


RWANDA FOOD AND DRUGS AUTHORITY	Department/Division/ Directorate	Finance Unit
Document Type: Standard Operating Procedure		Doc. Number : DFC/SOP/00
	Title: Management of Bank Account	Revision Number :
		Revision Date: :
		Effective Date :
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1.0 Purpose

This Standard Operating Procedure provides guidance and clear instructions on how to open and close a bank account for Rwanda FDA as a public institution in a manner that is consistent with Government of Rwanda's Law on State Finance and Property and other legal provisions.

2.0 Scope

The Standard Operating Procedures covers the process of opening a bank account from the point when a need for a new bank account is identified up to the point when the bank account is closed, its information is added to Rwanda FDA register of bank accounts, and the same information is provided to the Accountant General in the Ministry of Finance and Economic Planning

3.0 Definitions and Abbreviations


- SOP: Standard Operating Procedure
- Rwanda FDA: Rwanda Food and Drugs Authority
- CBM: Chief Budget Manager
- MINECOFIN: Ministry of Finance and Economic Planning
- BNR: Banque Nationale du Rwanda

4.0 Responsibility

The opening a new bank account is the responsibility of the Chief Budget Manager. The Chief Budget Manager is responsible for officially sign the letter requesting Accountant General for opening new bank account and closing existing bank account opened with National Bank of Rwanda or in Commercial Banks

5.0 Distribution

- 5.1 Chief Budget Manager
- 5.2 Chief Finance Officer
- 5.3 Director of Finance

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6.0 Reference

- Ministerial Order No. 001/16/10/TC of 26/01/2016

7.0 PROCEDURES

In accordance with Article 62 of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations, opening, and closing of bank accounts shall require the authority of the Accountant General.

7.1 Procedures for opening bank account

A written request to the Accountant General in the Ministry of Finance and Economic Planning for opening bank accounts will be signed by the Chief Budget Manger of Rwanda Food and Drugs Authority.

Before initiate, the request for opening bank account, Rwanda FDA shall observe the following procedure while applying for opening of bank accounts:


- Attach to the request letter, the law or cabinet decision establishing the institution
- Attach to the request letter, the loan or grant agreement between the Republic of Rwanda and the donor for which the new bank account is required; the loan/grant's negotiation procedures must comply with the Government of Rwanda aid policy
- Complete form for opening a bank account. The form will require to provide detailed and relevant information and requires bank account to have a minimum of three signatories. This form is obtained from the bank where Rwanda FDA will open bank account

While opening a bank account with commercial banks, the request should provide a justification for opening the account with the proposed commercial bank.

Provide Specimen of at least three signatories. Once the bank account has been opened, The Chief Budget Manger shall notify the Accountant General the details of the bank account. The details shall include the name, account number, bank and branch, names of signatories and effective date of new bank account.

7. 2 Register of bank account

Rwanda Food and Drugs Authority shall maintain an updated register of bank accounts. The register should contain information regarding:

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- The Account name, account number and bank name with full address
- The purpose of the account (operational, deposit, revenue collections account).
- Signatories of bank accounts
- Opening and closing date

7.3 Joint signing arrangement

1 st Signatory	2 nd Signatory	Limits
Chief Budget Manager	Director of Finance	Unlimited
Chief Finance Officer	Director of Finance	< or = 10,000,000

7.4 Bank documentations


All communication to the banks must be signed by the Chief Budget Manager, Chief Finance Officer / Director of Finance. Note that the Chief Budget Manager is the authorized person to communicate the bank any change of signatories of Rwanda FDA bank accounts. The bank documents include but not limited to:

- Bank Confirmations
- Account inquiry
- Funds transfer instruments
- Bank Instructions
- Cheque books
- Bank Statements

7.5 Procedures for closing bank account

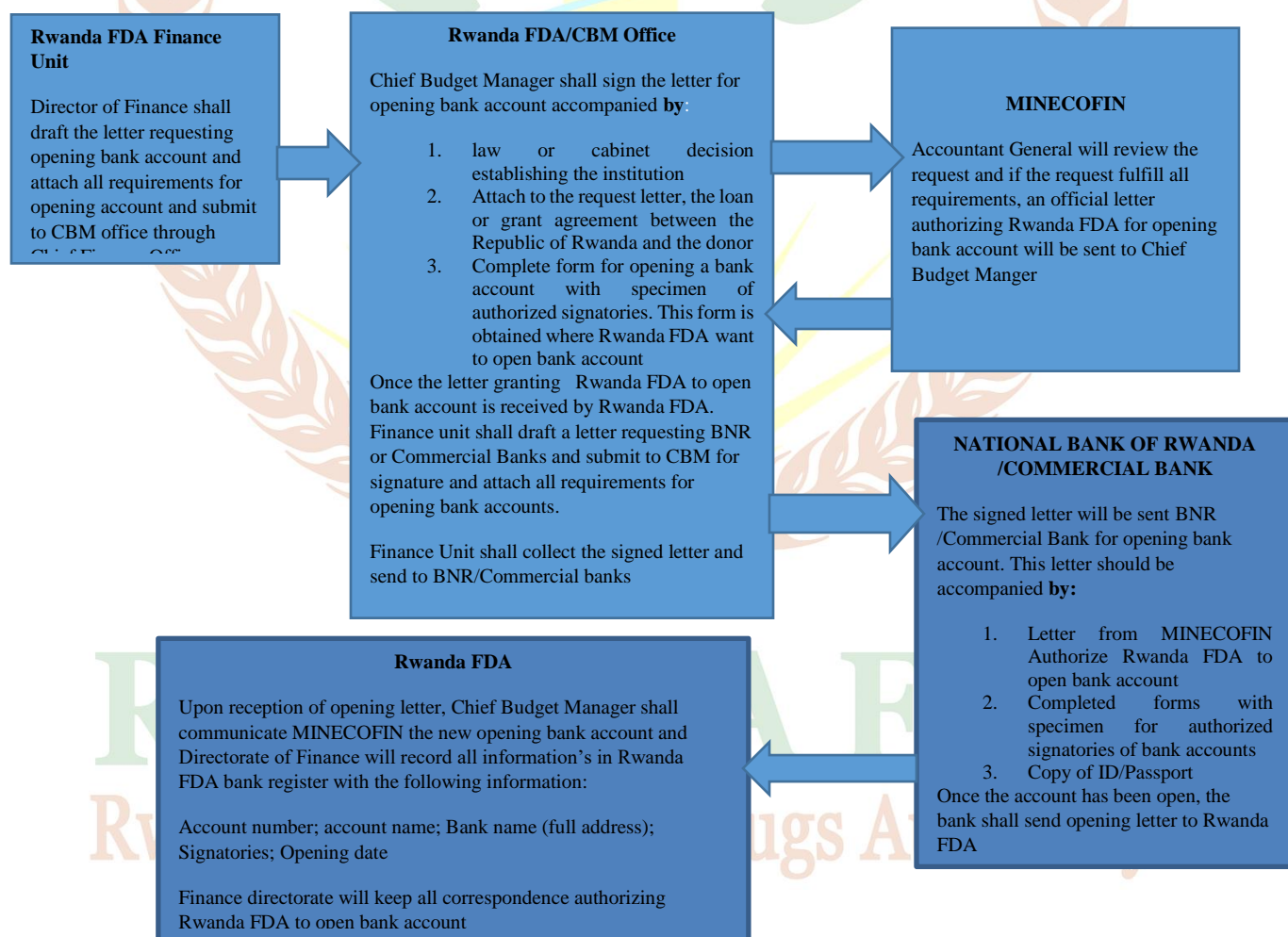
Pursuant to Article 62 of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations closure of any bank account requires prior written authorization of the Accountant General. The Accountant General shall officially communicate the bank the closure of the bank account.


Rwanda FDA should observe the following procedure while applying for closing of bank accounts:

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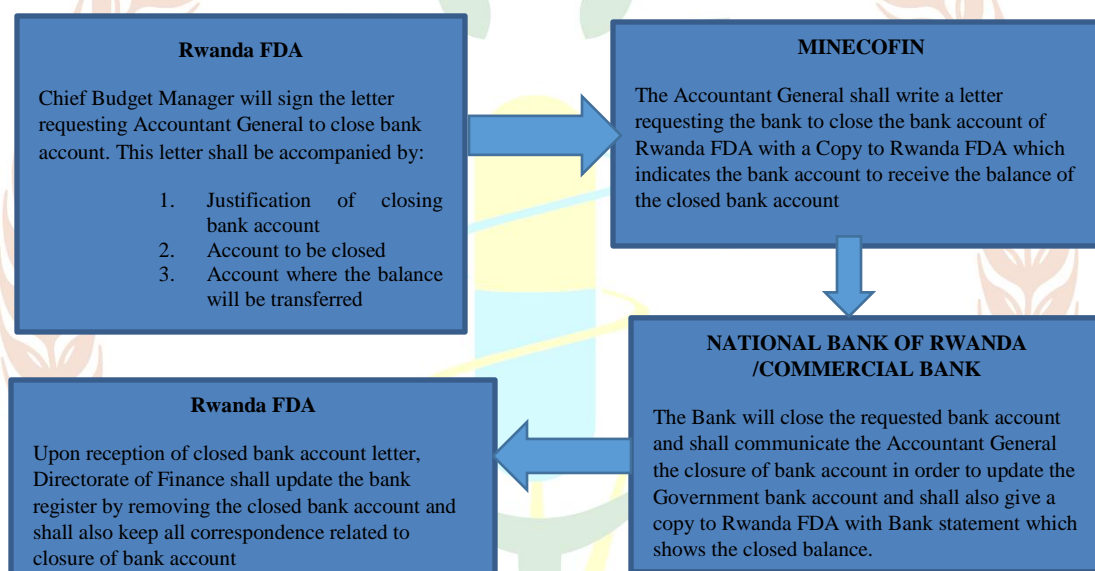
- The request for the closure should mention the account to receive the remaining balance once the bank account is closed.
- If the bank account being closed had a negative balance, then Rwanda FDA should ensure that funds have been deposited sufficient funds to offset the negative balance

Rwanda Food and Drugs Authority closing bank account should bear the associated cost of closure, if any, charged by the bank. The following flow chart shows the process for opening bank accounts




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The following flow chart shows the process for closing bank accounts




8.6 Detailed procedures and timeline for opening and closing bank accounts

Steps	Activity	Timing	Responsibility	Documentation
Opening new bank accounts				
1	Collecting information related of opening new bank account and share with Finance Department	1 Day	CBM	Law/ Cabinet decision/ MoU Agreement,
2	Documentations /Consulting Legal aspects Drafting the letter requesting opening bank account	½ Day	Director of Finance	Law/ Cabinet decision/ MoU Agreement/ Public Financial Management (PFM) Policies and Procedures


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3	Review and sign the letter to Accountant General	½ Day	CBM	
4	Submission and ensure that all requirements are attached with	1 Hour	Director of Finance	
5	Letter authorizing Rwanda FDA to open bank account		Accountant General	
6	Draft a letter requesting BNR/Commercial Bank to open Bank account and ensure that all requirements are attached	1 Hour	Director of Finance	
7	Review and sign the letter to BNR/Commercial Banks	2 Hour	CBM	
8	Receive opening letter from BNR/ Commercial Bank		CBM	
9	Communicate to Accountant General the details for new bank opened And Record in Rwanda FDA bank register	1 Day	CBM and Director of Finance	


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Closing bank account				
1	Review unused/Dormant bank account and submit proposition to CBM through Chief Finance Officer Draft letter to Accountant General requesting closing bank account	1 Day	Director of Finance	
2	Review and sign letter requesting Accountant General to close bank account	1	CBM	
3	Write a letter to BNR/ Commercial Bank for closing unused bank account of Rwanda FDA		MINECOFIN	
4	Confirmation of closed bank account		BNR/Commercial Bank	
5	Update Rwanda FDA Bank register	2 Hours	Director of Finance	Closing letter

RWANDA FDA
Rwanda Food and Drugs Authority

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1.0 Purpose

This Standard Operating Procedure provides guidance and clear instructions on the payment process for goods and services by Rwanda Food and Drugs Authority, in a manner that is consistent with Government of Rwanda's Law on State Finance and Property and other legal provisions.

2.0 Scope


The Standard Operating Procedures covers the process of initiation of the request to purchaser goods and services by end user/ department/Division/ Unit of Rwanda FDA from the point when the request is approved by the Chief Budget Manager and when invoice is presented to Rwanda FDA by supplier or service provider up to the point when the invoice or supplier is paid for services, goods or works rendered.

3.0 Definitions and Abbreviations

- SOP: Standard Operating Procedure
- Rwanda FDA: Rwanda Food and Drugs Authority

4.0 Responsibility

- 4.1 The Chief Budget Manager has overall responsibility to manage effectively, efficiently and in a transparent manner all the public funds for the public entity under his/her responsibility in accordance with relevant legal provisions
- 4.2 Chief Finance Officer is responsible for carrying out a comprehensive review of all commitment payment of expenditure incurred by Rwanda FDA
- 4.3 Director of Finance has the responsibilities of supervision, verification and ensure the regularity of all expenditures before payment:
 - ✓ Properly signed contract or purchase order,
 - ✓ Procurement procedures respected,

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- ✓ Invoice and supporting documents presented in order,
- ✓ Evidence that goods or services have been delivered in good order and according to the signed contract / purchase order issued.
- ✓ Budget available.

5 Reference

- Organic Law N° 12/2013/OL of 12/09/2013 on State finances and property
- Public Financial Management Policies and Procedures, First edition July 2019
- Law N° 02/2015 OF 25/02/2015 modifying and complementing Law N°37/2012 of 09/11/2012 Establishing value added tax


6.0 Procedures

Expenditure management should be in line with the approved budget and should be recorded on an accrual basis.

6.1 Procedures for purchaser of goods and services

The following steps should be followed while make a request for purchaser of goods and services

1. End user department/Division/ Unit initiate the request for expenditures and submit to the directorate of planning for budget confirmation. The directorate of planning clears the request if the requested expenditure is planned and have a budget balance. Uncleaned request will be returned to department/division/ unit for budget reallocation if possible.
2. If the activity is planned and have a budget balance the request is submit to Chief Budget Manager for approval through Chief Finance Officer,
3. The approved request is forwarded to directorate of finance to initiate the commitment of purchaser order

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4. Directorate of finance verify if the request complies with all requirements for tender process and then forward to accountant in charge of payment for preparation process of purchaser order,
5. Accountant in charge of expenditure before initiate the purchaser order he/she must ensure that there is sufficient budget balance to cover the expenditure, there are no deviation of budget line. This procedure is designed to ensure that without sufficient budgetary allocation for that expenditure category the Purchase Order may not be issued and also to avoid posting errors.


6.2 Payment procedures for goods and services

In general, all payments are made after delivery of goods, works and services. Rwanda FDA is therefore not permitted to prepay for any goods or services before obtaining delivery. The exceptions to this policy are as follows:

1° Where a supplier demands a deposit as a condition of fulfilling a contract, and such condition is unavoidable. Examples of such contracts include insurance, office rental, subscriptions, prepaid telephone cards, registration fees and licenses.

2° Often, professional consultancies and contracts extending over several months tend to require partial prepayment on account. Nevertheless, the Chief Budget Manager is required to certify, for each specific case, that prepayment is necessary and unavoidable. Such prepayments on account should be subject to the following conditions

- Prepayment should not exceed 20% of the total contract price. This means that Rwanda FDA should negotiate and agree reasonable prepayment with the suppliers depending on the circumstances of the specific cases, provided that the maximum of 20% limit is respected.

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- The prepayment should be supported by a supplier's bank guarantee or performance bond, whose release can occur only after satisfactory performance of the contract.
- Where advance payment is provided in contract, especially for contracts of works, it should be deducted progressively on the invoice paid to the constructor. Advance payment cannot exceed 20% of the contract amount and is paid only when the contractor has availed the bank Guarantee of 100% of the advance payment.

6.3 Payment for procured goods and services

The following are the summarized procedures for payments of goods and services


Invoices from suppliers are received by Rwanda FDA Central secretariat that stamps it with the date of reception and sent it to the Chief Finance who forward it to Director of Finance for verification.

- The Director of Finance make verification of invoices and forward to accountant for payment process or to end user department for confirmation of services rendered if necessary
- The finance Secretary records all invoices received in a register of supplier invoices to facilitate tracking of settlement of invoices received and then submit to accountant for payment process.
- Upon receipt of the supplier invoice, the accountant verifies its legitimacy by performing the following pre-audit procedures before preparation of payment voucher or payment order (OP):
 1. Confirm that the services or goods being invoiced have been delivered. This may be done by requiring the employee who received the service or goods to endorse on the face of the invoice, or by attaching the related Goods Received Note. The employee giving the confirmation should affix a personal signature and indicate the date of that

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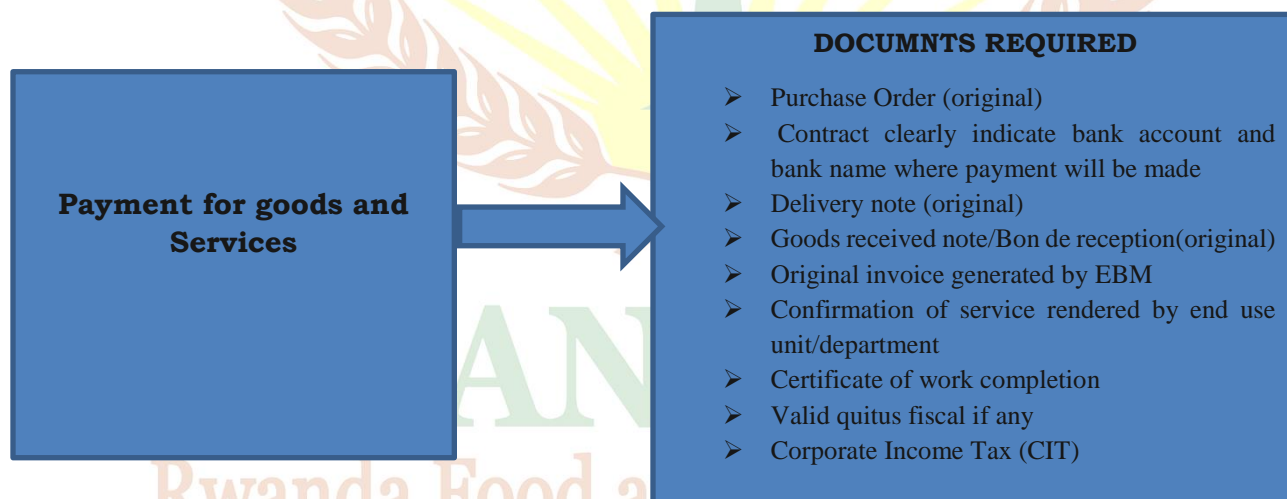
signature. The invoice must identify, among others, the details of services/goods supplied and the date of supply.


2. Ensure that all the required supporting documents have been attached following the payment check list. Examples of such documents include service contract/agreement with the supplier, original of Purchase Order, and Goods Received Note and stock inflow for the case of supplying of goods.
 3. Check compliance with the established tendering/procurement regulations. It should be noted that the services/goods have been duly delivered on strength of a bona fide Purchase Order,
 4. Check that the invoice complies with the terms and conditions specified in the service contract/agreement. Attention should be put on confirming the accuracy of quantities, prices, and invoiced amount.
 5. Check that claim is not a duplication of an invoice earlier settled.
 6. Accountant confirms that the expenditure had been committed and that it has been properly allocated to the applicable expenditure ledger code. In the unlikely event that the expenditure had not been committed, the accountant would commit the expenditure before proceeding to the next step.
- Accountant in charge of Payment prepare a Payment voucher or payment order attached all the supporting documents, sign the payment voucher and forwards it, to the Director of Finance.
 - The Director of Finance Unit verifies commitment, purchaser order and payment voucher or payment order with the attachments to ensure that the pre-audit procedures prescribed above has been properly performed. Besides, the Director of Finance Unit also ensures that applicable deductions have been made.

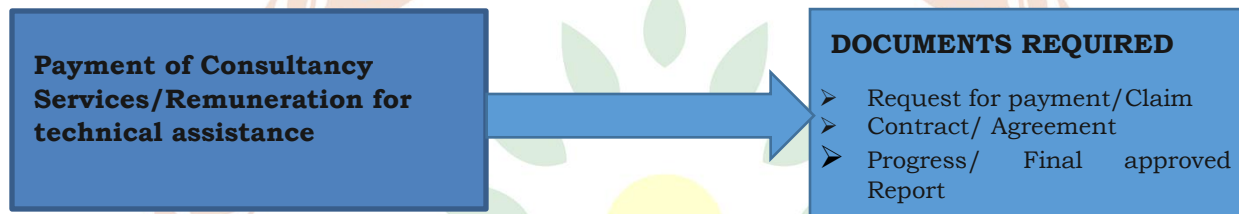
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- The Director of Finance then forwards the signed payment voucher or payment order with the attachments, to the Chief Finance Officer for review and certification. The Chief Finance Officer is required to ensure that all the prescribed pre-audit procedures have been performed. Chief Finance Officer evidence the certification by signing on the payment check list and forward it to the Chief Budget Manager for the approval and signature
- By virtue of their signatures, the signatories to the Payment voucher or payments orders acknowledge that they are personally responsible and accountable for the transaction.
- After signature, the Payment orders, the entire pack of documents are returned to the accountant who mark the invoice together with the supporting documents as “PAID” and process with proper filing.

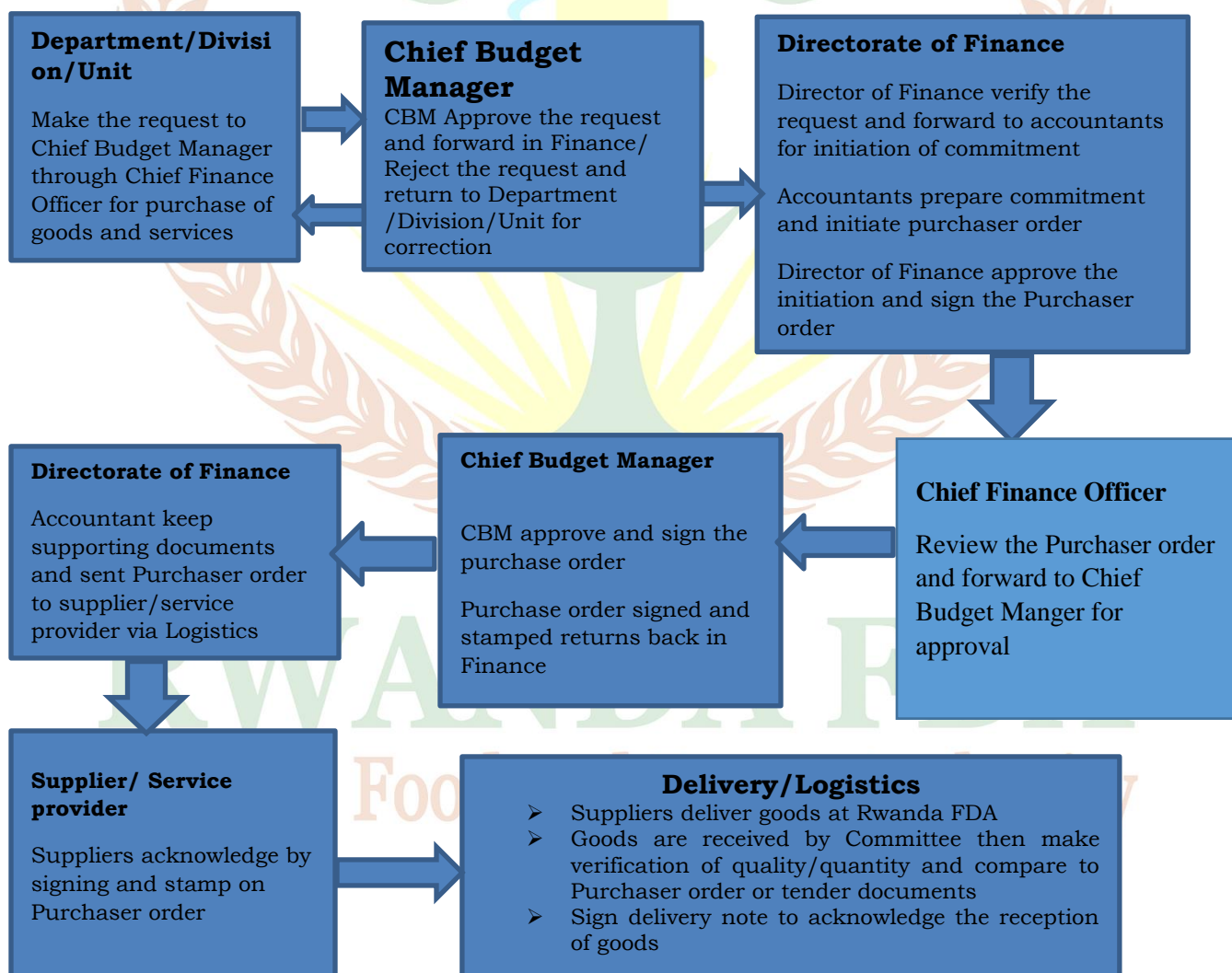
The invoice is the key document to origination of payments. The invoice must be supported by documents listed in the table below




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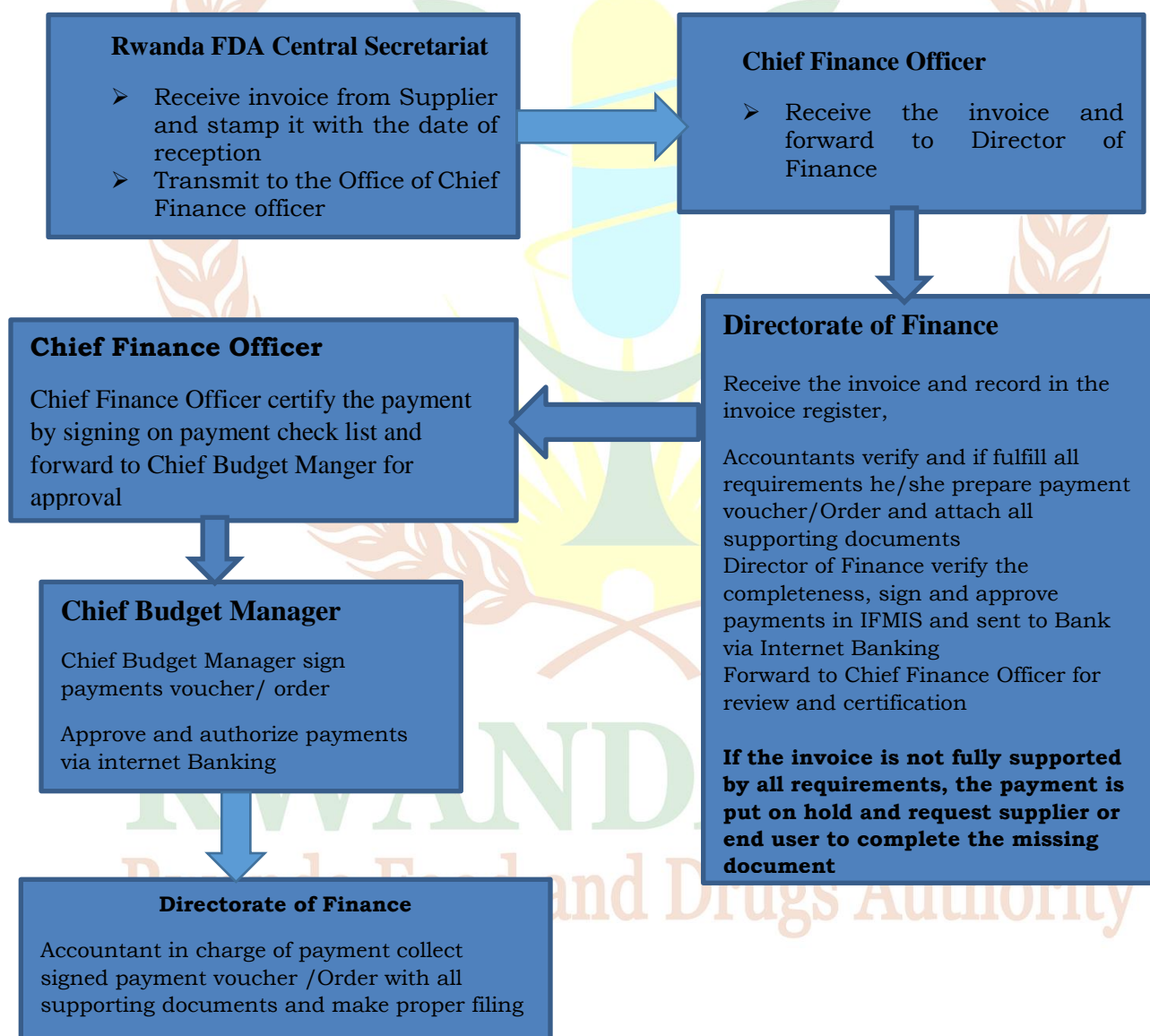



The following chart flow shows commitment process to purchase goods and Services



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Once the above procedures have been fully fulfilled, then the supplier issue the invoice and submit to Rwanda FDA for payments. The flow charts below show the process for payment goods and services



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6.3 Detailed procedures and time line for preparation of purchaser order and payment for goods and services

Steps	Activity	Timeline	Responsibility
Preparation of Purchaser order			
1	Receiving approved request of expenditures from department/division/unit by Finance unit	1 Hour	Secretary to Director of Finance
2	Verification and forward to accountant for preparation of Purchaser order	2 Hours	Director of Finance
3	Initiation of commitment and prepare Purchaser order	2 days	Accountant
4	Verification and approval by signing purchaser order	2 days	DF, CFO /CBM
5	Collect signed purchaser order and send to supplier	1 day	Accountant/ Logistics
6	Delivery of goods and services	Refer to contract terms	Supplier and Rwanda FDA receiving committee
Process of payment of goods and services			
1	Receiving invoice from supplier by Rwanda FDA central Secretariat	1 day	Rwanda FDA central Secretariat
2	Submission of invoice to Chief Finance Officer and forward to Director of Finance	1 day	Chief Finance Officer

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3	Verification of compliance and forward to Accountant for payment process	1 day	Director of Finance
4	Compilation of supporting documents , Verification and process the payment order/voucher	7 days	Accountant
5	Verification of compliance and completeness and sign payment Order/ Voucher	1 day	Director of Finance
6	Certification of payment Order/ Voucher	1 day	Chief Finance Officer
7	Approval and sign the payment Order/ Voucher	2 days	Chief Budget Manager
8	Sign and send to bank in Internet Banking via IFMIS	1 day	DF, CFO/ CBM

7.0 Payment for mission allowances

Mission allowance is paid only when the beneficiaries have the following documents:

- Approved and signed travel authorization or clearance; by the Minister of Health within country for Chief Budget Manager
- Approved and signed travel authorization or clearance; by the Chief Budget Manager within country for Heads of Department, Division Managers, Directors, and other staff of Rwanda FDA.

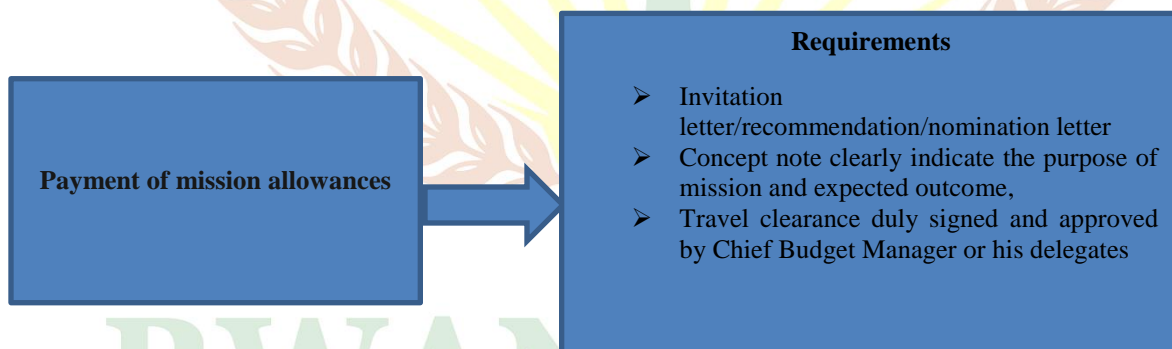
The rate to be applicable for mission allowances abroad and within the country is determined by:

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- Presidential Order N°44/01 of 24/02/2017 regulating official missions abroad and Ministerial instructions 005/08/10/MIN of 1st September 200.
- Ministerial instructions N° 001/15/10/TC of 20/07/2015 determining mission allowance of civil servants on mission inside the country.


At the end of the mission Rwanda FDA staff shall submit within eight (8) open days the mission order stamped by services where he or she has worked and a mission report. In the case the beneficiaries fail to justify the fully or partially mission allowances, the unjustified balance must be paid immediately to designated bank account of Rwanda FDA by the concerned staff and submit the pay slip in finance.

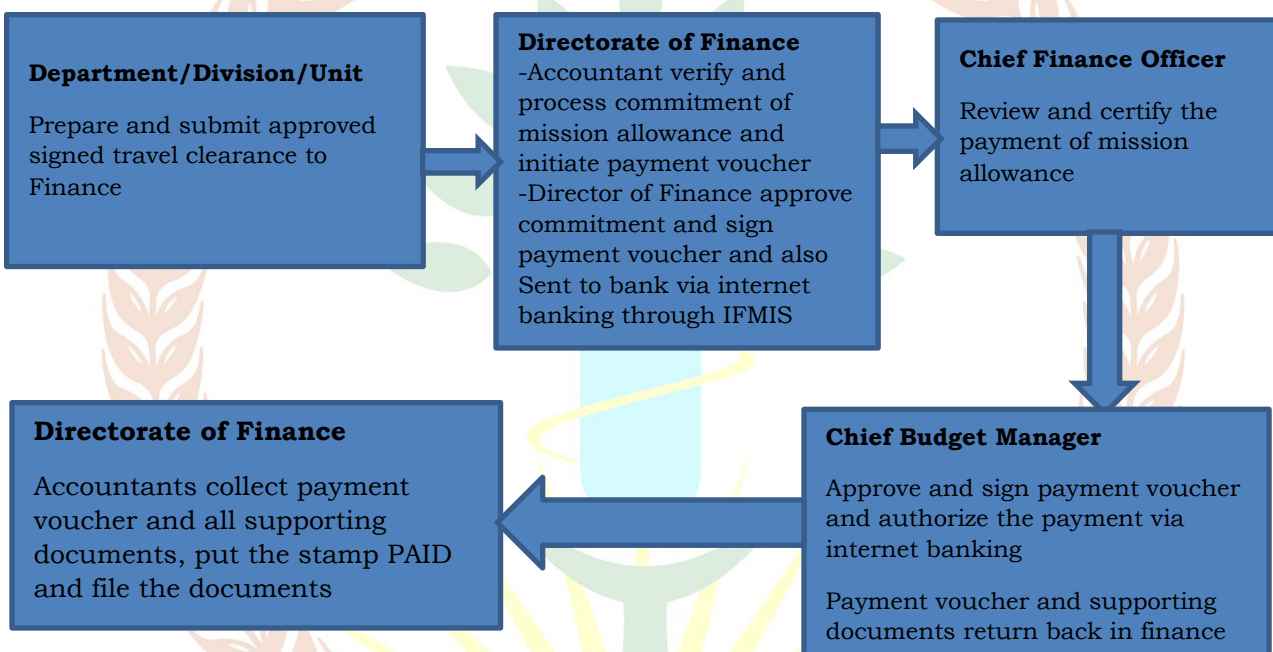
Below are the requirements for payment mission allowance to Rwanda FDA staff traveling for official mission:



Based on the travel clearance duly signed by Chief Budget Manager of Rwanda FDA or he is delegate, the travel allowances are then calculated using the official rate governing allowances and then transferred to bank account of Rwanda FDA staff who is traveling for official mission.


The following chart flow shows the process

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7.1 Procedures and timeline for payment of mission allowance

Steps	Activity	Time line	Responsibility
1	Submission of travel clearance duly signed by CBM in finance	3 working days before departure	Department/Division/Unit beneficiaries
2	Verification of compliance and calculation of mission allowance and initiation of payment voucher	1 day	Accountant
3	Verification of payment of mission allowances	½ day	Director of Finance

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4	Authorization of payment of mission allowances	½ day	CFO/CBM
5	Sign Payment voucher and send to bank via internet banking through IFMIS	1 day	DF & CFO/CBM

8.0 Payment for monthly salary

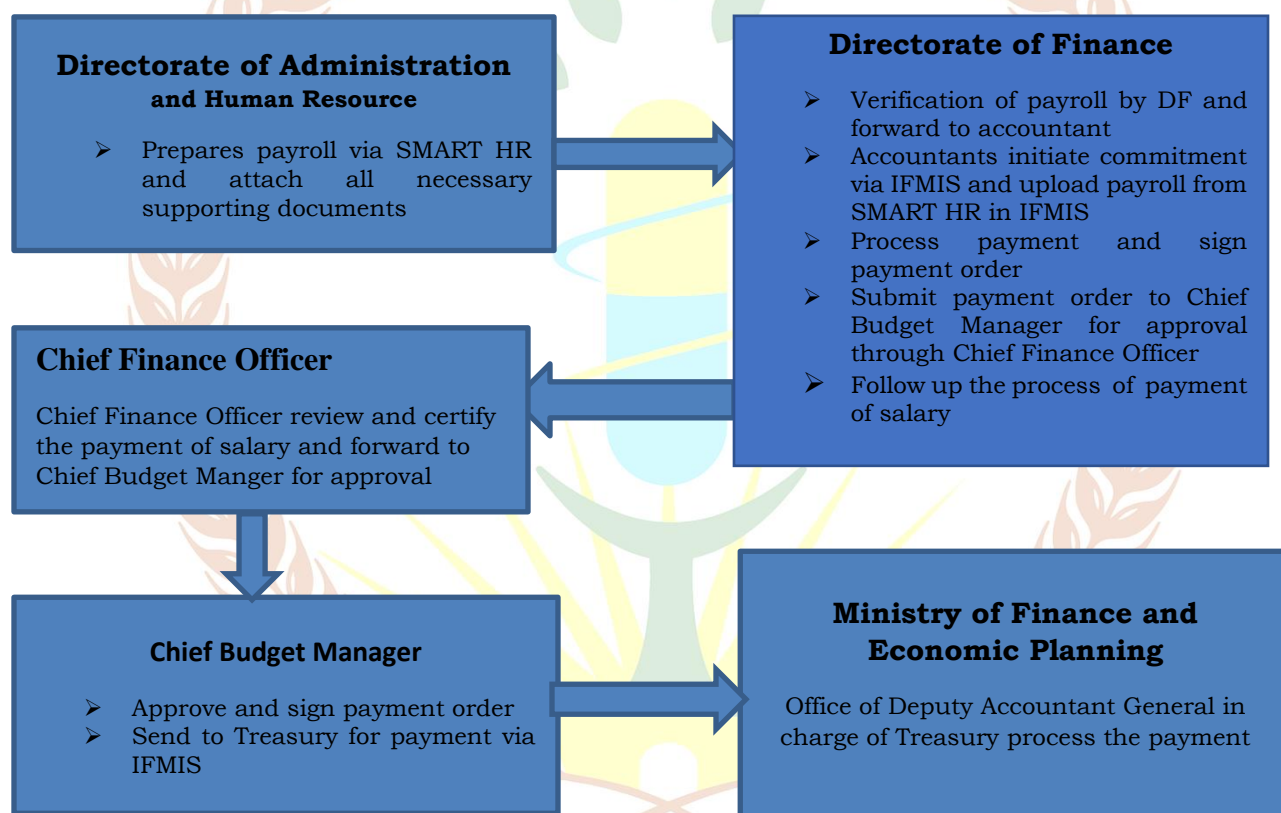
The salary is the compensation of work delivered by the employee as agreed by the signed contract between the employee and the Rwanda FDA and it is paid on monthly basis. All staff will provide their bank accounts to the Directorate of Administration and Human Resource, at time of recruitment, to which their salaries will be credited. This will avert the risk associated with cash payments

At the end of month, the Director of Human Resource prepares the payroll for all staff of Rwanda FDA taking into consideration the appointment letter or contracts as per Rwanda FDA approved organization structure and submit it to Director of Finance for verification, commitment and process the payment order.

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The following flow chart shows the process



8.1 Procedures and timeline for payment of monthly salary

Steps	Activity	Timeline	Responsibility
1	Submission of signed and approved payroll with supporting documents		Human Resource Officer
2	Verification of payroll and changes with supporting documents	2 hours	Director of Finance
3	Initiate commitment via IFMIS and upload payroll from SMART HR in IFMIS and process payment order	2 hours	Accountant

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4	Verification and sign commitment of salary and payment order	1 hour	Director of Finance
5	Certification of payment of salary	2 hours	Chief Finance Officer
6	Approved and sign commitment and payment order generated by IFMIS	2 hours	Chief Budget Manager
7	Upload payment order, commitment and other supporting document for payment of salary	2 hours	Accountant
8	Send to Treasury payment order and other relevant supporting documents	1 hour	Chief Budget Manager

9.0 Taxes payment and declaration


Law N° 02/2015 OF 25/02/2015 modifying and complementing Law N°37/2012 of 09/11/2012 Establishing value added tax Government and public institutions must withhold 18% **VAT** on all taxable supplies within public tenders. The taxpayer who has won the tender is required to declare the taxable supplies as output **VAT**, but can offset the **VAT Retained** by Public Institutions.

A withholding tax of three percent (3%) on the sum of invoice, excluding the value added tax, is retained on payments or by public institutions to those who supply goods and services based on public tenders,

Finance unit shall withhold and make monthly declaration of VAT and withholding tax to Rwanda Revenue Authority not later than 15th of every month for the tender awarded by Institution.

Accountant in charge of payment will deduct all tax and other regulatory returns from supplier's invoices and other payments made by the institute at the same time while processing payments of goods and services.

Exception for not withheld VAT on tenders awarded shall be to goods and services as prescribe by article 5


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and 6 of Law no 37/2012 of 09/11/2012 establishing the value added tax is modified and complemented and also withholding tax of 3% shall not be deduct on the following tax payers:

1. those whose business profit is exempt from taxation;
2. those who have tax clearance certificate issued by the Commissioner General

The Commissioner General of Rwanda Revenue Authority issues a tax clearance certificate to taxpayers who have filed their tax declarations on their business activities; paid the tax due on a regular basis, and have no tax arrears. The certificate is valid in the year in which it was issued.

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1. Purpose

This Standard Operating Procedure provides guidance and clear instructions on the collection process mainly for internal generated revenues from services rendered by Rwanda Food and Drugs Authority in a compliance with Rwanda FDA regulatory service tariff/fees and fines

2. Scope

The Standard Operating Procedures documenting detailed procedures used in collecting revenue from application, banking, recording, and reporting of the accounting, financial and related information.

3. Definitions and Abbreviations


- SOP: Standard Operating Procedure
- Rwanda FDA: Rwanda Food and Drugs Authority

4. Responsibility

- Chief Budget Manager has overall responsibility of ensuring and put in place all mechanism of revenues collection
- Heads of Department/ Division Managers/ Directors and other staff of Rwanda FDA have the responsibility of ensuring that all services rendered by Rwanda FDA are prepaid, no services will be rendered without assurance that the fees have been banked to designated bank account or there is commitment.
- The Director of finance is responsible for the prompt collection, security and banking of all revenue collected or received and ensuring that appropriate procedures are in place to enable the Institution to collect and receive all income to which it is entitled

5. Distribution

- a. Chief Budget Manager
- b. Heads of Departments
- c. Chief Finance Officer
- d. Director of Finance

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6. Reference

- Organic Law N° 12/2013/OL of 12/09/2013 on State finances and property
- Public Financial Management Policies and Procedures, First edition July 2019
- Rwanda FDA Regulatory Services Tariff/fees and Fines No CBD/RTG/004 Rev_2

7.0 Procedures

The budget will determine the expected revenue: Revenue from Central treasury /Ordinary Budget, Internal generated revenue, and funds from development partners

7.1 Policy statement

- In accordance with the accrual basis of accounting, Rwanda FDA revenue is recognized in the books of account at the time the transaction occurs.
- The revenue proceeds must be banked on the Rwanda FDA revenue account opened with National Bank of Rwanda and in Commercial Banks

7.2 Source of Revenue


Rwanda Food and Drugs Authority has three major sources of revenue/funding:

- Ordinary Budget
- Revenue-locally generated.
- Donor funds from development partners

a) Ordinary Budget

Ordinary Budget is normally cash transfer from central treasury for operation and Direct payment made by Central treasury on behalf of Rwanda Foods and Drugs Authority.

b) Internal generated revenue:

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- Revenue from licensing /permit/certificate
- Revenue from registrations fees of regulated products
- Revenue from fines for non-compliance of Rwanda FDA regulations
- Revenue from other services given by the Institution.

C) Donor funds from development partners


Rwanda FDA receives some of the funding for its activities from development partners. These funds are based on agreed or memorandum of understanding which have a narrative and financial plan. To account for the funds, the development partners generally insist upon both financial and narrative reports during and at the end of the project period.

The management of Rwanda FDA is responsible to maintain adequate records to ensure accountability and a proper audit trail. To facilitate this, finance department/unit shall be involved in the final proposal budget before its submission to development partners. This review should ensure that development partners formats and procedures are correctly followed, it should also help to familiarise the finance unit with the new plans and allow them to set up suitable systems and coding structures for better financial management of the development partners, going forward.

Development partners have guidelines on financial/ administrative rules; management should ensure that they are well versed in these rules as well as the contractual requirements. Management must adhere to these rules. It is very important to achieve maximum use of development funding.

To ensure that there is strong management, the Director of Finance is responsible for ensuring that:

- He/she and the finance team are familiar with the development partners rules and regulations that are applicable to operations.

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- Expenditure is incurred in accordance with any financial procedures required by the development partners.
- Development partners proposals, budgets and financial reports adhere to their financial rules and formats.
- Adequate documentation is maintained for each development partners to ensure a good audit trail.


7.3 Accounting Principles

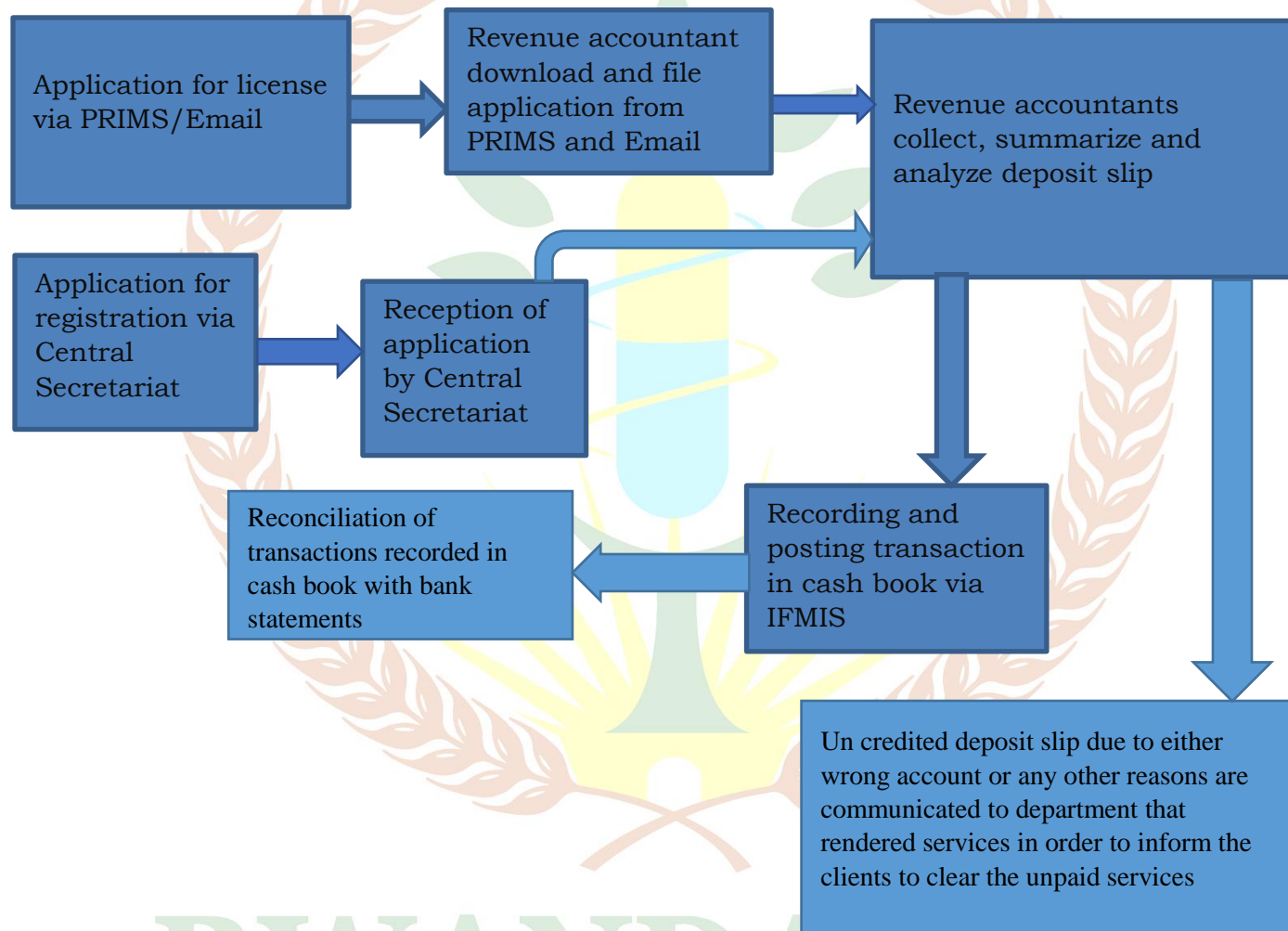
A major aspect of accrual accounting is the recognition of revenue when earned, regardless of due date or cash collection. This procedure explains the accrual method of recording revenues and the recommended treatment of cash receipts.

The internally generated revenue shall be collected through bank deposit to the designated bank account of Rwanda FDA. The customer shall submit the pay slip or deposit slip via PRIMS or email during the application for import/export, renewal license or submit the hard copy of the documents of application for registration of product accompanied by deposit slip at Rwanda FDA central secretariate. The revenue accountant will collect on daily basis the application letter and deposit slip as supporting documents of banking transaction. And if needed a receipt to acknowledge the payment of the services to be rendered will be provided.

For import/export license fees and registration fees the source document is the application, invoice and pay slip or wire transfer, while fees from fines the source documents are monthly list of customers/clients who did not comply with Rwanda FDA regulations during inspection, inspection reports and deposit slip. On receiving of the above documents, transactions are recorded and posted in the cash book by Revenue accountant. The Revenue accountant shall ensure that all deposit slip and related documents are well kept and filed on monthly basis.


The following chart flow shows the process

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Below are detailed procedures for collection, recording and reconciliation of revenues

Steps	Activity	Timeline	Documents	Responsibility
1	Download Application for import license via PRIMS/ emails and collect application for	daily basis during working days	Application letter, Commercial invoice and	Revenue accountant


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	registration from central Secretariat		deposit slip or transfer	
2	Analysis of deposit slip against commercial invoices and license	daily basis during working days	Deposit slip/Transfer/ Commitment or purchaser order/ Bank statement	Revenue accountant
3	Analysis of uncredited transaction and notification to concerned department the inconsistency	Daily basis working days	Commercial invoice and deposit slip	Revenue Accountant
4	Recording transaction in IFMIS	Weekly basis	Deposit slip	Revenue Accountant
5	Reconciliation	5 th every month	Cash book and Bank statement	Accountant
6	Review reconciliation	6 th every month	Cash book and Bank statement	Director of Finance
7	Issue invoice to Institutions that make commitment	Every month	Commercial invoice, application, License, donation letter	Revenue accountant in charge of receivables

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1. Purpose

This Standard Operating Procedure provides guidance and clear instructions on the process of preparation by Rwanda FDA financial statements, budget performance reports and other required reports in a manner that is consistent with Government of Rwanda's Law on State Finance and Property and other legal provisions. The key purposes of producing required financial statements and reports are to provide accountability to Rwanda FDA stakeholders in state resources. The financial statements are prepared to provide information about the financial performance and position of Rwanda FDA to be able to assess its stewardship and for making economic decisions regarding the delivery of its program and obligations to the nations

2. Scope


The Standard Operating Procedures covers the different financial reporting obligations of public budget entities among in which Rwanda FDA belongs, including reporting timelines. The following critical reports are highlighted:

- ✓ Monthly financial statements to the Accountant General by the 15th day following the end of the month
- ✓ Quarterly Financial Statements to the Accountant General by the 15th day following the end of the quarter
- ✓ Annual financial statements to the Accountant General by 31st July following fiscal year ended 30th June
- ✓ Annual financial statements to the Auditor General by 30th September following fiscal year ended 30th June

3. Legal and policy framework

These Procedures shall be implemented in a manner consistent with the following:

- ✓ Organic Law N° 12/2013/OL of 12/09/2013 on State finances and property, in particular its article 65 on budget execution report and article 66 on the preparation and submission of financial statements by public entities and article 19 that requires Chief Budget Managers of

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public Entities to prepare and transmit report to Ministry of Finance and Economic planning including those for the subsidiary entities/ Development projects within the institution.

- ✓ Ministerial Order N°001/16/TC of 26/01/2016 relating to Public Financial Regulations, in particular its article 48 on monitoring of budget execution report, article 96 on fundamental principles for preparing financial statements, article 106 on preparation and submission of budget execution reports, and article 107 on preparation and submission of financial statements.

The procedures shall also be applied in accordance with Manual of Public Financial Management Policies and Procedures first editions July 2019.

4. Principles


- ✓ Rwanda FDA financial statements and reports should be presented according to the reporting templates prescribed by MINECOFIN.
- ✓ Rwanda FDA financial reports/statements must be approved by the Chief Budget Manager upon their submission by the Finance department
- ✓ The quarterly and annually financial statements will have to be submitted to the management committee and to the Board of Directors for approvals.

The financial statements and reports prepared by Rwanda FDA shall include the following:

- ✓ Statement of revenues and expenditures
- ✓ Statement of Financial assets and liabilities
- ✓ Statement of Cash Flows
- ✓ Statement of changes in net assets
- ✓ Statement of comparison of budget and actual amounts
- ✓ Note to the financial statements

5. Definitions and Abbreviations

- SOP: Standard Operating Procedure

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- Rwanda FDA: Rwanda Food and Drugs Authority
- MINECOFIN: Ministry of Finance and Economic Planning

6. Responsibility

- Chief Budget Manager has the responsibility for the financial statements/report, which have been prepared using appropriate accounting standards applicable to Public Entities as defined by Article 99 of the Ministerial Order N°001/16/10/TC of 26/01/2016 relating to financial regulations
- Chief Finance Officer is responsible for carrying out a comprehensive review of all financial statements and reports before submission to the Chief Budget Manager for approval and submission to the Ministry of Finance and Economic Planning for consolidation and to the Auditor General.
- Director of Finance is responsible for maintaining the necessary books of accounts to ensure that financial information is comprehensive, preparation of financial statements in accordance with format and guidelines provided by the Ministry of Finance and Economic Planning and ensuring accuracy and completeness of financial statements.


7. Reference

- Organic Law N° 12/2013/OL of 12/09/2013 on State finances and property
- Public Financial Management Policies and Procedures, First edition July 2019
- Ministerial Order No. 001/16/10/TC of 26/01/2016

8.0 PROCEDURES

a) Preparation of the bank reconciliation statement

The bank reconciliation will be prepared within the finance unit on monthly basis of all bank accounts held in the name of Rwanda FDA with the aim of identifying the discrepancies between cash book and bank statements which may arise due to errors or omissions that can be made to the cash records due to the many cash transactions that occur. Therefore, it is

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necessary to prove periodically the balance shown in the cash book. A printed and approved bank reconciliation statement will be attached to the appropriate original bank statement and cash book for each month and the evidence of bank reconciliation statement must be available not later than 5th day of the following months.

Upon receipt of the monthly bank statement including cleared checks, deposit slips and any other transaction notifications, the monthly bank reconciliation is prepared by the Accountant.

All cleared transactions on the bank statement will be reconciled and cleared in the finance system.

After all cleared items for the month have been selected, the book ending balance and the bank ending balance must match with a zero difference.

Any discrepancies between these two balances will require research to determine the cause, such as recording errors, omissions, miss postings.


b) Year End Procedures

The purpose of the year end procedures is to ensure that:

- A systematic approach is followed in effecting end of period and closing procedures to ensure accuracy and completeness.
- Proper end-period cut-off for transactions is affected and adjustments are made for all completed transactions to incorporate them in the financial statements.
- There is proper approval of end of year adjustments.
- Appropriate documentary evidence is created to support all period end adjustments to enable verification of such amounts.
- The accounting books are closed and balanced at end of every period

Finance unit shall be responsible for reviewing data and reconciling the General Ledger monthly.

Any discrepancies shall be discussed with appropriate Finance personnel to allow for corrective action the Chief Budget Manager will ensure that the supporting schedules for all balance sheet and

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income statements accounts are prepared and that the financial statements tie to the final trial balance.

To arrive to the final financial statements, finance unit shall perform the following year end closing procedures:

1. Journal entries for year-end adjustments

- a. A journal entry is intended for correction of posting errors, adjustments and those transactions that do not go through the cashbooks such as accruals and month-end provisions.
- b. The journal shall give full explanation of the nature of the transaction and should be entered into the system after the verification by the Director of finance. Any adjustment made related to the closure of financial year should be approved by Chief Budget Manager


2. Accounts Receivable

- a) Cut-off procedures are designed to ensure that receivables transactions are properly recorded and included in the current year financial statement.
- b) Complete accounting processes and reconciliation for Accounts Receivable (AR).

Prepare the Accounts Receivable Ageing Report, including name of debtors, date of invoicing and the outstanding balance.

3. Accounts Payable

- a) Cut-off procedures are designed to ensure that payables and accrual transactions are properly recorded and included in the current year financial statement.
- b) Complete accounting processes and reconciliation for Accounts Payable (AP)

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- c) Prepare the Accounts Payable Ageing Report to reconcile the ageing balance to the general ledger account balance for AP.
- d) A review should be made of any other orders or contingent liabilities and report these liabilities in accordance with accounting standards.


4. Inventories

- ✓ Cut-off procedures are designed to ensure that inventory transactions are properly recorded and included in the current year financial statement. Inventory quantities include all items on hand or in transit.
- ✓ Carry out physical counts for all inventories kept in the stores at the end of the year.
- ✓ During the count identify and count obsolete, damaged, and expired items. Obtain the value of these items and advise management on whether to write them off.

Compare the results of the physical stock counts to the perpetual records and obtain explanations for any variances

c) Procedures for preparation financial statement

Steps	Activity	Timing	Responsibility
Monthly financial statement and Report			
1	Perform bank reconciliation statement of all	5 th day of the following month	Accountant
2	Review reconciliation, Cash Book, and Trial Balance	6 th day of the following month	Director of Finance
3	Preparation of draft financial statement	7 th day of the following month	Accountant/ Director of Finance

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4	Review draft financial report and submit to Chief Finance Officer for certification	8 th day of the following month	Director of Finance
5	Certification of Financial Report to be submitted to Chief Budget Manager for Approval	10 th day of the following month	Chief Finance Officer
6	Approve Financial Report and Submit to Accountant General/ MINECOFIN	12 th day of the following month	Chief Budget Manager

Annual Financial Report

1	Review reporting instructions from MINECOFIN	1 st July	Director of Finance
2	Prepare and review draft financial statements and reports	15 th July	Accountant and Director of Finance
3	Review draft Financial Statement/Reports submitted by the Director of Finance and approve after ensuring accuracy and completeness of report	20 th July	Chief Finance Officer
4	Review, approve and submit annual report to MINECOFIN	25 th July	Chief Budget Manager
5	Submit annual report to the Auditor General of State Finances	30 th September	Chief Budget Manager

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