement of item. The item must be in the requesting staff member's custody in order to raise a disposal request.

Before the disposal is approved, the condition of the item shall be verified and assessed. The cost of repair compared to the value of the item shall be considered. In some cases, such as with IT equipment, the assessment of an expert or specialist may be required.

Asset disposal shall be approved by the Country lead. Fixed asset disposal shall be approved by a committee comprising of the Country lead, the Regional Finance Lead, and a member of the procurement team.

When an asset is disposed, the means of disposal are as follows (in order of preference):

1. Transfer to another department
2. Sale of asset
3. Donation to another organization
4. Trash

The procurement department shall facilitate the disposal of the item. Following the completion of the disposal transaction, the Evidence Action Finance department shall complete the disposal section of the Asset Disposal Form and record the disposal in the General Ledger.

A. Request Section of Asset Disposal Form

The Evidence Action Nigeria Finance department shall submit an Asset Disposal form for each requested disposal to the appropriate donor official for approval. The Request section of the Fixed Asset Disposal form shall include the following:

- a. Description of asset
- b. Current condition of asset
- c. Asset cost

- d. Current net book value of asset (cost less accumulated depreciation)
- e. Asset location
- f. Asset number (as assigned by Evidence Action)
- g. Serial and/or model number (if applicable)
- h. Reason for disposal
- i. Disposal method (sale, transfer, discard, or abandonment)
- j. Date of request
- k. Name and signature of Regional Director
- l. Name and signature of designated approver
- m. Date approved
- n. Estimated amount of funds to be received (if the item is to be sold)
- o. Whether prior approval has been obtained from the donor for fixed asset sales (if required)
- p. Whether clearance for fixed asset sales has been obtained from the local government if Evidence Action is tax-exempt and/or if such approval is required by local regulations.

The solicitation of sealed bids shall be required for all fixed asset sales (see [Procurement Policy](#)). Once a winning bidder has been selected and notified, documentation to support the bidding process and buyer selection shall be maintained on file. If the fixed asset was purchased with donor funding, approval from the donor shall be obtained prior to the sale, as required.

B. Disposal Section of Asset Disposal Form

The Evidence Action Nigeria Finance department shall complete the Disposal section of the [Asset Disposal Form](#) after the asset(s) has been disposed of including the following additional information:

- a. Date disposal took place
- b. Amount of proceeds received (if sale)
- c. Amount of cost incurred to dispose of the fixed asset (if any)
- d. Name and signature of the designated employee attesting to the disposal

C. Recording Asset Disposals

The Finance department shall retain the original Asset Disposal form in order to perform the accounting entries required to record the disposal including:

- a. If a sale took place, the Country Finance Lead shall receive the cash or cash deposit slips directly from the purchaser and record the receipt of the cash on a cash receipts journal voucher by debiting the cash account and crediting a gain/loss on the sale of fixed asset account which is an “other income” account. The Country Finance Lead shall issue a cash receipt form to the purchaser (original), retain a copy of the form on file, and attach a copy of the form to the cash receipts journal voucher. If the purchaser paid by check, a copy of the purchaser’s check shall also be attached to the voucher.
- b. In the same fiscal month, the disposal of the fixed asset shall be recorded on a general journal voucher. The original asset disposal form shall be attached to the general journal voucher which shall be cross-referenced to the cash receipts journal entry if a sale took place. The disposal entry shall vary according to whether or not the asset is fully depreciated.
- c. If the asset is fully depreciated, the entry shall debit the accumulated depreciation account and credit the fixed asset account.

- d. If the asset is not fully depreciated, the entry will be to debit the accumulated depreciation account for the amount of its balance, to debit the net book value of assets disposed of or sold account for the asset's net book value, and to credit the fixed asset account for the asset's cost (net book value is the difference between the asset's cost and the accumulated depreciation balance as of the date of the sale or other disposal).
- e. The general journal voucher shall be sent to the Regional Finance Lead for approval.
- f. After approval, the general journal voucher shall be entered into the General Ledger.
- g. The Asset Record shall be updated for the disposal using the information contained on the general journal voucher and the attached Asset Disposal Form.

F. Counting Fixed Assets

- A. Employees who are independent of the fixed asset custodial and recordkeeping functions shall supervise and conduct fixed asset counts at least annually. A standard preprinted form shall be used to record the counts. The count sheets shall be signed by the person(s) who performed the count(s) and approved by the Regional Finance Lead. The original count sheets shall be sent to the Sub Regional Finance Lead for reconciliation with the Fixed Asset Record and the General Ledger balances for the respective types of fixed assets.
- B. Fixed Asset count differences shall be investigated, and any asset shortages shall be explained. Counts proven to be in error shall require adjustments to the pertinent count sheets after proper approval to make adjustments has been obtained. A Fixed Asset Disposal form shall be prepared and approved for any missing assets. The form shall be attached to the general journal voucher used to record the reduction in the applicable fixed asset balance. The general journal voucher shall be sent to the Regional Finance Lead for approval. After approval, the general journal voucher shall be entered into the General Ledger.
- C. The Fixed Asset Record shall be updated for the disposal using the information contained on the general journal voucher and the attached Fixed Asset Disposal form.
- D. The occurrence of missing fixed assets should not be common. The Country Lead shall address significant occurrences of missing fixed assets with the Regional Finance Lead.

E. Evidence Action Africa Region will use an inventory management system managing assets in the region. The operations unit will manage all program inventory records. The finance and accounting country teams carry out inventory and stock taking audits every year. The responsible officer will be the finance lead in each country's office

E.

G. Insurance

Evidence Action will ensure that all assets including cash, inventory and fixed assets are protected from loss by securing an insurance cover that is sufficient to cover foreseeable losses

H. Receivables

- A. Collection or liquidation deadlines shall be communicated in writing and included in the Local Purchase Order, contract or agreement terms and conditions.
- B. The Evidence Action Nigeria Finance department is responsible for monitoring open balances and following up on delinquencies.
- C. Advances shall not be issued to individuals or organizations that have delinquent balances.
- D. A Vendor code shall be assigned and entered into the General Ledger every time a receivable transaction with the owing organization takes place.

- E. The Evidence Action Nigeria Finance department shall produce receivables collection reports on a monthly basis in order to facilitate monitoring and collection efforts of outstanding account balances.
- F. The General Ledger shall provide a complete audit trail to support each open account balance.
- G. Reserves shall be established for those account balances that appear to be uncollectible. A reserve is set up by recording a debit to a bad debts expense and a credit to a receivables reserve account. Regional Director approval is required to establish reserves.
- H. Uncollectible account balances shall be written-off. Receivable balances are written off by recording a debit to a reserve account and a credit to the applicable receivables account. Regional Director approval is required to write-off receivables balances.
- I. Expat Salary cost - Globally recruited staff paid from Evidence Action - US with PAYE taxes, NHF and pension liable in Nigeria will have this cost paid by Evidence Action - Nigeria and reimbursed by Evidence Action US after reconciliations done by the two entities on a quarterly basis.
- J. Related Parties Receivables – Finance will ensure that at year end and during consolidation of entities books, all expenses incurred by Evidence Action Nigeria on behalf of related parties will be transferred via journal entries to books of the beneficiary entities at cost and invoices raised for payment processing by the related parties.

Accounting for and Managing Liabilities (FIN.NG.INT.02.04)

Please see FIN.G.INT.02.04 for more detail.

A. Principles

- A. A liability is an amount owed by Evidence Action. The Finance department shall record a liability for any debt incurred but not settled (paid) during a given month. It is often necessary to record an accrual if a liability has not been set up in the normal course of business. An accrual aids in ensuring that Evidence Action's expenses, assets, and liabilities are properly stated at the end of the month.
- B. Evidence Action regularly incurs expenses that shall be paid in the future. To ensure that these expenses are booked in the proper period, the Finance department shall establish accrued liabilities in the months in which the expenses are incurred.
- C. The Finance department shall establish a separate accrued liabilities general ledger account for each type of significant, recurring accrual. Accrued liabilities are recorded on general journal vouchers as debits to the appropriate expense accounts and credits to one or more accrued expense (liability) accounts.
- D. The following are types of expenses for which accruals are usually needed:
 - Pensions
 - Employee severance
 - Employee salaries and wages (including vacations) earned but not yet paid
 - Normal operating expenses that were incurred but for which the Vendors have not submitted invoices as of the end of a given month*
 - Risk related to fraud or legal cases**

* If Evidence Action has received goods or services and the Vendor's invoice but has not paid the Vendor before the end of a given month, the liability shall be recorded as an account payable and not as an accrued expense.

** Expenses arising from fraud or legal issues should not be charged to donor awards.

- E. The Regional Finance Lead shall make the determination as to when an accrued liability shall be set up or liquidated. Documentation supporting the reason for the accrual shall be attached to the general journal voucher. If the reason for the accrual is confidential in nature, the documentation shall be retained on file by the Regional Finance Lead and a notation shall be attached to the general journal voucher.
 - F. Quarterly Vendor reconciliation will be carried out by the finance department on all vendors contracted by Evidence Action Nigeria. All vendors with a balance of \$1,000 and above or its equivalent will be eligible for this process.
- B. Adjusting Accrued Liabilities
- A. Accrued liabilities shall be reviewed monthly and adjusted as necessary. When a liability has been paid in full or in part, the portion of the liability that has been settled (paid) shall be reversed on a general journal voucher as a debit to the accrued liability account and a credit to the account that was charged on the accrual entry. The reversing entry and the payment voucher shall be cross-referenced and an explanation for the reversal shall be included on the reversal voucher.
 - B. If Evidence Action management decides that all or a portion of an accrual relating to a non-grant activity is no longer needed, the portion of the accrual that is no longer needed shall be reversed and an explanation of the reason that portion of the accrual is no longer deemed necessary shall be attached to the general journal voucher.
 - C. If Evidence Action has accrued an allowable expense against a grant award, but has determined that all or a portion of the accrual is no longer needed, the portion of the accrual that is no longer needed shall be reversed. If the award is still active, the expense credit shall reduce the next cash drawdown or reimbursement from the grant donor for that award. If the award has been closed, a payment shall be made to the grant donor for the amount of the expense reversal. An explanation of the reason for the reduction in the liability shall be included on the general journal voucher. All accrued liabilities booked for a grant or project must be settled before closing the grant or project.
 - D. If an accrued liability was based on an estimate that needs to be adjusted, the explanation and the basis for the adjustment shall be provided on the general journal voucher.
 - E. The Sub Regional Finance Lead shall sign all accounting entries for adjustments to or reversals of existing accruals.
- C. Preparing and Maintaining Analyses of Accrued Liabilities
- A. The Finance department shall prepare updated account analyses of accrued expense balances at the end of every month to aid in tracking accrued expense balances.
 - B. A detailed account analysis shall be prepared for each type of accrual. The account analysis should be updated monthly and cover the entire fiscal year.
 - C. The types of information that shall appear in the account analysis for each type of accrual are the following:
 - Description of the accrual
 - Party to whom the liability is owed
 - Basis for the accrual (how it is calculated)
 - Accrual balance at the beginning of the month
 - Addition(s) to each accrual (indicate amount, transaction number, and transaction date) during the month
 - Reductions in each accrual (indicate amount, transaction number, and transaction date) during the month
 - Accrual balance at the end of the month

- D. The ending monthly balance reported on each account analysis shall agree with the ending balance in the corresponding General Ledger account. The Regional Finance Lead or his/her designee shall review the account analyses monthly to ensure that they have been properly prepared and agree with the general ledger balance(s).
- D. **Payables**
- A. The Accounts Payable process occurs when impending payments are set up as liabilities before payment (also described as on an accrual basis for accounting purposes).
 - B. Use of an accounts payable system helps to ensure that expenses and asset acquisitions are recorded in the proper accounting periods and corresponding liabilities are correctly stated.
 - C. Accounts payable systems also aid in tracking open vendor invoices until they are paid.
 - D. Accounts payable transactions are recorded on a standard accounting entry document known as an accounts payable voucher.
 - E. The Finance department is responsible for making payments after ensuring that all payment requests are approved with adequate supporting documentation attached.
 - F. The Accounts Payable process does not apply when Vendors are paid on a cash basis. In this case, all cash payments (other than payroll) are recorded on cash disbursement vouchers and vendors are paid immediately upon receipt of the goods and/or services.
 - G. The assigned Accounts Payable Custodian receives the following documents, when applicable:
 - a. From the Procurement Officer – Local Purchase Order, Requisition, competitive bid documentation, Selection Memorandums (basis for Vendor selection), CSI check
 - b. From the Vendor – invoice and delivery note
 - c. From the Receiving Officer – Goods Received Note
 - d. From administration or procurement – signed Local Purchase Order, contract or agreement, CSI check
 - e. From the requesting department – payment request (for services or for payments other than the purchase of goods such as travel advances), CSI check.
 - f. For all transactions; Accounts Payable Custodian will ensure that CSI check matches the names on the Vendor's invoice or the staff members name for payments to staff, that the correct sanctions and terrorists watch lists were used per the Sanctions & Terrorist Watch Lists Procedures and that the date of clearance was within the last 12 months.
 - H. The Accounts Payable Custodian then compares and verifies the documents received as described below:
 - a. If the transaction is for a goods purchase, the Accounts Payable Custodian matches the descriptions, quantities, and unit prices per the Vendor's invoice and delivery note to those indicated in the Local Purchase Order and the Goods Received Note.
 - b. If the transaction is for a contracted service, the Accounts Payable Custodian compares the Vendor's invoice against the terms of the Local Purchase Order, contract or agreement and the payment request.
 - c. If the transaction is for another type of payment (e.g., travel advance) the Accounts Payable Custodian checks the request form received for proper approvals and account coding information and also checks open balances to see if the requested payment is compliant with Evidence Action Nigeria policies and procedures.
 - I. Upon satisfactory completion of the verification process, the Accounts Payable Custodian prepares an accounts payable voucher and attaches the supporting documents. On the accounts payable voucher, the appropriate account(s) is/are debited and Accounts Payable is credited. The Accounts Payable Custodian also prepares a payment request form if one was not received previously and submits the

voucher and the payment request to the Regional Finance Lead or his/her designee for approval. The Accounts Payable Custodian then attaches the approved payment request form to the voucher and posts the voucher to the General Ledger or accounts payable (voucher) register, as applicable.

- J. The Accounts Payable Custodian prepares a disbursement check and routes the check and the voucher to the designated Evidence Action Nigeria official for signature and approval. The disbursement is recorded in the cash disbursements journal as a debit to Accounts Payable and a credit to cash. The check, check copy, or check stub (if applicable) should contain a cross-reference to the related accounts payable voucher transaction reference number(s).
- K. The signed check is distributed to the Vendor. The payee representative who collects the check shall sign to acknowledge receipt of the payment. The payee acknowledgment and a copy of the signed check shall be attached to the voucher. The voucher documentation is then canceled and filed.
- L. Related Parties Payables – Finance will ensure that at year end and during consolidation of books; all expenses incurred by related parties and on behalf of Evidence Action Nigeria are transferred via journal entries to the entity's books at cost. Invoices raised by the related parties will be paid semiannually.

Budgeting (FIN.NG.INT.02.05)

Re-allocation of Funds PURPOSE

The purpose of this policy is to ensure a streamlined process of identifying savings and reallocating funds between program activity lines within a state.

POLICY

Step 1: Requester raises a payment request through process maker to Finance

Step 2: Finance reviews payment request for adequate budget allocations for the program activity

Step 3: Finance communicates to requester via email of insufficient budget allocation for the program activity, and any available savings on a program activity

Step 4: Requester identifies savings and obtains approval from budget holder and DFAR for a justification for re-allocation of funds

Step 5: Requester sends the approved justification for re-allocation of funds to Finance

Step 6: Finance reviews supporting documentations and requests for approval from Senior Manager Finance for payment

Step 7: Senior Manager Finance approves payment

Step 8: Finance uploads payment on banking platform awaiting signatories' approvals Step 9: Bank signatories review payments and approves

Step 10: Beneficiary receives payment

Minimum Threshold for using a justification for reallocation of funds - \$500 Identified savings may be used from program activity that has been concluded.

Identified savings may be used from program activity yet to happen if the requester has provided sufficient documentation evidencing expected savings from the program activity.

Please see FIN.G.INT.02.06 for more detail.

Please see FIN.G.INT.02.06 for more detail.

Audit (FIN.NG.INT.02.06)

Please see FIN.G.INT.02.07 for more detail.

The Regional Finance Lead will be the contact person during all program finance and annual in-country audits with guidance from the Evidence Action US finance team. Upon approval by the regional management team an external audit firm will conduct external audits of all financial activities on an annual basis to ensure compliance with appropriate Statutory and donor reporting rules and regulations.

1. The Regional Finance Lead will lead the negotiations of the terms of the engagement letter in close coordination with the CFO.
2. The Annual hard close will be managed by the Senior Sub Hub Regional Lead in close collaboration with the Global director of finance.
3. Once all schedules are verified and confirmed, the global finance team will do the consolidation of the Books of Accounts for all entities (countries).
4. In collaboration with the Global finance team, the Sub-regional finance teams will generate the FS and schedules to be shared with the external auditors for audit sampling.
5. The Regional Finance Lead will share all materials with the auditors and agree on the country specific field audits dates.
6. The Regional Finance Lead together with the country leadership teams will attend the auditor's entry meetings, agree on the audit timelines for the field work and guidelines on the flow of information between the Auditors and Evidence Action.
7. The Regional Finance Lead will be the Evidence Action point person for all Audits.
8. Upon receipt of the Management Letter (ML), the Regional Finance Lead will discuss the same with the country leadership and departmental heads to come up with management comments on all the findings.
9. Responses to the ML will be shared with the Sub-RDs, RD and CFO for their review and inputs. Upon their review and approval, the Audit subcommittee of the Global board will receive the ML for their review. For entities with local boards, the ML will be presented together with the final Financial Statements (FS) for review and approval.

10. The ML will be sent back to the Auditors for signature and finalization of the Audit. The audited FS will be shared with EA management for signature by the authorized officials.

11. The signed ML and FS to be shared with the CFO for further sharing with the Global auditors and the Board

Grant Management (FIN.NG.INT.02.07)

Please see FIN.G.INT.02.07 for more detail.

Cash Flow Management (FIN.NG.INT.02.08)

- A. Lack of effective cash inflow and outflow management may cause cash shortfalls and delays in paying employees and Vendors in a timely manner.
- B. Monthly cash flow forecasts taking program and department budgets into consideration shall be prepared by the Country Finance lead and approved by the Country Lead. The sub-region Snr. Manager Finance will consolidate the country specific cash needs by considering the real time bank balances and BMR projections. The Snr. Manager Grants and budgets will review and approve the cash request for further action. The Regional Finance Lead will sign off on the cash request and share with the CFO and Director Global Finance and Accounting while keeping the RD and Sub-RDs on copy. Regional fiancé Lead in consultation with Evidence Action US will plan for the timing of issuing funds which includes:
 - a. Determining the cash position at the beginning of the month through examination of accounting records.
 - b. Planning the timing of anticipated cash inflows including donor advances or reimbursements and collection of accounts receivable balances for the month.
 - c. Estimating the timing of cash disbursements according to planned activities for the month.
 - d. Summarizing this information in a spreadsheet format showing a forecast of cash balances by month.
 - e. Providing the forecast to Evidence Action Leads for use in projecting cash requirements.
- C. Bank transfers from other accounts should be posted in the cash disbursements journal when a transfer has been initiated and to the cash receipts journal when a transfer has been completed. A cash-in-transit account should be used to track and monitor the transfer of cash between bank accounts.
 - When funds are transferred from bank account A to bank account B:
 - Debit cash-in-transit account
 - Credit Bank A account
 - When funds are reflected as received in bank account B:
 - Debit Bank B account
 - Credit cash-in-transit account

Cash-in-transit is the General Ledger account used to track cash that is being transferred between bank accounts. Since the cash disbursement is recorded on a separate accounting voucher than the cash receipt, the cash-in-transit account is needed to balance each of the two entries. When the cash receipt is recorded, the balance in the cash-in-transit account should zero out.

Program bank accounts are occasionally a requirement of donors for a specific grant. Funds in separate program bank accounts must never be transferred from one program bank account to another program bank account. Funds from one program bank account should never be commingled with those of another program. Finally, funds from one program bank account must never be temporarily “parked” in the account of another project to cover shortfalls.

Operating in a Cash Environment (FIN.NG.INT.02.09)

- A. The following measures shall be implemented to ensure that cash is properly safeguarded when operating in a cash environment in more remote and/or rural areas (e.g., limited banking and check-writing facilities, most Vendors require cash payments, etc.).
 - a. Financial accounting management policies and procedures shall be established that clearly indicate the roles and responsibilities of staff members involved in cash management, the documentation required for each step of the cash cycle, and the approvals required to disburse funds. These roles and responsibilities shall be documented in writing.
 - b. A primary and secondary Cash Custodian shall be designated and properly trained to handle the cash.
 - c. All cash-related functions shall be clearly segregated to the extent possible. There shall be established checks and balances for each cash process. If staff limitations prevent a full segregation of duties, compensating controls must be established and documented in the Delegated Authority Document.
 - d. Cash must be kept in a locked safe and access to the safe must be limited to the Cash Custodian.
 - e. A maximum level for cash on-hand at the office shall be established by the Regional Director.
- B. Each cash receipt shall be documented as follows:
 - a. Cash remittance or cash transfer advice (when applicable)
 - b. Sequentially-numbered and pre-printed cash receipt books that produce carbon copies shall be utilized. Each cash receipt slip shall be signed and dated by the Cash Custodian and the payer. The original copy shall be returned to the payer and a copy shall be attached to the Cash Receipts Voucher. The Cash Custodian shall retain another copy in a separate file for control purposes.
 - c. Cash Receipt Voucher signed by the preparer and approver of the voucher, with copies of the cash receipt slip and remittance or transfer advice (when applicable) also attached.
 - d. NOTE: Multiple cash receipts can be included on a single Cash Receipt Voucher as long as they are shown separately on the voucher.
- C. Cash payments must be made for authorized purposes only and shall be supported by a combination of the following documents, as applicable:
 - a. Approved Requisition
 - b. Price quotations or pro-forma invoices
 - c. Selection Memorandums describing the reasons for Vendor selection
 - d. Approved Local Purchase Order
 - e. Goods Received Note

- f. Written memos to the file justifying any significant variances between items and quantities ordered versus those received
 - g. Vendor original invoice or employee travel expense report
 - h. Approved payment/advance request
 - i. Sequentially-numbered and pre-printed cash payment books that produce carbon copies shall be required for all cash disbursements. Cash payment slips shall be signed and dated by the Cash Custodian disbursing the cash and by the payee. The original cash payment slip shall be attached to the Cash Payment Voucher and a copy shall be provided to the payee. The Cash Custodian disbursing the cash shall retain another copy for control purposes.
 - j. Cash Payment Voucher that includes all the supporting documentation listed above, signed by the voucher's preparer and approver. A separate voucher shall be prepared for each cash disbursement. No two disbursements shall be combined on a single voucher.
- D. The Cash Custodian shall be prohibited from authorizing payments.
- E. The Cash Custodian must record all payments in a formal cash ledger. The cash ledger shall include the date and the purpose of the payment, payee, amount paid, account(s) charged, and the running balance of the cash fund.
- F. All cash transactions shall be posted immediately to the cash ledger.
- G. In addition to the cash ledger, a General Ledger shall be maintained that includes all cash transactions plus all journal entries such as those to record liquidation of receivables balances, depreciation, reclassification, or correction of entries. The General Ledger shall be maintained by someone other than the Cash Custodian. The journal entries shall be recorded on standard documents known as General Journal Vouchers. The preparer and approver of the voucher and the staff member who entered the transaction in the General Ledger shall sign the vouchers.
- H. The primary and secondary Cash Custodian shall alternate counting the cash-on-hand daily. The cash remaining in the petty cash box plus the sum of payments made from the date of the fund's last replenishment, less any cash received during the period, must agree with the total authorized cash level. Any difference shall be brought to the attention of the Regional Finance Lead or Country Lead.
- I. A cash count must be performed and an official handover of cash and documents must be made whenever there is a change of custodial responsibility. A third person must witness and approve the handover process.
- J. A designated employee other than the Cash Custodian shall conduct a cash count at least once a week. The results of the cash count shall be documented and reported to the Regional Finance Lead or Country Lead.
- K. A designated employee not involved in cash management functions shall conduct an unannounced cash count at least once a month. The results of the cash count shall be documented and reported to the Regional Finance Lead or Country Lead.
- L. All Cash Payment Vouchers shall be canceled (marked or stamped "PAID" or "PROCESSED") to prevent their re-use.
- M. All Cash Payment Vouchers shall be systematically filed in a locked cabinet or room to restrict access to designated employees only as listed in the Delegated Authority Document.
- N. Access to the cashbook and the General Ledger shall be restricted. If the cashbook and/or General Ledger are/is prepared manually, it shall be stored in a locked safe during non-working hours. If the cashbook and/or General Ledger are/is maintained on a computer, the files or computer shall

be password protected and backed-up weekly. Daily file back-ups are recommended whenever possible

Prepaid Expenses and Security Deposits (FIN.NG.INT.02.10)

A. Principles

- A. Common examples of prepaid expenses include office leases, insurance premiums, and office equipment maintenance contracts. The portion of these payments that benefit future accounting periods shall be recorded as prepaid expenses. The cost of these assets is charged to expense (amortized) during the benefiting months. The Evidence Action Finance department shall maintain a detailed analysis of open prepaid expenses to facilitate their review and ensure that balances are properly amortized.
- B. Security deposits shall be recorded as assets but not amortized since they are not consumed and their value does not diminish over time.

B. Recording Prepaid Expenses

- A. The Regional Finance Lead shall determine which disbursements shall be set up as prepayments based on expenditure type. Prepayments below the minimum threshold established by the Regional Finance Lead shall be expensed when paid. The minimum threshold established by the Regional Finance Lead for prepayments shall be documented in the Delegated Authority Document.
- B. The Regional Finance Lead may establish separate General Ledger prepaid expense accounts for each type of prepayment or decide to record all prepayments in a single account in consultation with the CFO. If multiple types of prepayments are maintained in a single General Ledger prepaid expense account, each prepayment shall be properly amortized.

C. Maintaining Supporting Records for Prepaid Expenses

- A. Supporting records may be in the form of a ledger (register) or worksheet. A separate ledger or worksheet shall be maintained for each type of prepaid expense or in the case of multiple general ledger accounts. Information that shall be included in each detailed register includes:
 - Description of the prepayment
 - Vendor name
 - Transaction reference number
 - Transaction date
 - Periods that will benefit from the prepayment (the term over which the prepayment is to be expensed, usually expressed as the number of months)
 - Total amount of the prepayment
 - Amount that shall be expensed (amortized) each month
 - Monthly beginning balance
 - Additions (cash disbursements)
 - Reductions (e.g., general journal entries for monthly amortizations, insurance premium refunds)
 - Monthly ending balance
- B. The monthly ending balance in each detailed register (if multiple prepaid expense accounts are used) shall agree with the corresponding General Ledger balance for each account. If only one prepaid expense account is used, the total of the ending balances for all detailed registers shall agree with the General Ledger balance.

- C. The detailed registers shall be reviewed monthly by the Regional Finance Lead to ensure that they are sufficiently detailed and agree with the General Ledger balance.
- D. **Amortizing Prepaid Expenses**
 - A. The process by which prepaid expenses are charged to expense is known as amortization. Prepaid expense balances shall be charged to expense in the period(s) when Evidence Action derives a benefit from the original expenditures.
 - B. A designated employee in the Finance department shall be responsible for preparing the monthly amortization entry. Every month, the designated employee shall refer to the detailed accounting record(s) for the amount to be amortized for each account and/or type of prepayment. If a spreadsheet is used for prepaid expense tracking, a copy of the spreadsheet shall be attached to the amortization entry for each month.
 - C. Prepaid expenses are usually amortized evenly over the benefiting periods. For example, if Evidence Action is required by contract to pay office rent one year in advance, payment shall be recorded on a cash disbursement voucher as a debit to prepaid expenses and a credit to the cash bank account. Each month during the lease term, the Finance department shall record a debit to expense and a credit to the prepaid expense account on a general journal voucher for one-twelfth of the prepaid rent. By the end of the lease term, the rent prepayment will be fully amortized.
 - D. If several types of prepayments are maintained in a single General Ledger account, the cumulative amortization for each type of prepayment should not exceed the amount of the original asset. If the benefit derived from the prepayment does not extend beyond the life of the associated project, the prepaid expense shall be amortized within the project implementation period.

Maintaining Supporting Records and Recording Security Deposits

- A. Low cost security deposits like those required by utility and telephone companies are not prepaid expenses and shall be expensed when paid.
- B. Security deposits established as assets shall not be amortized. The Finance department shall maintain a list of all amounts charged to the security deposit account. The list shall contain the voucher reference, Vendor name, date paid, amount paid, and a brief description of each payment. The Finance department shall also keep copies of related support documentation for each charge to the security deposit account until the deposit is recovered. The Regional Finance Lead or his/her designee shall review the records to ensure that they are detailed and agree with the General Ledger balance.
- C. The criteria and threshold for determining when payments for low cost security deposits shall be expensed when paid shall be documented in writing.
- D. If the benefit derived from the security deposit does not extend beyond the life of the applicable project, the security deposit shall be liquidated before the project is closed.

Monitoring and Accounting of DtWI Government Transfer Payments (FIN.NG.INT.02.11)

Evidence Action is committed to effectively processing payments while adhering to internal controls to ensure that all payments are made for the intended purpose to the target beneficiaries. In order to ensure

payments are being processed effectively and that the process is completed in accordance with internal policies and procedures, DtWI Nigeria and the Finance department will adopt the following actions to monitor this process:

Monitoring will be ongoing and occur throughout the process. All employees involved in the process are responsible for reviewing supporting documentation for accuracy, compliance, and authenticity at each stage of review.

1. Logistics Assistant will complete detailed review, verifying that all names and signatures listed on the attendance register and bank details sheets match and are correctly entered into the excel spreadsheet. The Logistics Assistant will ensure information is complete and inconsistencies are corrected before handing over to the Operations Team.
2. Casual Staff/ Operations Associate will make calls prior to payment processing to confirm that a sample of the participants listed on the attendance sheet attended training.
 - a. Calls will be made to at least 10% of participants per LGA (Local Government Area).
 - b. Calls will be conducted by someone independent of Logistics Assistant and Data clerks.
 - c. Phone calls will be documented on a call log and include details on:
 - i. Number of calls made
 - ii. Questions that were asked with teachers responses (sample questionnaire [here](#))
 - iii. Call log will be filed together with hard copy LGA attendance and bank details sheet
3. The Operations Team will complete a secondary review, spot checking the documentation to verify details are correct and will prepare the payment authorization form (PAF) for payment processing.
4. The Finance department will review support documentation verifying available budget, confirming transaction amounts align with standard allowance rates, confirming financial dimensions (GL codes, funder, location) are correct, required signatures are recorded and that supporting documentation is saved on box for audit compliance. The Finance department will also check to make sure there are no duplicate names or account numbers included on the PAF.
5. The Country Director, Nigeria and Regional Finance Lead will receive a report at the end of each round of payment processing including the completed call logs and the payment tracker for visibility into payments made, frequency and type of payment rejections if these have occurred, and processing time to take corrective action if necessary.
6. In the event that the monitoring plan identifies issues with 10% or more of payments made to participants then Country Director, Nigeria and Regional Finance Lead will revert and reassess the payments for that cycle.

DtWI government transfer payments will be accounted for as an expense when the funds are advanced.

Standard Policy on Spot Checks on Training Attendees

PURPOSE

The purpose of this policy is to ensure that Evidence Action performs due diligence on teacher training attendees to ensure correct attendance and payment to beneficiaries. This policy

mitigates against the risk of having unauthorized names on the teacher training attendance sheets.

POLICY

Selection: Random selection basis will be used to select the sample size from the teacher training attendance list. Random selection will be adopted using the Microsoft excel function. A representative from operations and program team will be present during the random selection and the process of selection documented and signed by the attendees.

Sample Size: Minimum sample of 1% of the whole population to be tested. There is no maximum sample size.

Time Frame: Operations team to conduct the spot checks before sending the Payment Authorization Forms (PAF) to finance on process maker. Spot checks to be conducted 2 weeks after the initial round payment of the teacher training has been concluded.

Mode of Spot Check: The teachers will be contacted through phone calls to contact numbers provided on the attendance sheets.

Template for Documenting Spot Checks:

Program Activity:

State:

Deworming round:

Sample Selection Size:

Sample Selection
Mode Sample Selection
Date:

Sample Selected By:

Name of Teacher	Telephone number	Name of Caller/Date of Call	Did teacher attend training?	Feedback on Training?	Did teacher receive transport fare?	How much was received?	Date received?	Additional Remarks

Success rate: Success rate is determined by 100% confirmation of teachers attended the training and receiving their transport fare.

Next Steps in events where success rate is less than 100%

- Operations team confirm if/why the teacher had escalated the non-receipt through the recommended complaints/feedback channel through the NTD coordinator.
- Operations team escalate to the State NTD Coordinator through the State program manager.
- Operations team request for bank statement for the specified period

- from the NTD coordinator through the Program Manager.
- Operations team obtain the correct account details of the teacher and send to Finance via Email for reinitiating payments.

REGIONAL & SUB-REGIONAL COSTS (FIN.AR.INT.03)

Please see FIN.G.INT.03.

Effective Date: 1 January 2023

Origin: 15 November 2015

Revision: 1 April 2022, December 2022

This document outlines the approaches for the following shared program costs:

1. Regional Direct Shared Cost Pool
2. Sub-Regional Direct Shared Cost Pool
3. Supplemental information for the Shared Country office shared costs pool, as already documented [here](#).

PURPOSE

The purpose of this policy is to describe how **Regional Costs** and **Sub-Regional Costs** are consistently and rationally allocated across Evidence Action programs. This policy applies to both Regional Shared Costs for Africa Region as a whole and also to the Sub-Regional Shared Cost pools for both **East & South Africa Sub-Region** as well as **West & Central Africa Sub-Region**.

In principle as much as feasible, we shall aim to have more costs directly charged to programs at the country level. It is only for costs that are hard to attribute to a specific program either in part or as a whole, that the pooled methods come into effect.

DEFINITION OF REGIONS AND SUB-REGIONS

1. Regional Africa

This is defined as the entire Africa Region as a continent. Evidence Action has operations in Africa and is currently in five countries.

2. East & South Africa Sub-Region Hub

This hub comprises the countries of Kenya, Uganda, Malawi, and other countries which may be added in the future in this hub.

3. West & Central Africa Hub

This hub comprises the countries of Nigeria, Liberia, and other countries which may be added in the future in this hub.

POLICY

Assigning expenses to projects using a methodology that is consistent and rational will provide Evidence Action management with the true cost of each project being implemented. The objective of cost allocation is to charge expenses to Evidence Action projects based on the benefit that each project receives from the expense incurred. Using documented and systematic methods to allocate shared costs shall ensure that each Evidence Action donor covers its “fair share” of allocable expenses. Allocating shared costs also helps to improve project management through a fair and reasonable distribution of allocable operational costs across all Evidence Action funding sources. An effective cost allocation system will enable Evidence Action to more accurately budget program needs. It will help Evidence Action in complying with donor regulations and assist in maintaining a consistent, reasonable, and reliable financial accounting management system.

Principles

Logic shall be applied and the criteria chosen shall be justifiable when allocating shared costs to projects. The best cost drivers closely link costs incurred to project benefits received. All cost allocation methods chosen shall be fair, justifiable, and applied consistently. Cost allocation formulas shall be updated with each budget or budget review, as required to ensure that charges allocated to each project accurately reflect project activities during the period.

The following steps are essential in implementing a cost allocation methodology:

1. Defining Cost Drivers. The “fair share” is normally calculated by defining the cost driver.
2. Determining which costs are Shared Costs. Some examples of Shared Costs that normally benefit multiple projects are utility bills; office supplies; office rent; management and administrative staff salaries.
3. Establishing an auditable system to determine Shared Costs and Cost Allocation policies and procedures.
4. Using Cost Allocation policies and procedures consistently throughout the fiscal year.
5. Basing Cost Allocations on the most recent approved budgets and applying these to the actual costs incurred.

Regional Cost Allocations

Regional Costs are allocated to the active, ongoing programs at Evidence Action in the Africa Region. The basis of this plan is that the Finance & Operations, Human Resources, and any other supportive department that may be included, will offer various support services to the active programs and management.

DEFINITIONS

Shared Costs: Expenses that are incurred for a common purpose and cannot be assigned directly to a specific Evidence Action project, funder, or department.

Cost Allocation: The process of distributing shared costs to appropriate Evidence Action projects.

Regional Costs: These are Pooled expenses that are incurred by the regional office for a common purpose that benefits all programs in the Africa Region. To determine the share of these costs for each program, then we have to use an allocation methodology.

Sub-Regional Costs: These are Pooled expenses that are incurred by the sub-regional office for a common purpose that benefits all programs in the sub-Region. To determine the share of these costs for each program, then we have to use an allocation methodology.

PROCEDURES

Budget Process

During budgeting, we plan to have 3 budgets developed for each of the pools. Below is a list (not exhaustive) of expected possible costs that each of the pools is expected to include.

1. Africa Regional Pool Budget

This has been the only pool for Africa Region and is going to change with the introduction of the Sub-Regional Pools. Below are possible costs that will be included. We have identified these costs in two parts, first, there are those that will be budgeted as a **whole** (NB it will be more efficient to bill these costs to the regional office and later on allocate them to the other programs). The second is a category of costs that will **only cater to the regional assigned staff**, with the programs, other departments, country office, and sub-region budgets covering the rest. Since the Nairobi office currently also hosts the regional, the definitions are particularly relevant to Kenya.

1. Salaries and Benefits for the Region assigned Staff who work to support the entire Africa Region.
2. Contract Services
 - a. The whole of the following costs; legal retainer, tax consulting services, Pay-space contract for payroll administration, annual audit fees, and Process Maker Support Fees.
 - b. Recruitment expenses for any vacant positions relating to the regional staff only.
3. Travel for the Region assigned staff.
4. Non-staff travel costs, for regional support only.

5. Office Expenses -
 - a. The whole Furniture cost for Common areas such as the kitchen, and boardroom.
 - b. Extra furniture for use by the Region assigned staff only.
 - c. The whole general office's maintenance costs.
 - d. Airtime for Regional staff only.
 - e. The whole internet costs for the Nairobi Office.
 - f. Airtime for Regional staff only.
 - g. Courier for the regional team only
 - h. Professional membership costs for teams in the regional team only.
6. Information Technology
 - a. Laptops and other IT equipment for use by the regional team only.
 - b. The whole common area IT equipment costs for general use.
 - c. The whole Web Hosting costs for the Nairobi office.
7. Occupancy
 - a. The whole of the office rent for the Nairobi office.
 - b. The whole of utility, cleaning & janitorial, and building/facilities maintenance costs.
8. Insurance
 - a. The whole insurance costs for office and furniture equipment in the regional offices
9. Conferences and Meetings
 - a. The whole Africa Leadership meeting costs.
 - b. The whole costs of common meetings such as staff engagements, sharing of regional updates, etc.
10. Program management and material
 - a. Costs that relate to materials, vehicles, e.t.c which can be assigned for use by the Africa region staff only.
11. Other
 - a. The whole bank charges for the period.

2. East & Southern Africa Sub-Regional Pool Budget

This is a newly introduced Sub-Regional Pool. Below are possible costs that will be included. We have identified these costs in two parts. First, there are those that will be budgeted as a **whole** (NB it will be more efficient to bill these costs to the Sub-Regional office and later on allocate them to the other programs). The second is a category of costs that will **only cater to the Sub-regional assigned staff**, with the programs, other departments, and country office budgets covering the rest. Since the Nairobi office, currently, also host the country offices, the definitions are particularly relevant to Kenya.

1. Salaries and Benefits for the Sub-Region assigned Staff who work to support the specific Sub-Africa Region.
2. Contract Services
 - a. Recruitment expenses for any vacant positions relating to the sub-regional staff only.

3. Travel for the Sub-Region assigned staff.
4. Non-staff travel costs, for Sub-region support only.
5. Office Expenses -
 - a. Extra furniture for use by the Sub-Region assigned staff only.
 - b. Airtime for Sub-Region staff only.
 - c. Airtime for Sub-Regional staff only.
 - d. Courier for the Sub-Regional team only
 - e. Professional membership costs for teams in the Sub-regional team only.

6. Information Technology
 - a. Laptops and other IT equipment for use by the Sub-Regional team only.
7. Occupancy
 - a. To be budgeted in the **Regional office Budget**.
8. Insurance
 - a. To be budgeted in the **Regional office Budget**.
9. Conferences and Meetings
 - a. The whole costs of common meetings relating to the sub-region.
10. Program management and material
 - a. Costs that relate to materials, vehicles, e.t.c which can be assigned for use by the Africa sub-region staff only.
11. Other
 - a. To be budgeted in the **Regional office Budget**.

3. West & Central Africa Sub-Regional Pool Budget

This is a newly introduced Sub-Regional Pool. Below are possible costs that will be included. We have identified these costs in two parts. First, there are those that will be budgeted as a **whole** (NB it will be more efficient to bill these costs to the Sub-Regional office and later on allocate them to the other programs). The second is a category of costs that will **only cater to the Sub-regional assigned staff**, with the programs, other departments, and country office budgets covering the rest. Since the office is not yet established the costs are only indicative, and may need to be revised as the form becomes clearer. This may be along the lines of whether the sub-region will be hosted by an existing country office or otherwise. **The write-up below is based on the assumption that the sub-region office will be hosted in an existing country office.**

1. Salaries and Benefits for the Sub-Region assigned Staff who work to support the specific Sub-Africa Region.
2. Contract Services
 - a. Recruitment expenses for any vacant positions relating to the sub-regional staff only.
3. Travel for the Sub-Region assigned staff.
4. Non-staff travel costs, for Sub-region support only.
5. Office Expenses -

- a. Extra furniture for use by the Sub-Region assigned staff only.
 - b. Airtime for Sub-Region staff only.
 - c. Airtime for Sub-Regional staff only.
 - d. Courier for the Sub-Regional team only
 - e. Professional membership costs for teams in the Sub-regional team only.
6. Information Technology
- a. Laptops and other IT equipment for use by the Sub-Regional team only.
7. Occupancy
- a. The whole of the office rent for Sub-Region office(s).
 - b. The whole of utility, cleaning & janitorial, and building/facilities maintenance costs for Sub-Region office(s).
8. Insurance
- a. The whole insurance costs for office and furniture equipment in the Sub-region office(s)
9. Conferences and Meetings
- a. The whole costs of common meetings relating to the sub-region.
10. Program management and material
- a. Costs that relate to materials, vehicles, e.t.c which can be assigned for use by the Africa sub-region staff only.
11. Other
- a. The whole bank charges for the period.

4. Country Office Pool costs Budgets

The detailed policy on allocation of country office pooled costs have been defined in this [document](#). We have however defined the possible costs that will be budgeted for under country pool budgets in each of the countries.

Any office pooled costs that do not fit into either regional or sub-regional budgets, will be budgeted for under the country office's shared costs pool budget. In most cases these will be for the Finance and Operations department, Country procurement teams, HR department, a portion of country directors' time, and other teams who do not work for a specific program in the country and do not also support the region or Sub-region components. **For Nigeria, pending the establishment of the Sub-Regional Pool, the current costs, and especially what was defined to be wholly budgeted for in the Sub-Regional budget, may fit only in the Country Shared Costs pool.**

1. Salaries and Benefits for the country assigned Staff who work to support the specific country office.

2. Contract Services
 - a. Recruitment expenses for any vacant positions relating to the sub-regions staff only.
3. Travel for the Sub-Region assigned staff.
4. Non-staff travel costs, for Sub-region support only.
5. Office Expenses -
 - a. The whole Furniture cost for Common areas such as the kitchen, and boardroom.
 - b. Extra furniture for use by the country assigned staff only.
 - c. Airtime for country staff only.
 - d. Airtime for country staff only.
 - e. Courier for the country team only
 - f. Professional membership costs for teams in the country team only.
6. Information Technology
 - a. Laptops and other IT equipment for use by the country team only.
 - b. The whole of Web Hosting costs for the country's hosted office(s).
7. Occupancy
 - a. The whole of the office rent, utilities, security, office cleaning, building repairs & Maintenance for the country's central office(s) - NB Field offices will be directly billed to programs.
8. Insurance
 - a. The whole insurance costs for office and furniture equipment in the country's hosted office(s).
9. Conferences and Meetings
 - a. The whole costs of common meetings such as staff engagements, sharing of Country updates, etc.
10. Program management and material
 - a. Costs that relate to materials, vehicles, e.t.c which can be assigned for use by the country's staff only.
11. Other
 - a. To be budgeted in the **Regional office Budget**.

BUDGET PREPARATION & APPROVAL RESPONSIBILITIES

1. Africa Regional Pool Budget

This budget will be a combination of two budgets, one from Human Resources and the one from Finance & Operation. The Associate Director, Human Resources, Africa Region will prepare the HR Africa Region budget, while the Director, Finance and Operations, Africa Region, will prepare the F&O Africa Region budget. The two budgets will be reviewed and approved by the Senior Director, Africa Region.

The Sr. Manager, Grants & Budgets, will receive the approved budgets and prepare the combined Africa Regional Pool Budgeted costs allocation. This allocation will be to distribute the combined budgeted costs, to the respective programs. This allocation will be reviewed by the Director, Finance, and Operations, Africa Region in consultation with the Chief Finance and Administrative Officer. The final approval will be issued by the Senior Director, Africa Region.

Once approved, this allocation will be sent by The Sr. Manager, Grants & Budgets to the various budget holders affected by the allocation.

2. East & Southern Africa Sub-Regional Pool Budget

The Senior Managers, in Finance, and Operations, and other departments in the ESA hub will prepare the ESA Sub-Region budget, in consultation with Director, Finance, and Operations, Africa Region. The budget will be reviewed and approved by the Director, East, and Southern Africa.

The Senior Manager, Finance in ESA hub, will receive the approved budgets and prepare the ESA Regional Pool Budgeted costs allocation. This allocation will be to distribute the budgeted costs, to the respective programs. This allocation will be reviewed by the Sr. Manager, Grants & Budgets, and the Director, Finance, and Operations, Africa Region in consultation with the Chief Finance and Administrative Officer. The financial approval will be issued by the Director, East, and Southern Africa.

Once approved, this allocation will be sent by Senior Manager, Finance in the ESA hub to the various budget holders affected by the allocation in the sub-region.

3. West & Central Africa Sub-Regional Pool Budget

The Senior Managers, in Finance, and Operations, and other departments in the WCA hub will prepare the WCA Sub-Region budget, in consultation with the Director, Finance, and Operations, Africa Region. The budget will be reviewed and approved by the Director, West, and Central Africa.

The Senior Manager, Finance in the WCA hub, will receive the approved budgets and prepare the WCA Regional Pool Budgeted costs allocation. This allocation will be to distribute the budgeted costs, to the respective programs. This allocation will be reviewed by the Sr. Manager, Grants & Budgets, and the Director, Finance, and Operations, Africa Region in consultation with the Chief Finance and Administrative Officer. The financial approval will be issued by the Director, West, and Central Africa.

Once approved, this allocation will be sent by Senior Manager, Finance in the WCA hub to the various budget holders affected by the allocation in the sub-region.

4. Country Office Pool costs Budgets

The Country Directors in each of the countries where Evidence action operates, will prepare the country office pool budget, with support from their various teams, including HR, and F&O among others. The budget will be reviewed and approved by either the Director, East, and Southern Africa (for countries in this hub) or the Director, West, and Central Africa (for countries in this hub).

The Senior Finance member in each of the countries, will receive the approved country office pool budgets and prepare the country Pool Budgeted costs allocation. This allocation will be to distribute the budgeted costs, to the respective programs. This allocation will be reviewed by the Sr. Manager, Grants & Budgets, and the Director, Finance, and Operations, Africa Region in consultation with the Chief Finance and Administrative Officer. The financial approval will be issued by the Director, East, and Southern Africa, or the Director, West, and Central Africa, as the case may be.

Once approved, this allocation will be sent by Senior Finance member in the country to the various budget holders affected by the allocation in that country.

Budget Flexibility

Management of all budgets will remain a key role under the Country function with close oversight from the Sub-region and Regional offices.

The guidelines in summary are:

In summary, all budget movements that do not reach the 10% or \$3,000 of the budget category will be managed by the program leads and included in the Quarterly budget reviews.

For all budget movements above the allowed flexibility of 10% of the budgeted amount or \$3,000 for each budget category/activity budget. The following are the options available to manage the process:

- 1) Option 1 - Country Level approval.

To spend beyond 5% but no more than 10%, of the approved budget or higher than the \$1,000 but not more than \$3,000 limit, approval must be granted by the country lead in consultation with the budget holder and overall awareness of the Sub Hub Regional Director.

NB: The Regional Finance lead and the Grants and Budgets lead will be notified of these changes.

2) Option 2 - Sub Hub Director's approval

To spend beyond 10%, of the approved budget or higher than the \$3,000 limit, approval must be granted by the Sub Hub Director in consultation with the budget holder. Also, for any costs not included in the approved annual budget, the country lead will seek approval from the Sub Hub director. In both instances the Regional finance lead and Grants Lead must be kept in copy. NB/ Saving that allows for such expenditure to be incurred must form part of the justification. Examples for such costs are:

- i) Additional staff positions.
- ii) New Motor Vehicles or Motorcycles.
- iii) Equipment whose unit cost is more than \$3,000.
- iii) Renovations of more than \$3,000.
- iv) Office relocations

The RD's approval will be needed for new capital investments (e.g. equipment, renovation, etc.) that is 10,000 USD above budget.

NB: The Regional Finance Lead and the Grants and Budgets lead will be notified of these changes.

3) Option 3 - Africa Regional Director's Approval

The Africa Regional Director's written approval will be required in instances where budget item overspend would lead to overall country program budget overspend, or is related to capital/asset or personnel/staffing investment (i.e if making an offer above official/approved bands), or is related to external activities (e.g with partners, govt engagement) for which there is no approved organizational policy or strategy.

NB:

Budget flexibility reports to be shared with/submitted to RD and CFO on a quarterly basis.

The Regional Finance Lead and the Grants and Budgets lead will be notified of these changes.

Budget Owner: Is the global program lead who has overall oversight over the program budgets.

Budget Holder: Is the country lead or departmental lead who has been assigned or delegated the role to oversee the program/department budget.

Allocation Methodology

The pooling method shall be used to allocate Shared Costs at the end of accounting periods. The pooling method charges all applicable expenses to one or more cost pools at the time they are initially processed.

The following steps shall be followed for Cost Allocation of pooled costs:

1. Expenses incurred in the Africa Region and Sub-region for the common benefit of Evidence Action's programs will be determined if they are Regional, or sub-regional. Once determined they will be charged to either of the following shared costs pool:
 - a. **901--UNALLOCATED Regional Direct Shared Cost Pool** for Regional Africa
 - b. **922--UNALLOCATED East & South Africa Sub-Region Shared Cost Pool** for East & South Africa sub-region.
 - c. **921--UNALLOCATED West & Central Africa Sub-Region Shared Cost Pool** for West & Central Africa sub-region.
2. The Director, F&O, Africa Region shall ensure that the Evidence Action's Regional and Sub-Regional pooled accounts are zeroed out and all costs allocated to the available grants by the 15th of the following month after the end of the quarter.
3. For budget purposes, the previous budgeted cost for each program will be used to allocate the budget to the programs (e.g. in the Q1 review, the Q0 budget will be used)
4. Once the current budget version is approved, the actual allocation will be based on the more recent budget (e.g. once the Q1 budget is approved, the budgeted program costs from that version will be applied for actual allocations notwithstanding that the budget was based on Q0).

Allocation of Regional Costs

1. Regional Shared Costs Pool

The Regional Shared costs benefit the Africa Region in General. As such we suggest that the budget be allocated on the basis of relative budget sizes that benefit the **Africa Region in total**. For example, if the budget for Africa Region is as follows, then the shared costs will be as shown in the table below.

		Budgets Including MLE		
	<u>DSW</u>	<u>DTW</u>	<u>Accelerator</u>	<u>Total</u>

Africa Region Total Budget excluding Regional, Sub-Region and Shared Country Pool, and IDC	450,000	350,000	150,000	950,000
% Share of Regional Costs	47%	37%	16%	100%
* For Simplicity, it is suggested that MLE Delivery and MLE Strategy do not budget for Regional and Sub-regional costs, these costs will only be allocated for final programs, such that the DSW Budget of 450K described above is inclusive of MLE Delivery & Strategy				

2. Sub-Region Shared Costs Pool

The Sub-Region Shared costs benefit each of Africa's sub-regions in General. As such we suggest that the budget be allocated on the basis of relative budget sizes that benefit the **Africa Sub-Region in total**. For example, if the budget for Sub-Africa Region is as follows; then the shared costs will be as shown in the table below.

For East & South Africa Hub

	Budgets Including MLE			
	<u>DSW</u>	<u>DTW</u>	<u>Accelerator</u>	<u>Total</u>
Africa E&S Africa Sub-Region Total Budget excluding Regional, Sub-Region, and Shared Country Pool and IDC	150,000	250,000	50,000	450,000
% Share of Regional Costs	33%	56%	11%	100%
* For Simplicity, it is suggested that MLE Delivery and MLE Strategy do not budget for Regional and Sub-regional costs, these costs will only be allocated for final programs, such that the DSW Budget of 150K described above is inclusive of MLE Delivery & Strategy				

For West & Central Africa Hub, example.

	<u>DSW</u>	<u>DTW</u>	<u>Accelerator</u>	<u>Total</u>
Africa W&C Africa Sub-Region Total Budget excluding Regional, Sub-Region and Shared Country	0	250,000	75,000	325,000

Pool, and IDC				
% Share of Regional Costs	0%	77%	23%	100%
* For Simplicity, it is suggested that MLE Delivery and MLE Strategy do not budget for Regional and Sub-regional costs, these costs will only be allocated for final programs, such that the DTW Budget of 250K described above is inclusive of MLE Delivery & Strategy				

3. Country Shared Costs Pool

The country Shared costs benefit the country in General. As such we suggest that the budget be allocated on the basis of relative budget sizes that benefit the **Country's budget in total**. For example, if the budget for the country is as follows; then the shared costs will be as shown in the table below.

		Budgets Including MLE			
		DSW	DTW	Accelerator	Total
Africa E&S Africa Sub-Region Total Budget excluding Regional, Sub-Region, and Shared Country Pool and IDC	110,000	0	25,000	135,000	
% Share of Regional Costs	81%	0%	19%	100%	
* For Simplicity, it is suggested that MLE Delivery, and MLE Strategy do not budget for Regional and Sub-regional costs, these costs will only be allocated for final programs, such that the DSW Budget of 110K described above is inclusive of MLE Delivery & Strategy					

Billing Procedure

- Billing will be completed on a quarterly basis.
- The Regional finance department will ensure that internal invoices are generated and submitted to department/program leads for approval within the first month following each quarter's close. We shall follow the monthly close dates to determine the approval days provided that this should be before the hard close is completed.
- The department/program lead will sign off on the charges and in writing provide the billing codes for the invoiced amounts as per the dates above.
- Within every budget cycle either full-year budget or budget review, the grants office will support in providing updates to the percentages for allocation methodology.

PROPOSAL BUDGETS GUIDANCE

In the past we would provide guidance to teams on how to budget for regional costs in proposals. [As an example for 2021, we gave this guidance](#), which in summary shows that we are to budget \$5,700 per staff for office space, \$940 per staff for payroll administration, and 4.75%, 2.7%, and 2.5% for varied budgeted amounts for Procurement & GA, F&A, and Regional Support Services.

Moving into this new approach, we shall offer similar guidance, but would be based on natural general ledger accounts and will also be in three levels, i.e regional pool costs, sub-regional pool costs, and country offices pool costs. As shown [in this example for illustrative purposes only](#), the proposed budgets will add a percentage of the total program budget as pooled Regional Costs, pooled sub-regional costs, and pooled country costs. Proportional amounts per budget FS category have been derived from respective budgets. For example, a program in Liberia will only budget for Liberia country costs, WCA sub-region costs, and Africa Regional Costs. We have developed [this tool](#) to assist budgeters in accomplishing that task by only updating row 81 and then picking rows 84-98 to update their budgets.

Shared Cost Pools
Updated February 2022

This document outlines the approaches for the following shared program costs:

-
- 1. Country Offices Shared Cost Pool**
 - 2. Engineering Direct Shared Cost Pool**

1. Background

With the growth in Uganda and Malawi country programs, following the expansion of the number of dispensers and with the recent funding announcement, it has become necessary to rethink the sharing of the

country office costs. The expansion might increase in the next few months if other programs are layered on becomes equally significant. Currently, the F&A and HR costs mostly at the Country offices for example Kampala and Lilongwe (more Country Field offices can be added as required), are all billed directly to the current dispensers program.

With the anticipated growth, and with a need to differentiate between the costs benefiting the current and the expanded footprint, it is necessary to design a mechanism of splitting these costs in a fair and consistent manner.

Currently, we foresee mainly the **F&A Teams (including administrative teams) and HR teams, as well as the Country Lead/Director** to be the main support anchors of the program from these country offices. The members of these teams will mainly offer Administrative, Accounting, Human resources, and logistical support. Central offices also offer physical office space, and other logistical support to other team members e.g. country leadership, MLE, and other staff members.

This document highlights how to approach the treatment of **Shared Country Offices Costs** and shared **Engineering Direct Shared costs**. It does not however include the Regional Costs allocation, whose treatment approach has already been documented.

Country Offices Shared Cost Pool

0. Country Offices Components

The following shared costs are expected to be incurred in shared offices:

- **Salaries & Benefits:** F&A and HR teams' salaries and benefits.
- **Professional Development:** Staff training and refresher courses for the F&A and HR team members
- **Contract services:** Audit costs, legal services, process maker fees, HR contracted services among others
- **Office Expenses:** Office supplies, telecommunications, for F&A and HR team members, but also for joint office expenses including, internet, stationery for other staff members housed in the same office.
- **Travel:** Travel by F&A and HR staff members for both local errands and to the field offices for administrative support.
- **Information Technology:** Including hardware for new hires or replacement units, software and technology license
- **Insurance:** covering business insurance for the shared offices and equipment therein.
- **Occupancy:** Office rent and utilities for shared offices.
- **Conferences and meetings -** Business meals and conferences for F&A and HR teams, including those organized for common meetings.
- **Program Management and Materials:** Materials, vehicle expenses for shared office use including vehicle insurance, maintenance, and fuel.
- **Other:** Bank charges and exchange losses on the country offices, related transactions.

0. Allocation Methodology

The costs which fall under the shared country offices pool will be allocated to the following grants:

- **907--UNALLOCATED Country Direct Shared Cost Pool** for Kenya
- **908--UNALLOCATED Country Direct Shared Cost Pool** for Malawi
- **909--UNALLOCATED Country Direct Shared Cost Pool** for Uganda

These costs will be distributed to programs according to the share of the total cost budgeted for a specific program/funder in that entity in that quarter.

0. Budget Process

No major change is foreseen in the budgeting cycle. The Regional Director, F&A will prepare the final F&A country budgets with the HR Lead preparing the HR budget. Once these budgets are approved by the Regional Director, Africa Region, an analysis of the total budget distribution will be prepared by the Country Finance Team, showing the total combined HR and F&A budget and how it is shared or distributed to the program based on the relative program budgets.

0. Billing

The share of various direct costs budgeted within a quarter per program, will be used to determine the number of Country offices shared costs that will be billed to each program. Within the quarter, Country Office costs that cannot be directly attributed to a program will be billed to an unallocated grant **908--**

UNALLOCATED Country Direct Shared Cost Pool for Malawi and **909--UNALLOCATED Country Direct Shared Cost Pool** for Uganda under **Relevant Country** location i.e. either Uganda or Malawi. At the end of each quarter, the different programs will be invoiced based on the allocation method in #3 above. The billing will be done on a quarterly basis with the actual amount being shared as per budgeted program/funder allocation with the respective program budget holder for approval.

0. Programs that will be allocated Shared Regional Costs

While for the regional shared costs allocation we use both departments and programs for invoicing, at this stage we propose to use only programs for the purposes of the allocation. We suggest not to bill MLE, with the opinion that the budgets we shall use for sharing the costs, will have already included the MLE costs. The goal is to simplify since local MLE country costs are also billed directly and the country invoicing process for MLE has not been developed at that stage. Should the need to bill MLE grow and once there is the capacity for MLE country invoicing, this can be revised.

Allocation of Shared Country Offices Cost to Programs

The tables below show how the Shared Country Offices Costs have been budgeted at Q0 2022 (before IDC) for Uganda and Malawi. This will be the basis for invoicing and will be updated after each budget review cycle.

Table 1: Uganda: [DSW Current Footprint: 25.7%, DSW Expansion Footprint: 74.3%]

UGANDA	Total (No IDC and RC)	Proportion of total	Share of Country Offices Cost (to be Invoiced)
DSW Current Footprint Program Implementation + MLE (Excluding Regional, IDC, F&A, HR, Engineering, MLE Mgt Costs)	1,105,282	25.73%	146,356
DSW Expansion	3,190,116	74.27%	422,421

Total	4,295,398	100%	568,777

[Table 2: MALAWI/DSW Current Footprint: 22.3%, DSW Expansion Footprint: 77.7%]

MALAWI	Total (No IDC and RC)	Proportion of total	Share of Country Offices Cost (to be Invoiced)
DSW Current Footprint Program Implementation + MLE (Excluding Regional, IDC, F&A, HR, Engineering, MLE Mgt Costs)	853,925	22.24%	139,855
DSW Expansion	2,986,116	77.76%	489,062
Total	3,840,041	100%	628,917

[Invoice Template](#)

Engineering Shared Direct Cost Pool

The warehouse is an assembly point for all dispensers. All raw materials (tanks, molds, valves, dispenser parts, etc.) and tools are stored in the warehouse. Currently, there is only one warehouse in Kenya that supports all DSW country programs but with the expected program growth we anticipate renting warehouse space in Malawi and Uganda so that each country program can begin manufacturing its own dispensers locally.

1. Engineering/ Warehouse Cost Components

The following shared costs are expected to be incurred for warehouse operations in each country:

- **Salaries & Benefits:** Engineering and Warehouse officer's salaries and benefits.
- **Contract Services:** Professional fees, consultants, and other contracts services incurred for the warehouse
- **Staff Travel:** Travel for the Engineering teams for both local errands and to the field locations for dispensers maintenance
- **Non-Staff-travel:** As applicable, if there is a non-staff engagement like casuals for Engineering tasks

- **Office Expenses:** Communication costs for Engineering teams including internet, airtime, warehouse office-related supplies, minor office equipment, furnishing, etc.
- **Information Technology:** Laptops, software, and other IT-related costs for the Engineering teams
- **Occupancy:** Warehouse rent and utilities for the warehouse
- **Insurance:** Warehouse building insurance, office equipment insurance, and other related policy covers
- **Conferences & Meetings:** Engineering teams meetings and workshop costs
- **Program Management and Materials:** Hardware and raw materials including PVCs, cement, shovels, trowels, plumb bobs. The one exception is chlorine, which will be billed directly to country maintenance codes (176.10 for Malawi, 176.11 for Malawi, and 176.12 for Uganda)
- **Other:** Bank charges and exchange losses on the Engineering related transactions

0. Budget Process

No major change is foreseen in the budgeting cycle. The Engineering Officer in each country will prepare the country's Engineering budget together with the Country Director. Once these budgets are approved by the Regional Director, Africa Region, an analysis of the total budget distribution will be prepared by the Country Finance Team, showing the total country-level engineering costs.

0. Allocation Methodology

The costs which fall under the Engineering cost pool will be allocated to the billing code: **915--UNALLOCATED Engineering Direct Shared Cost Pool** for Malawi and **916--UNALLOCATED Engineering Direct Shared Cost Pool** for Uganda under **Relevant Country** location (i.e. either Uganda or Malawi). These costs will be distributed to programs according to the share of the total quarterly cost budgeted for a specific program/funders in that entity.

0. Billing

Within the quarter, all Engineering costs will be billed to an unallocated grant **915--UNALLOCATED Engineering Direct Shared Cost Pool** for Malawi and **916--UNALLOCATED Engineering Direct Shared Cost Pool** for Uganda under **Relevant Country** location i.e. either Uganda or Malawi. At the end of each quarter the costs billed to the Engineering shared direct cost pool will be allocated to programs with the actual amount being shared per program/funder allocation through 2 separate invoices.

1. Dispenser parts invoice:

- . 1 invoice for the value of dispenser parts prepared by ***Engineering Officer***
- a. On a quarterly basis the value of shipments of dispensers and parts distributed from the warehouse to the program locations will be used to determine the shared Engineering costs that will be billed to each program and to the appropriate grant type/ work stream for GiveWell.
- b. The warehouse manager will prepare a report of the distribution of dispensers ([Example of Q4 Allocation in the Kenya Engineering pool \(#902\)](#) and parts to various program locations and Program/s.

2. Engineering operations invoice:

- . 1 invoice for all other cost components in the engineering cost pool (salaries and benefits, staff travel, office expenses, occupancy, insurance, etc.) ***prepared by Country Finance teams*** (Joshua for Uganda and Alex for Malawi).
- 2. Both invoices will be ***reviewed by Africa Region Finance*** before sharing with program/grant teams for billing details.

INVESTMENT (FIN.KE.INT.04)

Please see FIN.G.INT.04.

RESERVES (FIN.KE.INT.05)

Please see FIN.G.INT.05.

RECORDS RETENTION AND DOCUMENTATION OF FINANCIAL TRANSACTIONS (FIN.NG.INT.06)

Policy Reference: FIN.NG.INT.06

Effective Date: 1 September 2018

Origin: 1 September 2018

Please see FIN.G.INT.06.

- A. Every accounting transaction shall be recorded on a separate voucher also known as an entry.
- B. Each voucher must balance (e.g., debits must equal credits) so that the General Ledger remains in balance at all times. Debits increase assets and expenses and reduce liabilities and revenue. Credits increase liabilities and revenue and reduce assets and expenses.
- C. All vouchers must be:
 - 1. Sequentially numbered;
 - 2. Appropriately documented;
 - 3. Properly approved;
 - 4. Carefully filed to allow easy retrieval.
- D. All vouchers and supporting documentation must be canceled immediately after approval and before filing to prevent re-use. Cancellation means marking or stamping each voucher as "PAID" or "PROCESSED".
- E. Donor and central government requirements shall be taken into consideration when determining the appropriate length of time to store financial documentation. For program activities funded by US Government awards, all financial documentation shall be retained for a minimum of ten (10) years unless otherwise specified in agreement or contract documents.