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Cash Disbursement and Payment Processing

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A. POLICY OVERVIEW

1.

1. and the payment should be re-executed correctly so that the payment reaches the beneficiary.

B. Payment Processing Procedure

2. Issuing advance payment

For vendor/ service provider / advance processing and approval:

   a. **Review the proforma invoice -** The Certifying officer (project officer) performs the following:

   i. Ensure that amount requested in advance do not exceed the amounts on the obligating documents;
   ii. Verify that previous payment has not been made; and
   iii. Verify following information is included:

   - Purchase order number
   - Amount to be paid
   - Disbursement conditions
   - Requesting Unit/staff

   b. **Control:** The Finance Manager/officer reviews the accuracy and completeness of the information and process through online banking module (inputting data).
   c. **Authorize the payment (first authorize signatory in the bank)**: Project Manager check the completed forms and authorize the advance payment.
   d. **Process and authorize** (second authorize signatory in the bank): The paying officer in the finance unit will than authorize the advance payment.

3. For vendor/ service provider / invoice processing and approval after the goods are received and service is provided

   a. **Verify Goods/Services Receipt–** A staff member (one than can confirm that the terms of reference were met ie Project Assistant) verifies that the goods and services received agree with the purchase order terms and conditions and that the quantities billed on the invoice agree with the actual amounts received.

   i. Deliveries must be verified by obtaining proof of delivery which will be evidenced by confirmation from the party receiving the goods.
   ii. For services (institutional and individual contracts) proof of delivery must be verified by the supervisor, budget owner or other appropriate individual that can verify the service has been received.

   b. **Review the vendor/service provider invoice -** The Certifying officer (ie project officer) performs the following:

   iv. Ensure that prices and quantities of the billed goods and services do not exceed the amounts on the obligating documents;
   v. Ensure that item description, unit cost and calculated totals on the invoice are correct;

   vi. Verify that previous payment has not been made; and
   vii. Verify following information is included:

- Purchase order number
- Amount to be paid
- Disbursement conditions
- Requesting Unit/staff

   c. **Verify and Approve Invoice:** The invoices are submitted for review and approval to approving officer (Team leader). The approving officer checks invoice to ensure that:
   i. Vendor/service provider data details are complete and accurate (e.g. address and bank details);
   ii. Amount and currency have been entered correctly;
   iii. Contract terms and conditions if any are adhered; and
   iv. Three way match (purchase order/Goods Received Notes/Invoice) for goods purchased or (request for payment/service contract budget conditions/invoice) for service provided has been reconciled without exceptions.
   v. Part number is checked to ensure that the goods or services are charged to the correct accounts.

   d. **Check/verify/control and process payment**: The payment package is submitted to finance unit. The paying officer (finance officer/manager) control and assure that payments and required documents are in compliance with contracts signed, legislation and part number and service code. It is than processed through online banking module to inputting the data.

   e. **Authorize the payment (first authorize signatory in the bank)**: the authorized person (with authorized right in the bank/Project Manager/Country Director)) will review the payment package after the finance unit has input the data in the banking module for processing through online banking. The authorizing officer will check/verify:

   i. A posted payment data in the bank with the request for payment/purchase order and supporting documents and thereafter authorize the payment.

   f. **Process and authorize** (second authorize signatory in the bank): The paying officer in the finance unit will than authorize. The swift will be printed out and file as appropriate with supporting document and confirmation payment will be send to finance/project assistant for submission to third parties.

4. Documentation **in case of service provider:**

   vi. Tax invoice
   vii. Proof of the product/deliverable as per requirement in the terms of reference
   viii. Timesheet if include payment to consultant fee/day based
   ix. Contract Monitoring tool

5. **For implementing partner**

Advance Payment process:
   a. **Request for Advance:** The implementing partner requests the advance payment using the Request for Advance Funding form template.
   b. **Certify:** The operational staff (intervention manager or project officer) certifies the form following a review to ensure that:

   i. It has been signed by the official(s) designated by the implementing partner to ensure the activities are aligned with the agreed Plan;

      ii.   Where appropriate, it includes confirmation of the settlement of the previous advance;
      iii.   The programme implementation period <mark>does not exceed three months</mark>;
      iv.   Detailed cost / budget estimates for the resources requested;
      v.   The resources requested are reasonable
      vi.   The bank account details are correct.

c. **Approve:** The team leader approves the request for advance payment following a review to ensure:

    a. the form is signed by the implementing partner's designated official(s);
    b. the form is certified by the intervention manager/project officer responsible for the monitoring of interventions/activities;
    c. the implementing partner has no unsettled advance which have been outstanding <mark>for more than six months;</mark>

d. **Control:** The Finance Manager/officer reviews the accuracy and completeness of the information and process through online banking module.
e. **Authorize**: Project Manager check the completed forms and authorize the payment.

f. **Notify:** The Finance Manager/ Finance Officer informs the Programme Officer of the date that payment has been effected.
g. **Notify:** The Intervention Manager/Project officer notifies the implementing partner of the advanced amount approved and send the details of the bank transfer.
h. **Receive:** Confirmation of the receipt of the is evidenced from the implementing partner.

6. Reporting on utilization and settlement of advance

After the program activities are completed and the partner will report to the project through the financial report for the advance paid the following reviews must be made in order to process with the settlement of advance and recognizing the expense and process with the next advance payment.

1. **Control:** Finance Manager review financial transactions with supporting documents to make sure that partners reported financial spending are correct and in line with agreed plan;
    i.   Financial Statement (actual versus budget);
    ii.   List of transactions;
    iii. Copies of supporting documents such as: invoices, stamped "paid", copies of contract with subordinates/third parties if applicable and copies of bank swift for the respective payments;
    iv. Progress report and deliverables with proof of verification (list of participants, photos of activities, reports from third parties and deliverable/products timesheets, etc).
    v.   Contract Monitoring tool
2. **Check and review:** Operational/Program Staff and Team Leader check and approve progress report and deliverable and cross check and support the finance staff for alignment of cost incurred with progress of activities and deliverable;
3. **Request for payment:** Operational/Program staff prepare and sign the request for next advance and confirm and assure that reported expenditure are in line with activities agreed and the deliverable/activities are performed and produced in accordance with agreed plans;
4. **Certify and approve:** Team Leader approve the request for payment which confirm and assure the compliance with agreement and satisfactory performance of the partner;
5. **Process payment:** Finance Manager sign the RFP and verifies the next disbursement and submit the bank payment with the file for approval at Project Manager/Director along with the contract monitoring tool and prepare/input the data for payment release;
    vi. PM after review of the file authorize as first signatory and execute;

vii. Finance manager authorize as second signatory and execute the payment. When booking the advance also is settled for amount reported in the financial reporting.

C. Flowcharts

Process 1 – Payment process for regular goods/services

Process 2 - Payment process for transfer/disbursement to implementing partners

D. Templates and Forms

Table of Authority

Acceptance of Delegation

Purchase order / Request for payment/Good receipt note

Request for Advance/Financial Report/ Report on utilisation of funds/ Request for funds authorization

E. List of Controls/Risk matrix