WOMEN'S HEALTH AND RESEARCH CENTRE

(WHARC)

FINANCE POLICIES & PROCEDURES MANUAL

Table of Contents

1 INTRODUCTION

1.1 WHARC's Mission Statement:

WHARC exists to become a leading centre of excellence in Africa providing essential and up-to-date information, research, data and services in sexual reproductive health.

1.2 Background - Overview of WHARC's Financial Management:

WHARC's financial management is a process which brings together planning, budgeting, accounting, financial reporting, internal control, auditing, procurement, disbursement, and the physical performance of the various programmes with the aim of managing resources to achieve WHARC's objectives. Sound financial management is critical to the running of an organisation's programmes and the achievement of its objectives. Relevant and reliable financial information provides:

- A basis for better decision-making and for improved management of physical and financial resources
- A basis for an efficient implementation of programmes activities
- Essential information to those who manage, implement and supervise the organisation's programme;
- Assurance to the donor community that funds have been used efficiently and for the purpose intended; and
- A deterrent to fraud and corruption, because they incorporate strong internal control and transparent financial reporting systems which identify unusual occurrences and deviations.

The responsibility for the establishment and maintenance of a financial management system for all programmes rests with the Board of Trustees, and the Management of WHARC. The Board shall consider the following financial management issues in satisfaction:

- The capacity of WHARC's financial management system and the availability of relevantly and adequately qualified personnel to undertake financial management functions;
- That an appropriate organisational structure as well as adequate staffing is in place and shall be maintained with clearly defined responsibilities for programme activities;
- That when programme implementation begins, the financial management system shall reliably record and report all financial transactions;
- That throughout the life of a programme, the financial management system shall produce financial statements in compliance with acceptable standards;
- Assure the timely appointment of an independent auditor under acceptable terms of reference and ensure the timely

submission of acceptable annual financial statements and audit reports.

1.3 Purpose of the Financial Procedures Manual:

The manual shall be updated to include changing needs and conditions. It is the responsibility of the Management of WHARC to ensure that the manual is current and applicable at all times and that it is reviewed and signed off by the appropriate authorities as and when required.

The purpose of this policies and procedures manual is to provide:

i. A comprehensive set of policy directives and guidelines to regulate the financial management activities of WHARC.
ii. An easy reference for new employees to gain an understanding of how the financial activities operate and what is expected of them.
iii. Employees of WHARC with the description of the financial policies and procedures and the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority relating to the different functions within the organization.
iv. These policies and procedures shall provide certainty with respect to financial activities undertaken within the organization and shall ensure that management and employees understand their respective responsibilities and duties.
v. A simple but practical and highly effective and efficient system of accounting for WHARC's operations.
vi. The basis for uniform and consistent accounts classification for reporting purposes.
vii. A fast and efficient means of gathering accounting information for reporting and decision making.
viii. A guideline for the operators of the system on the consistent treatment of all possible financial transactions of WHARC in Accordance with Generally Accepted Accounting Principles.
ix. A reference for auditors, consultants and development partners to understand or evaluate the financial management system;
x. A reference for implementing agencies to ensure they comply with the Centre's financial management policies and procedures; and each funding source is individually identified and individual expenses are coded in a manner to ensure that the expense is charged to the correct funding source;
xi. All payments are based on fully supporting documentation;
xii. All financial records are supported by source documentation;

xiii. Reports can compare actual expenditures with planned expenditures; and
xiv. The lapsed time between any advance and actual expenditure is minimized.

This policy and procedures document replaces/supersedes all financial policy and procedure instructions and memoranda that have been previously issued.

1.4 Departures from formal policy and procedures

Any departures from the approved policies and procedures stated in this manual shall require the prior written approval from Chairman of the Board of Trustees.

Failure to comply with the prescribed policies and procedures by any member of staff shall result in the institution of disciplinary procedures in line with human resource policies and procedures of WHARC.

1.5 Changes to the policy and procedures document

It is critical that all changes made to the manual are properly and timely communicated to all relevant persons within the organization. The following steps shall be applicable for changes and amendments to this manual:

i. The Accountant shall be responsible for the maintenance of financial policies and procedures.
ii. All recommended changes or requests for changes shall be recorded on an internal memo, which would detail the suggested changes together with the reasons for such changes.
iii. The Internal Memo shall be authorized by the relevant Head of Department or Program Manager. The authorized change request memo shall be forwarded to the Accountant.
iv. The Accountant shall circulate the suggested changes amongst the other managers and staff for comments for a period not exceeding 21 days. All comments shall be returned to the Accountant.
v. After agreement has been reached between management and staff, the Accountant shall forward proposed changes in policies and procedures within five working days to the Executive Director for Board ratification.
vi. After approval has been received, the Accountant shall circulate the amended policy document among all staff and shall make it available online within one week after ratification.
vii. The Accountant shall ultimately be responsible for applying the change.
viii. Any section where current policies or procedures has been changed shall be reflected as follows:

a) Exclusions are marked as strikethrough.
b) Any new inclusion shall be clearly marked in italic as new inclusions.
c) The version number and date of issue shall be included on the first page of this policy document above the index. The first version is numbered 2012.01, after each revision, the document review number changes (i.e. after the first review in year 2012, the number changes from 2012.01 to second change number 2012.02). Only after a major review of all policies and procedures shall the year (i.e. 2012) change to reflect the current year.
d) Any change is reflected in the manual for a period of one month after which the excluded text, marked by a strikethrough is deleted. All inclusions marked in italic are also changed to normal font.
e) Within one month after the new changes have been applied, the document is resubmitted to the webmaster (Communication/Information Technology Officer) in its final format (i.e. no italic or strikethrough).
f) Any change made shall result in the manual being re-issued in its entirety on the Network.
g) After each change taking place, the Accountant shall circulate an e-mail to all employees with details of the change, including:

1. The previous version of the policy or procedure prior to change being effected;
2. The new version of the policy or procedure after changes have been effected;
3. The reason for change; and
4. The effective date of the change.

ix. All employees receiving such a notification shall print the notification document, date and sign as proof that they have familiarized themselves with the contents of the policies and procedures, and undertake to adhere strictly to it. These signed undertakings are collected by the Accountant and forwarded to the Human Resource Officer for filing in individual staff's personnel files.
x. Failure to apply the revised policy from the date of implementation shall lead to disciplinary action being taken against the officer found wanting.

1.6 Delegation of Authority

Full responsibility for internal control within each department rests with the respective departmental managers. Managers are also responsible for ensuring that the policies, procedures and guidelines, are complied with and that records are maintained in as complete and accurate form as possible.

1.7 Institutional and implementation arrangements:

The institutional arrangements for the implementation of all activities and programmes are structured in such a way that shall facilitate the achievement of all objectives. The Board of Trustees shall exercise strategic oversight of the financial function including receipt of management letters from auditors, review of finance procedure and directly hold responsibility for expenditure by the Executive Director

Membership of the management shall be made up of relevantly qualified personnel with appropriate expertise in their chosen fields.

Management shall have the following functions:

- Preparing/Consolidating annual work programme, and reviewing and signing off on quarterly financial monitoring reports and financial statements;
- Implementing the policy decisions regarding all programmes and activity components;
- Coordinating, monitoring, and providing technical support to implementing officers and Sub Recipients;
- Preparing and submitting proposals for funding to donors and partners and other stakeholders;
- Evaluating proposals from Sub Recipients;
- Ensure that the relevant periodic reports and annual financial statements are submitted to the stakeholders on a timely basis.

The Finance function has been established to provide appropriate support to ensure that:

- All important business and financial processes are covered;
- Adequate internal controls are in place;
- Financial monitoring reports are prepared on a timely basis;
- The financial information required by management and stakeholders are prepared promptly;
- The annual financial statements are prepared on a timely basis; and
- The annual external audit is completed on time and audit findings and recommendations are implemented expeditiously.

2 ACCOUNTING PRACTICES AND POLICIES

This section summarises the accounting practices and policies to be adopted. The procedures by which the policies are implemented are contained in the relevant sections of this manual.

2.1 Responsibility for Accounting Policies

The Finance Manager, the Internal and External Auditors may recommend accounting policies to management for approval. However, the implementation of accounting policies shall be the responsibility of the Accountant.

2.2 Accounting Systems

The Finance function's Accounting Systems shall be based on a rational combination of Accounting Policies and Practices best suited to report WHARC's financial affairs. The policies and practices are in conformity with Generally Accepted Accounting Principles namely:

- Going Concern
  Operations shall be sustained into the foreseeable future and that there shall be no significant liquidation of its assets due to a reduction in the scale of operations or Grant cancellation.

- Consistency
  Accounting policies set below shall be applied consistently from one accounting period to another, and within accounting periods, except when there is a special reason to depart from such policies. However, such reason(s) shall be fully disclosed in the Financial Statements.

2.3 Accounting Policies

The following are the significant accounting policies to be followed in recording transactions and in financial position reporting.

2.4 Accounting Convention

The accounts are to be prepared under the historical cost convention.

2.5 Accrual Accounting

Income and charges relating to a specific financial year shall be taken into account when they occur and not only when the related cash is received or paid.

2.6 Basis of Accounting

The accrual basis shall be adopted in the preparation of Financial Statements. WHARC's financial year runs from July 1 to June 30.

2.7 Foreign Currency

Income and Expenditure items in foreign currencies are converted to Naira at the rates ruling at the transaction dates. Assets and Liabilities expressed in foreign currencies are converted to Naira at the rates ruling at the balance sheet date and gains or losses on such conversions are credited or charged to reserve in the period which they arise.

2.9 Fixed Assets

Fixed Assets are those intended for use over a period exceeding one accounting year.

2.9.1 Asset Capitalization

To be classified as a fixed asset, a specific property must possess three attributes viz:

- It must be tangible in nature
- It must have a useful life of two years or more
- It must have a value of at least N50,000

WHARC shall expense the full acquisition cost of tangible properties below these thresholds as well as all fixed assets which are purchased for and wholly funded by a specific agreement, contract or project in the period of purchase.

In applying the capitalisation policy:

All related handling and installation costs are included in the acquisition cost of the fixed asset item.

i. Capital expenditure on contract works shall be included on the basis of valuation certificates including retention.
ii. Contributions of property, plant and equipment, or other long-lived assets should be recognized at fair value at the date of contribution.

iii. If a Donor stipulates how long a contributed long-lived asset must be used, the asset contribution should be reported as restricted support. In the absence of donor restrictions, contribution of long-lived assets should be reported as unrestricted support.
iv. The value of contributed long-lived assets should include all costs incurred to place the asset in service.
v. There should be adequate insurance coverage of all assets on WHARC at any point in time.

2.10 Depreciation

In accordance with GAAP matching principles, the costs of fixed assets should be allocated to the periods to which they benefitted through using the straight-line method. This allocates costs less salvage value evenly over the asset's estimated useful life.

2.11 Inventory

Inventory shall be valued at the lower of cost and net realisable value.

2.12 Prudence

Adequate restraint shall be exercised in the determination of income to be included in the Income and Expenditure Account and that all known costs and liabilities are charged in relevant period accounts with due regard to the accounting basis.

2.13 Contributions

Contributions shall be recorded on a gross basis. WHARC shall distinguish between contributions received with permanent restrictions, those received with temporary restrictions and those received without restrictions. A restriction would result either from a donor's explicit stipulation or from circumstances surrounding the receipt of the contribution that make clear the donor's implicit restriction on use.

All contributions are regarded as unrestricted donations, unless a restriction based on time or use is designated by a donor. These unrestricted contributions should be reported in the unrestricted class of Net Assets in the Balance Sheet and should be shown before arriving at the "Excess Income over Expenditure" in the Income & Expenditure Statement.

Sample financial Statement format is shown in Appendix 1 below.

A temporary restriction expires when the stipulated time has elapsed, when the stipulated purpose has been fulfilled or both. As the terms of the restriction are met, associated costs are recorded in the period incurred.

2.13. 1 Contributions of cash and Other Assets

Contributions received shall be recognized as revenues in the period received and shall be measured at their fair value.

2.13.2 Contribution of Services

Contributions of services shall be recognized if the services received:

(a) Create or enhance non-financial assets or
(b) Require specialized skills are provided by individuals possessing such skills and would typically be purchased if not provided by donation.

Services shall be recorded at fair value.

2.13.3 Measurement at Fair Value

Quoted market prices, if available are the best evidence of fair value of monetary or non-monetary assets contributed including services. If quoted market prices are not available fair value may be estimated based on quoted market prices of similar assets, independent appraisals or valuation techniques such as discounted cash flows.

2.13.4 Substantiation of Contribution

The Executive Director shall acknowledge all contributions of at least N5,000 with a letter addressed to the donor. The letter shall include the name of the donor, the amount of the contribution, and a certification that no goods or services were received by the donor in exchange for the donation.

2.14 Investment and Interest Income

These are considered unrestricted unless the donor places a restriction upon the income. Investment income is recognized when earned.

2.15 Proceed on Sale of Fixed Assets

When assets are sold or retired, the cost and accumulated depreciation are removed from the accounts and any gain or loss in included in unrestricted income.

3 BUDGETING AND BUDGETARY CONTROLS

3.1 Budgeting Process:

i. Budget timetable shall be drawn up by the Director after the annual operational plans have been concluded. The Operational plan shall state:
   - the objectives to be achieved during the financial year;
   - the activities necessary to achieve the set objectives;
   - when each activity will be carried out; and
   - the officer responsible.

ii. The Director shall call for a budget retreat, which shall be attended by all officers.

iii. A budget template shall be agreed and circulated to all officers before the retreat.

iv. Every officer responsible for an activity shall prepare and submit details of sub-activities necessary to complete each activity and there estimated costs.

v. The submissions in (iv) above shall be made to the Accountant who shall collate all the submissions using the approved pre-circulated template.

vi. Each Officer shall make presentations of the activities for which he is responsible and these shall be discussed by all Officers at the retreat.

vii. After discussion of necessity, costs and adequacy and completeness of sub-activities, the Accountant shall make appropriate adjustments as recommended after the discussions.

viii. The Accountant shall then make presentation of the draft budget at the retreat.

ix. The Director shall make presentation to the Board.

x. The Board shall approve the budget after review at the presentation meeting stated in (9) above, after which it becomes official document guiding expenditure for the year.

xi. The approved budget is then circulated to programme officers for implementation by June 30 of every year.

xii. The Finance function is then charged with the monitoring/evaluation of the budget.

xiii. The Accountant shall capture the approved annual budget on the accounting system.

xiv. The Accountant shall review the annual budget captured by comparing the budget totals with the budget totals on the approved annual budget document. The line items of the budget captured in the accounting system will also be compared to the line items included in the approved annual budget document.

xv. Access to the accounting system to effect any change or amendment to the approved budget shall be to Only the Accountant.

3.2 Budget Monitoring and Variance Analysis

It will be the joint responsibility of each Head of Department/Program Managers as well as the Accountant to monitor his/her budget on a monthly basis.

i. The budget tracking/monitoring report shall be designed to produce a cross breed between financial and programmatic reports with due consideration for **Value for Money**.
ii. Financial information shall be compiled by the Accountant.
iii. Operational information shall be compiled by the Program Managers.
iv. Monthly management reports shall be reviewed by the management team to measure actual performance against budget estimates. Budget variances must be investigated and corrective action must be taken.
v. On a quarterly basis, the Accountant shall collate monthly financial reports into a Quarterly Financial Report and the Program Manager shall collate the programs report into a Program Operational Report both reports shall be presented for review by the ED and other management staff before the last working day of the subsequent month.
vi. The Accountant, with the assistance of the Program Managers, shall collate the Financial and Operational Reports into a quarterly Management Report for presentation to the ED on or before the last working day of the month subsequent to the quarter-end. Monthly Management Reports shall consist of the following:

    1. Budget amount by Expenditure;
    2. Amount released and Expenditure (current period and year-to-date);
    3. Variance Monetary value and % of variance;
    4. Result/Output (i.e. change attributable to the amount spent e.g. school
    5. building is constructed);
    6. Impact (change attributable to this activity e.g. increase in school
    7. enrolment or increase in literacy level of beneficiary community); and
    8. Remarks (reason for variance).

Accountant shall advise against payment where allocated amounts have been exhausted

4 REVENUE

4.1 Grant Compliance

i. When a new grant is received or renewed, a copy of the executed grant agreement shall be forwarded to the Accountant.
ii. The Accountant shall set up a permanent file for the grant and maintain the contract along with any other financial correspondence regarding the grant.
iii. It is the responsibility of the Accountant to review the grant contract and extract any fiscal items which shall be complied with by WHARC.
iv. A schedule shall be drawn up covering the following:
    a. Name of donor;
    b. Expected date of receipt of donation;
    c. Amounts received to date;
    d. Amount outstanding;
    e. Name of Bank and account number into which fund is received
v. On receipt of this income, the amount received shall be reconciled to the contract signed with the corresponding donor. Any discrepancies shall be followed up with the donor.
vi. A separate bank account shall be opened for each grant separate Cashbook shall be maintained for each account opened.

4.2 Receipt from Donors

i. Foreign Currency Domiciliary accounts should be maintained for each Donor at reputable banks where exchange to local currencies is promptly done with proper documentation.
ii. Funds can be sent to the account by Donors through telegraphic/wire transfer or Cheque.
iii. When funds are received into the account of WHARC, the bank officials shall send a credit advice to WHARC on the fund received.
iv. In order to process grant for exchange into naira, a letter of request for approval to effect the transaction shall be sent to the bank by the Accountant duly signed by the authorized signatories stating the amount to be exchanged.

v. The bank officials shall provide the exchange rate of the foreign currency to the Naira.

vi. The Naira equivalent of the foreign currency amount exchanged shall then be credited to the local currency account number provided; WHARC shall obtain a credit advice from the Bank regarding this transaction. The bank shall also provide debit advice for the exchange transactions stating the amount of currency exchanged, the rate of exchange and the amount of naira equivalent credited.

4.3 Donations in Kind

When donations are made in kind such as motor vehicles, computer hardware, office equipment, etc, the following procedures are adopted.

i. Donor delivers assets to WHARC and is received by the Admin. Manager who forwards letter of acknowledgement signed jointly with the Executive Director to the Donor.

ii. The Accountant shall determine the value of asset donated using the accompanying receipt of purchase where applicable or using open market value of the asset.

iii. The Accountant updates The Assets Register and files assets' documents in date order.

4.4 Other Income (from journal subscriptions and sale, space and equipment rentals etc)

Using the receipt as the source document, this shall be agreed to the respective deposit slip and necessary accounting entries passed by the Accountant.

Accounting for Revenue

1) Receipt booklets shall be pre-printed and pre-numbered, all receipt booklets shall be recorded in a receipt book register, which shall be in the custody of the Admin. Officer.
2) The Admin. Officer shall be responsible for safeguarding unused receipt books, which shall be locked in a safe (fire proof and secured).

3) When receipt books are requested by the Accountant, the date of the request and date of issue shall be recorded in the receipt book register by the Admin. Officer, the Accountant shall sign next to these entries in the receipt book register.
4) Receipts shall be issued by the Accountant for all monies received by WHARC. In case of cash receipt, a receipt should be issued immediately with the original given to the Donor/person giving the cash and a copy kept in the receipt booklet. However, where a cheque is received, receipt shall be issued only after value has been received by WHARC (i.e. the cheque is cleared into the account.
5) The receipt shall state the following:
    a. Date;
    b. Amount;
    c. Name of client; and
    d. Reason for payment.

6) The deposit slip, in duplicate, together with the physical cash and cheques shall be taken to the bank that same day or at latest the next day by the Admin. Manager or any other delegated person other than the Accountant. No money should be spent unless withdrawn from the Bank.

7) A copy of the deposit slip with an official date stamp of the bank recorded on it shall be returned to the Accountant by the Admin. Officer or any person making the deposit as evidence that the deposit has been made.

8) The Accountant shall ensure that this is agreed with the receipts initially issued; maintain custody of the bank deposit slips and file them in date sequence for future reference.

9) The Internal Auditor shall check that all bank deposit slips received back from the bank for the following:

    a. Whether the deposit slips have an official date stamp of the bank recorded on them; and
    b. Whether they appear on the bank statement.
    c. Time deposit was made compared with when receipt was issued.

10) Cancellations of receipts should be authorized and signed by the Internal Auditor. The original receipt should be kept in the receipt booklet.

11) The Internal Auditor should perform sequence checks of pre-numbered receipts to ensure that all receipts have been filed and that he has authorized all cancelled receipts.

12) The Accountant shall maintain separate Cash Books for each bank account maintained by the WHARC. The following information shall be captured:

13) Receipts (on the left hand side): Date of receipt; name of donor/person giving the money; receipts number; and amount.

14) Payments (on the right hand side): Date of payment (same as on payment voucher); payment voucher number; name of payee; purpose of payment and Amount.

Sample Template is shown in appendix 2 below.

4.5 Granting Policies

The following are the onward granting policies of WHARC:

i. In spending, WHARC requires officers to exercise good judgment, display just prudence, and maintain a high sense of ethics in making expenditure decisions.
ii. Disbursements shall be monitored for reasonableness.
iii. Sub- recipient shall submit to the Program Manager for review request for disbursement in order to ensure that such funds are used solely for purposes prescribed by the donor.
iv. The Finance Department shall maintain records of donor restrictions for each fund in order to assist in compliance.
v. All disbursements shall have appropriate documentation and written justification showing that the expenditures fall within the fund guidelines.
vi. Monitoring of sub-grantees shall be done on monthly basis.

4.6 Contractual Obligations

After the selection of partners, implementers or sub-recipients, an MOU or TOR is signed with the partners detailing the terms of reference for the project. This is a contractual and legal document which shall be binding on both parties until close out of the project.

The signed TOR shall:

i. Include the roles and responsibilities of WHARC and the grantee;
ii. Comply with local legislation;
iii. Comply with rules and regulations from the donor, including budget restrictions and other special conditions where applicable;
iv. Include reference to the WHARC's conflict of interest and anti-fraud policies;
v. Include requirements for audit and access to documentation;
vi. Include clear provision for amendment, termination/suspension and close-out;
vii. Include a clause on resolution of disputes; and
viii. Include work plans and budgets for the grant.
ix. Include declaration/certification by Implementer that grants are not used for terrorism activities.

4.7 Grant Close Out

i. Review of financial record shall be carried out by the Accountant.
ii. Final project end report shall be submitted to ascertain the status of the project.
iii. If at the end of the project duration there are unresolved or uncompleted aspects of the project, a no cost extension shall be given to resolve them.
iv. After the final financial reports have been submitted and reviewed, balance due to either the sub-grantee or WHARC is determined and paid back.
v. Lessons learnt from the project shall be documented.

5 PAYMENT PROCEDURES AND WITHDRAWAL OF FUNDS

5.1 Payment Procedures

The following steps shall be adhered to before payments are made.

- A link is made between progress of work done and the payments;
- An efficient and effective flow of funds;
- The need for sufficient budgeted funds;
- Supporting documents for verification and payments;
- The meeting of the requirements of Financial Monitoring Reports.

5.2 Flow of Funds

The authorised signatories to the account shall be as specified under the Banking Arrangements.

A system of early replenishment shall be instituted such that the Finance function shall have adequate resources to enable the programme activities to be implemented. Equivalent foreign currencies (if any) shall be converted and transferred into the naira account to meet identified eligible local expenditure. WHARC may open another Account in another Bank as approved by the Board of Directors

All bank accounts MUST be reconciled with the cashbook using the bank statements on a monthly basis. These reconciliations shall be prepared by the Accountant and reviewed by the internal Auditor.

5.3

The Accountant shall dispatch both copies of the letter of instruction to the bank and the Finance Assistant shall record the transaction on the system. On receiving the letter of instruction, the bank shall acknowledge receipt by stamping and signing the duplicate copy, which shall be filed in bank correspondence file in the Finance function. The relevant transactions shall be posted into the Cash Books as appropriate. Before any disbursement is made from the Naira Account, the approval of the Executive Director shall be obtained.

The posting must be done using the currency of transaction, i.e. the foreign currency. The ruling rate applicable at date of transaction must be accordingly applied.

5.4 Banking Arrangements

With respect to banking arrangements and funds flow, donors shall disburse grants through a domiciliary account of foreign currency denomination or naira account opened with a commercial bank approved by management.

5.5 Opening and Closing of bank accounts

i. In order to avoid commingling of funds, separate bank accounts shall be opened for each grant and separate cashbooks created in the system.
ii. Written approval shall be obtained from the Board to open or close any account of WHARC. The Board shall take such decisions after due consultation with respective donors in case of program related accounts and the agreement on the utilization of whatever balance remains on the affected account.
iii. The logistics for the opening of a new bank account as well as the closing of a bank account shall be handled by the Accountant once Board's approval has been obtained.

5.6 Control over Cheques

i. The cheque booklet currently in use shall be kept in a locked drawer by the Accountant during working hours, and shall be locked in a safe after hours.
ii. When a new cheque booklet is requested from the bank an Application for Cheque book shall be completed. The following information shall be provided:

    a. Date
    b. Name of person collecting the cheque books
    c. Staff ID number of person collecting the cheque books
    d. Signature of person preparing the request
    e. Signature of person collecting the cheque books.
    f. Two authorized signatories per bank mandate.

iii. All cheque leaves printed shall be crossed, no open cheques should be printed for WHARC; cheques may however be opened in case of minor purchases, replenishment of petty cash fund and cash advances to staff; all payments above N5,000 and all payments to contractors should be made with crossed cheques.
iv. When the new unused cheque-book is received from the bank, it shall be recorded in a cheque booklet register showing date of receipt from the bank, serial numbers of the cheque book, date of release for use and signatories of the persons (Executive Director or Internal Auditor) releasing it and the Accountant. Unused cheque books should be locked away in a safe place by the Internal Auditor or Executive Director) until it is released for use.

v. All issued cheques returned by the bank shall be mutilated by punching holes through them.
vi. Cancelled cheques should be clearly marked by writing “cancelled” on them and should not be removed from the cheque book.

5.7 Writing and Signing of Cheques

i. Cheques shall be written for the exact amount on the signed voucher in the name of the respective Contractor (on no account should cash payment be made to contractors / suppliers).
ii. The written cheques are forwarded to the signatories for their signatures.
iii. The signed cheques are then registered before collection by payee who shall be sign as evidence of collection.

5.8 Disbursements of signed cheques to beneficiary

i. Signed cheques are handed to beneficiaries after filling and signing the payment vouchers to acknowledge.
ii. The Cheque Issued Register shall also be signed as evidence of collection.
iii. The voucher shall be stamped **PAID** and **RETIRED.**
iv. The vouchers shall then be filed off in the appropriate payment voucher jacket serially.

5.9 Method of payment

The Domiciliary Account shall be operated by bank transfers through transfer instructions to the Bank, while the Naira Account shall be operated as a Cheque Account. If all cheques are presented and cleared as issued, the balance on these accounts should be equal to the balance in the cash book except for bank charges.

Expenditures/transactions payments shall be made by cheque. All cheques and letters of confirmation shall be signed by at least two (2) authorised signatories.

5.10 Signatories:

There shall be two (2) signatories. Any two of the under-listed can sign:

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Executive Director (first signatory)	-	category “A”
A member of the Board (alternate signatory)	-	category “A”
The Office Manager/Accountant (first signatory)	-	category “B”

.All payment vouchers and cheques shall be written in the name of the beneficiary that appears on the supporting documents. When a beneficiary other than the person shown in the supporting documents requires to be paid an open cheque, a letter of indemnity must be obtained.

Transfer of foreign currency to Naira shall be converted at the ruling rate on the value date i.e. date of the transaction.

5.11 Bank Reconciliation and Final Accounts

All Cash Books and bank statements shall be reconciled monthly within five (5) working days after the month end. Differences arising, if any, shall be investigated and resolved promptly. Un-presented cheques after six (6) months shall become stale and entries reversed in the Cash Book

It is, therefore, important that all accounting books are posted to date and balanced.

The Accountant shall ensure that all reconciliation differences are properly and promptly investigated with a view to regularising them.

All reconciliation statements shall be reviewed by the Internal Auditor and approved by the Executive Director during review of monthly report of the Accountant.

5.12 Establishing a petty cash fund

i. A memo shall be prepared by the Accountant requesting to open or increase the petty cash fund as may be approved by the Executive Director from time to time. The petty cash fund is maintained on an imprest basis.
ii. The request must be approved and the approval must be evidenced with a date and signature on the memo.
iii. The Accountant shall act as the delegated official in the Finance department responsible for petty cash.
iv. The Accountant shall charge the initial amount or increase for the petty cash fund to the Petty Cash Account in the system.

5.13 Processing of petty cash transactions

i. The petty cash voucher shall be pre-printed and serially numbered.
ii. A Petty Cash Voucher must be prepared for all petty cash expenses. The following information must be recorded:

a. Date;
b. Amount;
c. Name of requestor;
d. Name of cash recipient;
e. Description of expenditure;
f. Signature of requestor;
g. Signature of recipient of cash;
h. Signature of custodian issuing cash; and
i. Account to be charged (i.e. GF, GWEP, Administration etc)

iii. Individual petty cash expenses should as a rule not exceed N5,000 per transaction.
iv. The person receiving the cash from the Accountant must sign for it on the Petty Cash Voucher.
v. The copy of an invoice/receipt for the expense together with the change, if applicable, must be returned to the Accountant. The Accountant must follow up on outstanding invoices/receipts relating to petty cash vouchers in a timely manner.
vi. The Accountant must take charge of the copy of the invoice/receipt and change, if applicable, in respect of the Petty Cash Voucher. The following must also be recorded on the Petty Cash Voucher:

    a. Actual amount spent; and
    b. Change received.

vii. All petty cash transactions must be recorded on a manual Summary of Petty Cash Expenditure in an excel spreadsheet indicating date, voucher number, expenditure category and amount. The supporting documentation (Petty Cash Vouchers and copies of invoices/receipts) must be attached to the Summary of Petty Cash Expenditure.
viii. The Accountant must review the Summary of Petty Cash Expenditure by comparing the information thereon to the supporting documentation and physical cash on hand before replenishment can be authorized (refer to detailed procedures for replenishment of petty cash below).
ix. The petty cash transactions totals recorded on the Summary of Petty Cash Expenditure must be processed on the accounting system.

5.14 Replenishment of the petty cash float

i. The authorized Summary of Petty Cash Expenditure form must be used for replenishment of cash. The following information must be recorded on the Petty Cash Replenishment Request:

   a. Date of Request;
   b. Total petty cash expenses (obtained from Summary of Petty Cash
   c. Expenditure);
   d. Total petty cash on hand; and
   e. Amount to be reimbursed.

ii. The Summary of Petty Cash Expenditure and the Petty Cash Replenishment Request must be reviewed for validity, accuracy and completeness and must be dated and signed as proof thereof by the Finance Manager.
iii. The approved Petty Cash Replenishment Request is forwarded to the ED for Approval, the Accountant shall be responsible for preparing the reimbursement cheque.
iv. The reimbursement cheque must be made out in the name of the Accountant and the Cheque Requisition should have supporting documentation attached to it.

5.15 Safeguarding of petty cash on hand

i. The physical petty cash on hand must be kept in a locked cashbox, with only the Accountant having a key to the cashbox (a duplicate key is kept with the Internal Auditor).
ii. During working hours the petty cash cashbox must be kept in a locked drawer of the Accountant. The key to the petty cashbox should not be kept in the same place as the petty cashbox, and should not be available to any unauthorized persons.
iii. After hours the petty cash cashbox must be locked away in a safe.
iv. In the event of the Accountant being absent, the relief Petty Cash Custodian should sign for the key to the petty cash cashbox and the physical cash on hand in the cashbox must be verified in the presence of a senior official. The transfer of the petty cash fund must be recorded and filed for future reference.
v. The Accountant must perform regular spot counts on the physical petty cash on hand. These spot counts must be recorded and filed for future reference.

vi. Differences noted during spot counts must be investigated and necessary disciplinary action taken against any officer found wanting.

6 General Procurement Policy

6.1 Policy Preamble

WHARC shall:

6.1.1 Engage in ethical and responsible procurement practices.
6.1.2 Make procurement decisions based on acquiring the best value available.
6.1.3 Provide free and open competition to the maximum extent possible and avoid conflicts of interest.
6.1.4 Comply with the terms and conditions of the contract or agreement, with the procurement regulations and procedures of the source funding the procurement transaction, and with any applicable laws.
6.1.5 All procurements funded by donors shall be undertaken in accordance with donor requirements.
6.1.6 Procurement of items or services above N1m must pass through a Procurement Committee and a bidding process must be followed.

6.2 Principles guiding procurement

6.2.1 They must be specifically purchased for the project.
6.2.2 They must be reasonable and necessary.
6.2.3 They must adhere strictly to WHARC procurement policies and award specifications.
6.2.4 They must be documented with payment vouchers and supported with original receipts, invoices and other supporting documents.
6.2.5 Conform to established authorization level.

6.3 Approval Limits

Position:	**Approval limit (N):**
	Less than N10,000
	N10,001 – N100,000
	N100,001 – N1,000,000
	Above N1,000,000

6.4 Special Approval

Special approval shall be obtained from the Board for the under-listed expenditure types:

- International travel
- Procurements of Equipment and Vehicles

6.5 Unallowable Expenses

The following expenses shall not be reimbursed by WHARC:

- Purchase of alcoholic beverages
- Penalties
- Interest charges
- Special processing fees
- Gifts and flowers
- Entertainment expenses
- Bad debts

6.6 Conflict of Interest

i. Staff, Management and members of the Board of Trustees shall be obliged to declare any conflict of interest and exclude themselves from bid evaluation and approval process.

ii. A procurement committee comprising of the Admin, finance and respective program manager shall recommend successful bidders to the Executive Director for approval.

6.7 Procurement Cycle

Procurements shall generally be carried out according to the following cycle, though not every procurement transaction shall include each step:

- Determination of Need
- Determination of Procurement Strategy – what type of mechanism shall be used
- (e.g. Purchase Order, Purchase Order for Services, Consultant Letter or Subcontract)
- Issuance of solicitation document, including a Scope of Work for services and Technical Specifications for goods, and the selection criteria that shall be used.
- Selection
- Negotiation of price and terms
- Award.
- Receipt of Goods or Implementation of Services
- Closeout, acceptance and payment.

6.8 Procurement Procedures

Procurement of goods and services shall comply with the following general essential procedures:

i. All procurements must be initiated by the user-department using purchase request. Purchase Request must include:
    1. Complete and accurate specifications, including pricing information where available;
    2. Quantity;
    3. Any required associated services (installation, on-going maintenance);
    4. Possible suppliers, if appropriate;
    5. The end user and destination;
    6. Date by which delivery is required;
    7. Any special contractual requirements, such as geographical code; and
    8. Any special selection criteria.

ii. All procurement must be properly authorized prior to purchase based on the internal controls and approval limits established within the Organization.

iii. Procurements must be reasonable and necessary for the completion of activities in approved work plans and budgets in order to be allowable costs chargeable to a donor. Any procurements requiring prior approval by donor, including international travel, must not be initiated until approval is obtained.

iv. Purchase Orders should be issued for the purchase of all goods except those purchased with Petty Cash.

v. The items purchased should be most advantageous to the Organization when price, quality and other factors are considered. The focus is on obtaining best overall value and not necessarily the lowest price.

vi. Bulk purchases should be made to take advantage of specification, uniformity of features, coordination and control, price discounts and uniform pricing of products. Printing of all security and stationary items shall be centralized.

vii. A (schedule) catalogue of Contractors/ Suppliers of which not less than three vendors for each category of product shall be maintained at the Admin. Department. The list which must be approved by the Board of Trustees and reviewed every six months shall contain the following information:

1. Letter of introduction, (indicating area of vendor's competence) showing capability of supplier and if possible clientele base and maximum volume of supplies done previously.
2. Name and address of vendor.
3. Business registration number of the vendor.
4. Adequate identification (driver's license, International passport, national ID card).
5. Nature of vendor's business.
6. Items usually ordered from vendor.

7. Terms and conditions of delivery.
8. Normal delivery period.
9. Evidence of registration with appropriate authorities.
10. Reference from a reputable individual/Organization on the vendor.
11. Anti-Terrorism Certification.

viii. The approval of the Purchase Request includes an acceptance that the goods or services to be procured are reasonable and necessary for the work of the Organization, in keeping with the approved work plan of activities, and is in the budget. In addition, the proposed procurement must not violate the applicable cost principles of the donor.

ix. The Admin/Procurement Unit then invites and obtains tenders/quotations from at least three prospective contractors/suppliers who meet the technical requirements.

x. The Admin/Procurement Unit shall issue a Quotation Request in accordance with WHARC policy and procedures for the type and level of procurement.

xi. On receipt of the tenders, the Admin/Procurement Unit does a comparative cost analysis and fills out the Purchase Order Form in favor of the supplier that gives the Organization a comparative cost advantage strictly on the basis of the quotations obtained.
xii. The Purchase Order shall then be submitted with the comparative cost analysis of quotations obtained to the Admin. Manager for on-ward recommendation to Management for approval.
xiii. Once the deliverables have been approved, the report is sent to the Accounts Unit which shall match all supporting documents (purchase order/contract document, receiving report and invoice) before a payment voucher is raised.

6.8 Bidding Process

i. A Procurement Committee shall request for bids through advertisement in National Daily Newspapers, Letters requesting for, bids, or pasting the notices on the notice board of the Organization.
ii. Sealed bids are opened in the presence of at least three procurement committee members.
iii. All Committee members at the meeting shall append their signatures on each quotation.
iv. The summary of the bids analysis is prepared by at least two members of the Committee, but shall be deliberated upon by all members and the preferred bidder recommended for approval.

6.10 Solicitation Requirements

Solicitations shall provide for all of the following:

i. A clear and accurate description of the technical requirements for the material, products or services to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition to a specific brand or individual.
ii. Requirements which the bidder / offer or must fulfill and all other factors to be used in evaluating bids or proposals.
iii. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable quality standards.
iv. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources, protect the environment and are energy efficient.

6.11 Procurement Instruments

The type of instrument used should be appropriate for the goods or services being procured as outlined below:

i. **Pre-numbered Requisition forms** shall be used by the user department to initiate the procurement process.
ii. **Quotation Request Forms/enquiries** shall be used by the procurement officer to request for bids from the vendor/suppliers.
iii. **Comparative Cost Analysis sheets** shall be used by the procurement officer to analyze which vendor/supplier gives WHARC the overall best value.
iv. **Pre-numbered Local Purchase Orders** shall be used for the procurement of all goods.
v. **Pre-numbered Job Order forms** shall be used for the procurement of non-technical services such as minor repairs, cleaning and other maintenance services. A Purchase Order for Services may also be used when the outcome of the service is more like a product. Translated documents, construction projects and training materials are examples of services which result in products.
vi. **Consultant Letter** shall be used to procure short-term technical services from an individual. Technical Services are related to activities in public health management, for example. Consultant agreements generally specify the level of effort, inn days, at a prescribed daily rate and for a specific scope of work.

6.12 STOCK CONTROL POLICY AND PROCEDURES

This policy is to ensure that all stock is properly recorded, stored, accounted for and despatched, in order to comply not only with all current and future donor requirements relating to stock control, but those practices dictated by good house-keeping and prudent organisational management.

6.12.1 Receipt of Goods:

i. The Procurement Officer shall maintain record of all unfilled material purchase orders.
ii. The Storekeeper shall record physical receipt of materials to the store, if the order was only partially received, details of the partial receipt is sent to the Finance dept and the respective unit head or project manager concerned is notified.
iii. When goods are received in stores a Goods Received Note shall be issued confirming the quantity and condition of the goods received.
iv. If there is any problem with either the quantity or quality of the goods, the stores personnel should immediately contact the project manager or Executive Director, and confirm whether or not the goods be received. Delivery of the goods under these circumstances shall only be accepted with the confirmation of the Project Manager or the Executive Director.
v. The GRN shall be signed by the Storekeeper after endorsement by the Internal Control Officer and Procurement Officer and attached to the supplier's invoice for authorization when it is received. Payment of invoices should only be made against original invoices attached to the Local Purchase Order and GRN.

6.12.2 Security Access:

i. Access to stores is restricted solely to authorized personnel, or those temporarily permitted to do so by management or the stores manager. Non-stores personnel should sign a log-sheet recording the date and time when they entered and left the stores area.
ii. Stores should be kept locked securely at all times when staff are not present, spare keys to the store should be kept by the Accountant with another copy held by the Internal Auditor.

6.12.3 Storage of Goods:

- Once goods have been received into stores a Stock/Bin Cards shall be made out in order to record all movements of stock. If a Bin Card already exists, the receipt of goods should be entered on it.
- The Bin Card records not only the issuing of goods from stores, but also any re-location of the goods within the stores area and any comments relating to the condition of goods which might affect the need to write down their value should they become too old or obsolete for further normal usage. The Bin Card shows the outstanding balance of stock at any time, and also serves as a trigger to prompt the re-ordering of stock once it reaches a certain level.

- The stores area should be kept clean, tidy and well organised at all times.
- Any accidents or spillages should be cleared up immediately and recorded in a Stores Incident Book, signed by the Storekeeper and reviewed quarterly by the Internal Auditor. The location of goods within stores should be appropriate to their storage requirements - e.g. heavy or bulky goods should be stored in low-level locations, those prone to damage from damp should not be exposed to moisture, whilst those requiring cool or cold environments should be kept under refrigeration, those likely to expire very soon should be kept in locations where they are easily accessible to be issued out etc.

6.12.4 Control and Management of Goods in Stores:

- Stock should be counted on the first working day of every month, quarter and year, to account for all movements of goods in the preceding period. Stores should be closed to all movement of goods whilst stock is being counted, in order to avoid errors due to under- or over-counting.
- Any goods which arrive whilst the count is in progress should be held as goods in transit in a separate location within the stores area, and excluded from the count. Similarly, any goods which need to be despatched on the same day as the count should be included. These measures should ensure that the quantity of goods counted matches those in the accounting records.
- Goods should be physically counted, and not simply confirmed from the quantity showing on the Bin Cards. The count should be carried out using pre-printed stock lists to record the quantities of all the items.
- Once the count is complete the stock lists should be reviewed by the Internal Auditor, Accountant and Storekeeper, and compared to the quantities showing in the accounting records. Where there are differences these should be immediately investigated, explained and satisfactorily resolved.

6.12.5 Issue and Despatch of Goods:

- Goods should only be released from stores on receipt of a Stores Requisition Note duly completed, signed and authorized.
- The SRN is used to confirm the issuing and physical departure of the goods from stores.
- Authority to release goods from stores shall be given by the Project Manager (for the affected project), Admin. Manager (for normal operations related items). The Executive Director also has authority to approve release of stock items from the store.

6.12.6 Valuation of Stock:

- At the end of every quarter, once the count has been completed and all discrepancies resolved a review should be carried out of all the Bin Cards in order to identify those items which have been held in stores for more than 3 months.
- Depending on the nature, quantity and quality of the goods concerned, all such items should then be reviewed by a Stock Valuation Committee including the Project Managers, Accountant, Storekeeper and Internal Auditor to assess the likely future requirements of those items.
- The review should take the following factors into account;
  - Demand for each item over the preceding 6-12 months, or longer if Applicable;
  - The likely potential demand over the forthcoming 6-12 months;
  - The current physical condition of the goods and their possible future deterioration; and
  - The age and potential obsolescence of the goods over the following 6-12 Months.

- Depending on the review of all these factors, where it is felt that the goods are no longer of the same value or worth as when they were first purchased, they should then have their value reduced by an agreed percentage of their original cost.
- This percentage will vary according to the nature and extent of the deteriorating factors – e.g. if the goods are completely spoiled or out of date they may be worthless and their value reduced to zero. On the other hand, the write-down may be simply a precautionary measure against future losses in value and might not need to exceed, say 5 or 10%. Previous write-downs, where they have been made should also be taken into account any updated, where appropriate.
- Whatever the level of the reduction all such decisions should be recorded in the minutes of the Stock Valuation Committee meeting, with a brief explanation of the need for each write-down. The minutes should be passed to the finance department to be used as supporting documentation for recording the losses in the accounts (as an expense in the Stock Write-Down account, with a commensurate reduction in the stock value in the balance sheet). They should also be recorded by the stores manager on the Bin Cards of the items involved. This will ensure that the values of the physical goods held in stores can be reconciled and agreed to the values of the stock as showing in the balance sheet.

6.13 Inventory Obsolescence

All reductions in the value of obsolete inventory shall be reviewed and approved by the Head of Finance.

i. Periodically, the minimum stock levels of frequently needed commodities, IEC and other supplies shall be assessed by the Procurement Officer.
ii. A written recommendation shall be presented to the Head of Finance to write down the carrying cost of excess or obsolete inventory.
iii. The approved adjustment shall be entered in the General Journal.

6.13 Deduction of Withholding Tax

Withholding tax should be deducted from all fees paid to contractors and remitted to the relevant tax authorities, receipt for such payments must be obtained and given to the affected contractor as evidence of deduction made.

SECTION 7: Payroll Administration

7.1 Salaries and Wages

The policy guiding payroll administration is contained in the Human Resource Policy Manual.

7.2 Responsibility

The responsibility for accounting for salary payments is that of the Accountant.

7.3 Payroll Practices

The WHARC payroll practices shall be in line with Nigerian Laws, regulations and customs statutory tax and relevant social benefit withholding requirements are followed and such monies remitted to the relevant government agencies.

Specifically the following deductions shall be made for and remitted accordingly:

- PAYE
- Pension fund

The HR Department shall be responsible for issuing advice on:

- Appointments indicating salaries and other fringe benefits
- Resignations and terminations
- Increments
- Promotions
- Adjustments and other stoppages
- Time Sheets

7.4 Time sheets

All employees prepare and submit a timesheet at the end of each payroll period or as directed by the finance department.

Timesheets must indicate the number of hours worked on each project as well as any time worked on indirect cost projects.

Employees must prepare their timesheets daily, sign and submit to their head of unit forth nightly.

The immediate supervisor of each employee should review subordinates timesheets and sign them to indicate approval.

Any revisions to a timesheet must be made by the employee whose timesheet is being changed and must include a note as to the reason for the change. The supervisor who originally approved the timesheet must also approve the change.

7.5 Payroll Duties of the Accountant

i. Checks the computations on payroll system against the variation advices if any.
ii. Pay particular attention to allowances and deduction such as PAYE and Pension etc.
iii. Pay particular attention to differences.
iv. Prepare a payroll summary showing each columnar detail and striking the grand total for all payrolls printed out for the month. The payroll summary will normally be one of the payroll reports by the computer.
v. Prepare the payroll pay vouchers from the computer printout of "Bank Advice Register" with the following details:

    a. Staff name
    b. Bank sort codes and account number
    c. Net pay
    d. Payment month

vi. Passes the payroll summary, the payrolls, Bank Advice and cash advice registers and payment vouchers to ED for approval.
vii. Pay slips shall be printed and sent to all staff on monthly basis.

7.6 Overtime

WHARC shall maintain a normal working week of agreed working hours. Work done beyond the agreed working hours or non-working days such as weekends and public holidays may be paid as overtime at rates and on conditions that shall be set out in the Human Resource Handbook.

7.7 Procedures for Overtime Payment

The following procedures are observed for overtime work and payment:

i. Overtime is recorded on time sheet and approved by the departmental head before it is forwarded to the HR dept for processing.

ii. Normal internal checks for preparation of salaries shall be observed including vetting of overtime computations by the HR dept.

iii. A limit shall be placed on heads of departments to grant overtime. Any number of hours in excess must be approved by the ED.

iv. An exceptional report should be produced for the information of the Finance Unit of all individuals whose overtime for a month exceeds 25% of the individual's monthly basic salary.

7.8 Personnel Audit

At least twice annually, the HR Department shall obtain a copy of payroll printout from the system to check names and payroll particulars against personnel records. A report on this should be sent to the ED with copies to the Internal Auditor and Head of Finance and Accounts department.

7.9 Processing Salary Advance/Staff Loans

i. The staff shall complete the salary advance request form and obtain his/her Head of department recommendation and pass it to the Human Resource department.
ii. The Human Resource department checks the application and ensures it is within approved terms and recommends it for approval if the staff has no outstanding salary advance.
iii. HR forwards the application to the ED for approval.
iv. Upon receipt of ED's approval, HR sends a Loan Agreement form for the staff to execute.
v. Staff executes the Loan Agreement form and returns to HR department.
vi. HR department forwards the approval to the Finance Department and updates the affected staff's personnel

record.

vii. Finance Department credits affected staff account and makes necessary accounting entries.

8 FIXED ASSETS

8.1 Acquisition of Fixed Assets

The purpose of this policy is to establish guidelines for the acquisition of fixed assets, ensure adequate access controls and maintenance system. It is important that adequate controls are in place to ensure that only valid fixed asset acquisitions, as budgeted for, are done and that these acquisitions are recorded accurately, completely and timely in the accounting records.

Please refer to “Purchases and Procurement Polices” for the procedures regarding acquisition of fixed assets.

8.2 Fixed Assets Capitalization Policy

The following shall be criteria against which items will be measured before they are classified as fixed assets:

i. When it is probable that future economic benefits associated with the asset will flow to the organization;
ii. Items with a useful life of more than one year; and
iii. When the cost of the asset to the organization can be measured reliably.

8.3 Before Buying a Fixed Assets

The Accountant in conjunction with the Admin/Procurement Officer, shall perform an analysis to determine the most beneficial option of acquisition. Options to be considered are as follows:

i. Outright purchase of a fixed asset; and Lease/rent of a fixed asset from a service provider.
ii. For any fixed asset items exceeding the value of N150,000.00 the Accountant must perform a cost benefit analysis, also taking into account any other nonfinancial implications of the proposed acquisition such as maintenance and security cost.
iii. A justification memo including supporting calculations as performed above must be submitted to the Chairman of the Board.
iv. Acquisition of asset not included in the capital budget shall be approved by the Chair of the Board.

8.4 Disposal of Fixed Assets

The purpose of this policy is to establish guidelines for the disposal, i.e. sale, scrapping or write off of fixed assets. It is important that adequate controls are in place to:

i. Ensure that only valid fixed asset disposals are validly, accurately and completely recorded in the accounting records; and
ii. Ensure that WHARC receives due compensation for the sales.
iii. Disposal should only take place when one of the following circumstances exist:

    a. Damaged or broken;
    b. Obsolete; and
    c. Stolen / Missing.

iv. The employee, responsible for the custody of an asset, must inform the HoD if any damaged, broken, obsolete or stolen/missing assets have been identified.
v. The HoD must submit a justification memo, supported by adequate documents motivating the decision for disposing the fixed asset to the Finance Manager.
vi. If the Accountant reviews and approves the request in principle, he forwards the document to the ED, otherwise he should investigate.
vii. The ED must also approve the rationale for the disposal.
viii. The Accountant must obtain approval as follows:

    a. For items of significant amount (above N150,000), the approval of the Board of Trustees is required;
    b. For items below the significant amount, the approval of the ED is sufficient; and
    c. Where the asset was bought by a donor for a specific project, the donor’s policy on disposal must apply.

ix. Based on the document approved, the Accountant must decide on one of the following methods to dispose of the fixed asset and make recommendations to the ED:

    a. Sale of fixed asset;
    b. Scrapping of fixed asset (i.e. disposing the fixed asset without receiving any compensation for it);
    c. Donation to charity; and
    d. Writing off in case of stolen / missing asset.

x. An Assets Disposal Committee (composed of members of the procurement committee) must decide on the most appropriate method of selling of the asset which can either be to staff or third parties. The Assets Disposal Committee must establish a fair value for the fixed asset. The purchase price and market value should be used as a guideline to establish the selling price.

8.5 Scrapping / Write off

i. The Assets Disposal Committee must investigate the possibility of selling the fixed asset as scrap. If the fixed asset can be sold, refer to paragraph on Disposal of Fixed Assets above.
ii. If the fixed asset cannot be sold, the Assets Disposal Committee must decide on the manner of discarding the fixed asset and take appropriate action.
iii. Please refer to "Insurance policies and procedures" for aspects related to claiming the loss from the insurance Fund.

8.6 Maintenance and Safeguarding of Fixed Assets

The purpose of this policy is to establish guidelines for the maintenance and safeguarding of fixed assets. It is important that adequate controls are in place to ensure that fixed assets are regularly serviced to ensure their lifespan is maximized. It is also important that fixed assets are adequately safeguarded to prevent them from being misappropriated or damaged.

i. The Administrative Assistant must attach fixed asset numbers to all fixed assets when they are received to ensure easy identification of the fixed asset. These numbers must be of a permanent nature and it must not be possible to remove them easily.
ii. The Accountant must add the additions to the insurance cover by communicating the details of the additions in writing to the insurer. The adequacy of the insurance must be reviewed every year.
iii. The individual who has custody over an asset(s) is responsible for safeguarding the assets. These procedures should include, where applicable:

    a. Prevent unauthorized access to WHARC premises;
    b. Lock/safeguard moveable assets; and
    c. Protect outdoor assets to prevent damage from weather etc.

iv. Each HoD is responsible to ensure that all assets in his/her department are regularly serviced and maintained in order to keep them in good condition.
v. When an asset needs to be removed temporarily from the premises, the Administrator must complete an Asset Removal Form recording the following information:

a. Date of removal;
b. Description of fixed asset/s to be removed;
c. Reason for removal (e.g. repairs, workshop name, etc.);
d. Signature and details of person taking custody of the asset;
e. Approval of removal (before removal takes place) by HoD;
f. Date on which asset was returned (to be completed when asset returned); and
g. Confirmation of employee taking custody of the asset (to be completed when asset returned).

vi. The Accountant shall review the asset removal forms on a monthly basis and follow-up on assets not yet returned.

8.7 Fixed Asset Register

The purpose of this policy is to establish guidelines for maintaining a fixed asset register. It is important that adequate controls are in place to ensure that only valid fixed asset acquisitions and disposals are recorded in the fixed asset register and that these transactions are accurately, completely and timely recorded.

The fixed asset register plays an important role in the management of assets.

i. The Admin. Officer must maintain a detailed and comprehensive Fixed Asset Register and must record the following information for each asset:
    a. Date of purchase;
    b. Description of the fixed asset;
    c. Fixed asset number;
    d. Serial number/registration number (if applicable);
    e. Supplier of fixed asset;
    f. Category of fixed assets, e.g. Plant and Equipment, computer equipment,
    g. etc.
    h. Cost price of the fixed asset;
    i. Expected useful life of fixed asset;
    j. Insurance value of the fixed asset;
    k. Location of the fixed asset; and
    l. Date of Disposal

ii. The Fixed Asset Register is maintained on an Excel Spread Sheet.

iii. From the fixed asset register, an inventory list is printed per location (e.g. office) by the Accountant. This list is distributed to each employee responsible for the asset in the specific location.
iv. The employees in custody of a fixed asset(s) have to confirm on an semi-annual basis that the asset(s) still exists and that it is in good working condition.
v. The Admin. Officer must perform a physical fixed asset count and agree the quantities on hand to the fixed asset register and the inventory lists in each office. The Admin. Officer should compile a report on the findings of the fixed asset verification for submission to the Finance Manager. Any differences identified should be investigated by the Accountant.
vi. The Admin. Officer must update the fixed asset register immediately fixed asset related transactions have taken place. The following transactions will affect the fixed asset register:

   a. Purchases of fixed assets;
   b. Sale of fixed assets;
   c. Scrapping of fixed assets; and
   d. Write-off of fixed assets.

vii. The Accountant must review the fixed asset register by agreeing the entries in the fixed asset register to the original documentation (invoices/receipts from supplier). The Accountant must pay specific attention to accuracy, completeness and validity of the updates in the fixed assets register.

8.8 Pool Vehicle

i. All drivers must be in the possession of a valid driver's license.
ii. The driver's license must be a minimum of three years old.
iii. No employee who is not employed by WHARC is allowed to drive a pool vehicle unless it is part of a contract with WHARC that allows a private person to do so.
iv. All drivers of the pool vehicle must obey all traffic rules. Any transgressions will be dealt with as cases of misconduct.
v. After hours and weekend use of the pool vehicle is strictly limited to essential services. The nature and detail of such an essential service must be clearly specified to and approved by the Accountant.
vi. Any employee authorized to use the pool vehicle is not allowed to transport private passengers.
vii. The pool vehicle is issued with a Vehicle Log Book stating details as follows:

   a. Date;

b. Time when custody is taken of the car;
c. Driver's name;
d. Purpose of trip;
e. Odometer readings at beginning of trip;
f. Odometer readings at the end of the trip;
g. Time when car was returned;
h. Signature of driver; and
i. Fuel purchased.

viii. The keys of the car, the log book and the fuel card are kept at the Finance Department.
ix. Any employee collecting the keys has to record the following details in the Vehicle Key Register stating:

a. Date;
b. Name of employee;
c. Purpose of trip; and
d. Authorising signature by head of the department.

x. All proof of fuel purchase has to be handed to the Finance Department upon return of the keys, card and logbook.
xi. The Accountant must perform reconciliations between the original fuel card monthly statements from the bank and the information recorded in the logbook. The Accountant must also perform a comparison between the fuel used and the kilometres travelled for reasonability. If the fuel consumption is unreasonable in relation to the kilometres travelled, the Accountant should obtain explanations from the relevant driver(s).
xii. Claims in case of accidents must be recovered from the insurance company.
xiii. Fines incurred whilst on WHARC duties will be for the account of the employee.

9 REPORTING

9.1 Management Reporting

Information is needed at all levels if an organization to run efficiently and effectively, and move toward achieving its objectives in all respects - operations, financial planning and compliance. Pertinent information must be identified by management as relevant to managing the business. The information must be captured and communicated in a form and within a timeframe that enables management to effectively monitor and manage activities of WHARC.

The quality of management information affects management's ability to make appropriate decisions in managing and controlling the entity's activities. Management reporting should therefore not only involve the reporting of information, but also processes to ensure that the information is valid, accurate, complete and timely.

9.2 Accounting Software

WHARC shall acquire an accounting software for its financial reports, it is highly desirable that Sub-implementers use the same accounting software and information system as WHARC. The succeeding rules are observed on the maintenance and use of the software.

9.3 Responsibility of Systems Administrator

The IT Manager (or any one designated for this purpose) shall be the authorized Systems Administrator for the accounting software. The system administrator is responsible for the following:

i. Setting up users and passwords
ii. Editing Preferences
iii. Closing Periods (monthly and year-end)
iv. Considering files, as needed
v. Restoring files, as needed
vi. Consolidating project reports

9.4 Access Rights

i. Password and access rights shall be established for all authorized users of the system by the Systems Administrator.
ii. Passwords shall be changed at least once a year. Users shall advise the system administrator of the change in their passwords.
iii. Entries into the accounting system shall be based on reviewed/approved vouchers.
iv. Corrections to an already closed period shall be recorded in the next period through a journal voucher.
v. All adjustments or corrections shall be documented through a journal voucher reviewed and approved by the Accountant and other designated officer.
vi. Expired project or inactive account codes must not be deleted from the system as this will affect previous period financial reports.
vii. Daily and monthly back-ups should be maintained and stored off-site.
viii. Resigned users should be deleted immediately from the system.

9.4 Reporting Requirements

i. Reporting requirements for management information should be identified by management and the Board of Trustees and should be relevant in addressing the current and future needs of management and the Board.
ii. The reporting requirements must be reviewed and discussed during management or Board meetings. This is to ensure that management reporting stays relevant and continuously addresses management's and the Board's changing needs due to the changing environment.
iii. New reporting requirements must be documented through minutes of management meetings or Board meetings and forwarded to the finance manager. Instructions on new reporting requirements must be specific and should be conveyed in such a manner that the person responsible for compiling the information clearly understands the requirements.
iv. The Accountant should continuously consult with other HoDs, legal advisor, internal and external auditors on an informal basis to ensure that existing reporting framework comply with the relevant financial standards, regulations and laws.
v. Existing management information and reporting requirements must be reviewed formally on an annual basis to establish whether it is still relevant and adequate to address the needs of WHARC.
vi. Management/management and should be updated accordingly.

9.5 Month-end Closing Procedures

i. A timetable, indicating month-end processing, data submission and reporting deadlines, should be prepared and should be adhered to by all staff members.
ii. Monthly Management Reports should be ready on or before the 5th of the subsequent month.
iii. The timetable must be communicated to all departments and staff members. Hard copies must be sent to all staff to sign-off. An electronic copy can also be placed on the server for staff to view.
iv. During month-end closing, staff should be monitored against the set deadlines and action should be taken where deadlines are not met.

9.6 Safeguarding Financial Information

i. Access to accounting system
   a. Access to the accounting system should be restricted with a unique user ID and password.
   b. When logging in, the user should be prompted for a password and should automatically be logged out after three unsuccessful attempts.
   c. The system should prompt all users to change their passwords on a monthly basis and should automatically log the user out after six notifications. This should happen if the accounting system allows for these requirements.
   d. A user profile should be created for each user and should be in accordance with his/her day-to-day accounting duties and responsibilities.
   e. All resigned, dismissed or retrenched employees should be deleted as users from the accounting system as soon as they leave employment. In certain circumstances it might be necessary to revoke access rights even before a staff member leaves employment.

ii. Access to physical accounting records
   a. Accounting records and documentation (e.g. reports, printouts, journal books, discs, etc) should be kept in a locked safe, filing cabinet or drawer with only authorized personnel having access to them.
   b. The offices of staff should be locked in their absence, both during working hours and after hours.

c. Confidential reports should be printed at a secure location before distribution with access restricted only to authorized personnel.
d. Confidential reports should be shredded or destroyed when no longer required.

iii. Back ups
   a. Daily, weekly and monthly back-ups should be made of all accounting systems and other accounting and financial related applications and data.
   b. Each back up process should be documented and the official responsible for performing the back-up should sign-off on the documented process.
   c. Integrity tests should be performed on all back-ups to identify data corruption.
   d. Daily and weekly back-ups should be kept in a locked safe or strong room with access restricted to authorized personnel.
   e. Monthly back-ups should be stored at an off-site location.

iv. Preparing Management Reports
   a. Management reports should be prepared according to standard reporting formats based on the reporting requirement identified under the section “Reporting requirements”.
   b. At a minimum, the following reports must be prepared monthly, quarterly and annually:
      1. Weekly banking report which shows the amount received and banked during the week;
      2. Monthly banking report. This should be compared with the amounts expected from the donors in the particular month and discrepancies must be followed up;
      3. The bank reconciliation statements;
      4. Creditors’ Listings;
      5. Fixed asset register;
      6. The Monthly Income Statement, split into the respective projects
      7. for the month and compared to the budget;
      8. Cash flow reports; and
      9. The Balance Sheet must be prepared and this should be compared with the budget.

v. Distribution of Management Reports
   a. A timetable, indicating due dates for submitting management reports to management and the Board of Trustees, must be prepared. The dates should allow for sufficient time to review the reports before it is presented to management and the Board.

b. The management reports can be distributed through sending hard copies or E-mailing the electronic copies to the relevant parties.

vi. Review of Management Reports

a. Management reports should be presented and discussed during monthly management meetings and quarterly Board meetings.
b. Action plans should be formulated to address critical issues when management reports are discussed during management and Board meetings.
c. Formal approved minutes of management and Board meetings should be kept to ensure that all issues discussed and action plans formulated during the meetings are recorded and acted upon.
d. The approved minutes should be kept on file for future reference by the Secretary to the Board.

10 AUDITS

10.1 Internal Audit Terms of Reference

Role

1. The Internal Auditor is responsible for conducting an objective and independent appraisal of all WHARC's activities, financial and otherwise. It should provide a service to the whole organization and management. It is not an extension of, nor a substitute for, good management, although it can have a role in advising management. The Internal Auditor is responsible for evaluating and reporting to Board of Trustees and the Chairman of the Board, and thereby providing them with assurance on the arrangements for risk management, control and governance, and VFM. It remains the duty of management, not the Internal Auditor, to operate these arrangements, to determine whether or not to accept audit recommendations and to recognize and accept the risks of not taking action.

In fulfilling its role the Internal Auditor should aspire to:

- Understand the whole organization, its needs and objectives;
- Understand its position with respect to the organization's other sources of assurance and plan its work accordingly;
- Be seen as a catalyst for change at the heart of the organization;
- Add value and assist the organization in achieving its objectives;
- Be forward looking – knowing where the organization wishes to be, its agenda and impact;
- Be innovative and challenging;
- Help to shape the ethics and standards of the organization;
- Ensure the right audit resources are available, recognizing that the skills mix, capacity, specialism, qualifications and experience requirements all change constantly;
- Share best practice with other auditors; and
- Seek opportunities for joint working with other organization's auditors.

Scope

2. All the WHARC's activities, funded from whatever source, fall within the remit of the Internal Auditor. The Internal Auditor will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken the necessary steps to achieve these objectives and manage the associated risks.

3. The scope of internal audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on financial statements. It follows that internal audit should give an opinion on the whole system then that will include programmes operations.

4. It is not within the remit of the Internal Auditor to question the appropriateness of policy decisions. However, internal audit is required to examine the arrangements by which such decisions are made, monitored and reviewed.

5. The Internal Auditor may also conduct any special reviews requested by Board, Audit Committee or Chairman, provided such reviews do not compromise its objectivity or independence, or achievements of the approved audit plan.

Fraud and Corruption

6 The Internal Audit Service is not responsible for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management.

7 Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

8 The Internal Audit Manager should be informed of all suspected or detected fraud, corruption or impropriety and will consider the implications for his or her opinion on the adequacy and effectiveness of the relevant controls, and the overall internal control environment.

9 The Internal Audit Manager is a contact point in WHARC's 'Whistleblowing' and 'Anti Fraud & Corruption' policies.

10 The Internal Auditor also actively responds to and investigates instances of suspected or actual fraud, corruption or impropriety.

Independence

11. The Internal Audit Unit has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control and governance, value for money and related matters, subject to resource constraints. The Internal Auditor reports to the Chairman of the Board of Trustees, however for day to day administration purposes only, he shall to the Executive Director.

12. The responsibility for risk management, control and governance arrangements and the achievement of value for money rests with Board, who should ensure that appropriate and adequate arrangements exist. To preserve the objectivity and

impartiality of the Internal Auditors' professional judgment, it is for management to determine whether or not to accept audit recommendations, to recognize and accept the risks of not taking action, and to implement recommendations.

Access

13. The Internal Auditor has rights of access to all WHARC's records, information and assets which it considers necessary to fulfill its responsibilities. The Head of Internal Audit has a direct access to the Chairman of the board of Trustees and the Chairman of the Audit Committee. In turn, the Internal Auditor S agrees to comply with any requests from the external auditors for access to any further information, files or working papers obtained or prepared during audit work that they need to discharge their responsibilities.

Reporting

14. The Internal Auditor must submit quarterly report to Board and the Chairman through the Audit Committee (directly where no Audit Committee). The report must relate to the organization's financial year, and include any significant issues up to date for preparing the report which affect the opinion. The report should give an opinion on the adequacy and effectiveness of the organization's arrangements for: risk management, control and governance economy, efficiency and effectiveness and the extent to which the governing body can rely on them. The Auditor should also prepare, before the beginning of the year, a long-term strategy document supported by an assessment of resource needs. These should be submitted to Board for approval following consultation with Program Managers, Accountant and Executive Director.

15. The Internal Auditor is accountable to the Chairman and Board for the performance of his duties. He or she should also report audit findings to relevant managers (including the Chairman) and draw the attention of the Board (and Audit Committee if applicable) to key issues and recommendations.

16. The Internal Auditor should usually produce his reports, in writing, two weeks of the end of each quarter, giving an opinion on the area reviewed and making recommendations where appropriate. Managers will be required to respond to each audit report, usually within one week of issue, stating their proposed action with a timetable for implementing agreed recommendations. Material recommendations will usually be followed up within the next quarter. In addition the Board (or Audit Committee) will monitor implementation of audit recommendations.

17. The Internal Auditor will report to the Chairman any serious weaknesses, significant fraud or major accounting breakdown discovered during the normal course of audit work.

Liaison

18. The Internal Auditor will liaise with the External Auditors to optimize the audit services provided to WHARC

Compliance Audit

Internal audit is a control function that evaluates the adequacy and effectiveness of other controls as a basis for improving managerial performance. The scope of the internal audit should be to evaluate the adequacy and effectiveness of the organisation's system of internal control and the quality of performance in carrying out assigned responsibilities.

In an attempt to overcome the issue of independence and any undue interference which may jeopardise the objectivity of his/her work, Internal Auditor shall report to the Board with copies of his/her quarterly reports advised to WHARC's Management. The following measures shall be put in place:

- A statement of purpose, authority and responsibility for the internal audit unit;
- Detailed work-plans to carry out the responsibilities of the internal audit function with appropriate emphasis on identified risks;
- Written policies and procedures to guide audit staff;
- A programme for the coordination of internal and external audit exercises; and
- A quality assurance programme to evaluate the operations of the internal audit function.

Internal Audit Procedures

Internal Audit is an element of the internal control process. This manual was prepared as guide (only) to internal auditing in a Non-Governmental Organization (NGO), it is by no means exhaustive or all encompassing.

The Internal Auditor reports to the Board through the Executive Director, the Board shall review his reports and take action during their periodic meetings.

Personnel

- Ensure adequate compliance with staff/personnel policies.
- Ensure that staff operates in a conducive environment.
- Ensure completeness, security and accuracy of staff records.
- Ensure that established or suspected acts of dishonesty, fraud or indiscipline are reported to the Executive Director.
- Review the attendance register for punctuality and attendance.

Cash and Bank Operations

Criteria Risk Areas

- Pilferage.

- Teeming & Lading.
- Operating above insured limits.
- Receipt of fake currencies.
- Security and armed robbery attack.
- Undeclared surplus and/or shortages.

Procedures

- Carry out regular spot check on cashier activities.
- Cahier Register should be reviewed and signed off weekly by Internal Auditor.
- Ensure that Cashier register is kept in such a way to disclose all receipts and payments.
- Prepare reconciliation statement for all accounts maintained by the organization and investigate all outstanding items.
- Ensure that cheque book is kept in a secured place unaccessible to unauthorized persons.
- Ensure that dual signatory is maintained for all withdrawal from bank accounts.

Income & Expenditure

- Ensure that all expenditures are properly approved and authorized by the right caliber of personnel.
- Review relevant vouchers for adequacy of supporting documents.
- Carry out a trend analysis of expenditures on monthly basis and report to management.
- Extract significant transactions for sensitive Income/Expenses accounts.
- Perform analytical review and obtain explanation for huge differences in monthly balances.
- Vouching of sensitive Income and Expenses Accounts for:
    - (a) Approval and authorization.
    - (b) Endorsement by payers on paid items.
    - (c) Reasonableness and Genuineness.
    - (d) Correct posting.
    - (e) Ensure that Income and Expenditure vouchers are stamped "posted" after posting.
    - (f) Ensure reversals are approved, genuine and correctly made.
    - (g) Breaking of expenditure to accommodate branch manager's approval limit.
    - (h) All expenses must be within approved limits.

Stores Administration

- Ensure that Storekeeper keeps appropriate records for all stores items.
- Ensure that all issues from stores are properly approved.

- Ensure that the store is restricted to authorized staff only.
- Ensure that bin cards are maintained for all stores items.
- Do stock valuation at the end of each month and ensure that stores items are fairly stated in the accounts.
- Ensure that store items are neatly arranged and the environment clean.

Fixed Assets

- Internal Auditor to carry out physical verification of fixed assets monthly. Also ascertain the physical condition of the fixed assets.
- Ensure that all fixed assets are properly used and maintained.
- Ensure that all the fixed assets have been insured.
- Review adequacy of physical and access controls over assets.
- Appraise the security arrangement in the office and ensure that the windows, doors and other outlets to the main building have iron grills and other suitable security safeguards.
- Check the alarm system for effective functionality.

Inspect the fire fighting devices and confirm date of last service

Mail Administration

Critical Areas

- Loss of items in transit.
- Tampering with mail contents.
- Prompt handling and dispatch of mails.

Objectives

- To ensure that mails are delivered on time and in good condition.
- To ensure that mails are promptly treated.
- To ascertain the security of mail items.

Procedure

- Obtain incoming and outgoing mail registers.
- Obtain mail files.
- Obtain mail acknowledgement register.
- Snap-check the Secretary in-charge of Mail administration to determine if mails are being treated on time.
- Confirm from the mail registers the signature on receiving mails.
- Check if tracers were sent where responding mails were not received.

- Check acknowledgement of outgoing mails.
- Check that all mails were date-stamped on receipt.

Annual Audit

Most donors and partners shall require WHARC to have its financial statements audited each year and that they are in accordance with acceptable standards. Examples of these standards are the International Standards on Auditing (ISA) published by the International Federation of Finance Managers (IFAC) and Auditing Standards issued by the International Federation of Finance Managers (IFAC). The use of independent audit firms should be promoted and every effort should be made to appoint auditors who fulfil the criteria required by the International Standards on Auditing.

The Terms of Reference provide the opportunity for drawing special attention to areas of concern that may not be covered or emphasised during a normal audit, such as compliance with Grant agreements, and the special review of procurement documents. International Standards on Audit and the standards of Nigeria's professional auditing organisations suggest that the auditor determines the scope of the audit of financial statements in accordance with requirements of legislation, regulations, and generally accepted auditing standards.

After the final accounts with the supporting schedules are prepared, the necessary discussions made and approval of the management/Board obtained, the Accountant shall liaise with the Executive Director to decide when the external auditors are to be invited for the annual audit.

Accordingly, the Terms of Reference must not restrict the auditor's obligations with respect to such requirements. In other words, the auditor shall not be allowed to claim in the event of poor performance that the Terms of Reference prevented him or her from performing to statutory, regulatory or professional requirements. The scope of the audit should always include the requirement to give an opinion on WHARC's specified financial statements.

The Auditor's Formal Contract

The auditor's formal contract shall set out the responsibilities of the auditor. The contract shall include:

i. Confirmation of acceptance of the appointment including the Terms of Reference;
ii. Management's responsibilities, particularly in the preparation of financial statements;
iii. Access to premises and documents the auditor may require;
iv. The form of audit report
v. Arrangements regarding the involvement of other external auditors and any other financial consultants of WHARC;
vi. The expected date the audit report shall be issued;
vii. The basis on which fees are determined, and billing arrangements.

Audit Arrangement

i. WHARC's External Auditor is invited through a letter at least a month after the year end.
ii. External Auditor replies to the invitation giving a date for the exercise
iii. Preparation for the audit by the Finance Department and others for the exercise
iv. All schedules are made ready for the audit
v. Finance Team attends to the auditors and few questions are also administered to the program persons by the auditors.
vi. Findings/weaknesses are discussed with the management and Audit Committee
vii. Financial statements is generated and submitted to the management for onward transmission to the Board of Trustees for ratification.

Special Audit

Aside from the above audit arrangement by the organization, donor organizations may call for an audit of funds with the organization. This may be at the end of the year or they may come in midway into the year either announced or unannounced.

Term of appointment of Auditors:

There shall be only one audit firm appointed for WHARC who shall have the responsibility for auditing all programmes, projects and activities irrespective of sources of funding. An Audit firm shall be appointed before the end of the fiscal year.

Scope of Audit:

In addition to complying with donor requirements, annual audits need to comply with government requirements and any other terms agreed between donors, partners and WHARC. The Annual audit report shall include:

i. An assessment of the adequacy of the accounting and internal control systems;
ii. Whether WHARC has maintained adequate documentation on all relevant transactions;
iii. Verification that expenditure documented to each funding source was allowable ;
iv. A separate opinion as to whether the financial statements of WHARC gives a true and fair view of it's financial position;
v. A management letter from the auditor which evaluates overall management performance within the audit period.

Timing of submission of audit reports

The submission of audited financial statements shall not be later than four months after the end of the fiscal year.

14 FRAUD AND CORRUPTION POLICY

14.1 Introduction and Policy Objective

The purpose of this Fraud Policy is to lay the foundation for a fraud resistant environment and to define the process for handling investigations when fraud is suspected. The policy is established to:

i. Facilitate the development of controls, which shall aid in the detection and prevention of fraud and corruption targeting it;
ii. Promote consistent and ethical behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations;
iii. Create and maintain a culture of functional integrity, honesty and high ethical standards;
iv. Evaluate the risks of fraud and reinforce the processes, regulations, policies, procedures, rules and controls to mitigate the risk posed by fraud and corruption;
v. Demonstrate WHARC's stance toward fraud and corruption; and
vi. Establish protocols for reporting and responding to incidence of fraud, corruption and other irregularities targeting WHARC.

14.2 Definitions

Legal definitions are as follows:

Fraud - The unlawful intentional making of a misrepresentation that leads to loss or potential loss for another party.

Corruption - This involves behaviour on the part of persons in which they improperly enrich themselves or those close to them through misusing the power entrusted to them; misusing power for personal gain. The following are instances of corruption:

i. Corruptly accepting gratification;
ii. Corruptly giving gratification;
iii. Corruptly accepting gratification by or giving gratification to an agent;
iv. Corrupt acquisition of private interest by officer;

v. Corruption in relation to tenders;
vi. Bribery of officer;
vii. Corruption of witnesses;
viii. Bribery in relation to auctions, bids and tenders;
ix. Bribery for giving assistance in relation to contracts;
x. Corruptly using office or position for gratification;
xi. Dealing with, using, holding, receiving or concealing gratification in relation to any offence;
xii. Attempts and conspiracies; and
xiii. Failure to report corrupt transactions.

14.3 Statement of Values

i. The policy of WHARC is Zero Tolerance to fraud and corruption;
ii. Employees who commit any act of fraud or engage in corrupt practices, dishonesty or any irregularity shall be subjected to disciplinary action including termination of employment in accordance with the Human Relation Policy;
iii. All employees and members of the public have an obligation to report suspected fraud or corruption;
iv. Employees who report suspected dishonesty in good faith and in compliance with policy shall be protected, and any person who attempts to sanction them shall be subject to disciplinary action;
v. All allegations of fraud and corruption shall be investigated;
vi. Criminal charges shall be instituted against any person who commits an act of fraud or corruption against WHARC; and
vii. Any losses incurred through an act of fraud shall be recovered by WHARC to the extent possible.

14.4 Scope of the Policy

This policy applies to any suspected act of:

i. Fraud;
ii. Corruption;
iii. Theft; or
iv. Unethical behavior, dishonesty or conflict of interest;

v. Involving employees, claimant and or stakeholders, consultants, suppliers, contractors, outside agencies doing business with WHARC, and/or any other parties with a business relationship with WHARC.

14.5 Responsibility

The following people shall be responsible for the enforcement of this policy:

i. The Accountant is ultimately accountable for the implementation and enforcement of the anti-fraud and anti-corruption policies.
ii. Management shall support all efforts to deter fraud, corrupt practices and other
iii. Unethical behaviors.
iv. The Accountant shall monitor the implementation of the policy.

14.6 Actions Constituting Fraud and Corruption

Notwithstanding the definition given under definition of abbreviations and glossary of words, actions constituting fraud and or corruption refer to, but are not limited to the following:

i. Any dishonest, fraudulent or corrupt act;
ii. Forgery or alteration of any document presented to WHARC;
iii. Forgery or alteration of WHARC's documents;
iv. Misappropriation of funds, securities, supplies, or other assets;
v. Impropriety in the handling or reporting of money or financial transactions;
vi. Profiteering as a result of insider knowledge of entity’s activities;
vii. Irregularly accepting, requesting, offering or giving anything of material value to or from claimants, contractors, suppliers or other persons rendering or receiving services/goods to/from WHARC for personal gain;
viii. Disclosing confidential information to outside parties; and
ix. Deliberately omitting or refusing to report or act upon reports of any known irregular or dishonest conduct.

14.7 Disclosure policy and procedure

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

i. The conflicting interest is fully disclosed;
ii. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
iii. A competitive bid or comparable valuation exists; and
iv. The Board of Trustees has determined that the transaction is in the best interest of the Organization.
v. Disclosure in the Organization should be made to the Executive Director (or if she or he is the one with the conflict, then to the Board chair), who shall bring the matter to the attention of the Board.
vi. Disclosure involving Board members or directors should be made to the Board Chair, (or if she or he is the one with the conflict, then to the Audit Committee Chair) who shall bring these matters to the Board.
vii. The Board shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to WHARC. The decision of the Board on these matters shall rest in their sole discretion, and their concern must be the welfare of WHARC and the advancement of its course.

14.8 Rewards and Gifts

i. Employees may not accept significant/material rewards and gifts, as defined by the Audit Committee, from persons outside WHARC in recognition of work done during the course of their duties within WHARC.
ii. Discretion and common sense must be used when accepting modest gifts.
iii. All significant/material gifts must be reported and recorded by the organization.

14.9 Reporting Procedures

Any employee who suspects corruption or fraudulent activity shall:

i. Notify the immediate supervisor or Accountant, provided the supervisor is not involved in the activity.
ii. Notify the ED if he believes that the Accountant or Senior Management is involved in the activity;
iii. Notify the Board if the ED is involved in the activity;
iv. Use the facility provided by the Accountant where the employee wishes to remain anonymous.

14.10 Confidentiality and Whistle Blowers Protection

i. All information received should be treated confidentially.
ii. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect WHARC from potential civil liability.
iii. An employee who reports suspected dishonest activity or any such activity that he has witnessed, may remain anonymous should he so require.
iv. Management should discourage false allegations made with malicious intent by employees. Where such malicious or false allegations are discovered, the person who made the allegations must be subjected to disciplinary action.
v. There shall be no reprisal by management against any person who in good faith reported a suspected violation.

15 JOB DESCRIPTIONS OF KEY FINANCE ROLES

15.1 Executive Director is the chief accounting officer

The Executive Director shall be responsible for directing the activities of WHARC in line with this manual and all Grant agreements. Other responsibilities shall include but not limited to:

i. Report regularly to the top management, Board of Directors, Donors, Partners and other stakeholders.
ii. Direct the activities of WHARC in line with all the Grant Agreements.
iii. Review all aspects of WHARC's work plan based on the results of operations and changing economic conditions.
iv. Establish effective link with the key stakeholders to facilitate effective programme, project or activity implementation.
v. Ensure that all financial and accounting requirements are met.
vi. Prepare annual work plans and budgets in consultation with other relevant staff.
vii. Initiate corrective measures to address internal shortcomings and irregularities as the need arises.
viii. Undertake any other responsibility required to ensure the achievement of WHARC's objectives.
ix. Direct supervision of the Office Manager, and receiving a direct report as necessary from the Finance Manager.
x. Liaise with statutory auditors for the preparation of the annual financial reports.
xi. Liaise with banks and tax authorities with respect to bank matters and tax issues respectively.

15.2 Accountant

The Accountant shall carry out the following functions, supported by the Finance Assistant:

i. Ensure compliance with WHARC's financial management requirements.
ii. Coordinate periodic financial reports, (i.e. monthly/quarterly/annually)
iii. Provide leadership thoughts in the area of preparation of annual budgets and work plans.
iv. Follow up on prompt release of funds, once approved.
v. Ensure relevant books and records are maintained for WHARC's financial transactions.
vi. Review and approve monthly Bank Reconciliation Statements for all Banks.
vii. Together with the management team, maintain, develop and update the Financial Procedures Manual on a regular basis.
viii. Liaise with the external auditors and follow up any audit queries/management letters.
ix. Supervise all financial management functions and the staff of the Finance function.
x. Ensure that payments and other support services of the Finance function are carried out satisfactorily.
xi. Approval of the release of prepayment and retirement of cash advances.
xii. Ensure prompt preparation of monthly staff salaries and other related payments.
xiii. Ensure timely submission of relevant monthly, quarterly and yearly reports on programme or activity implementation to all stakeholders.

xiv. Educate staff on the statutory laws and regulations, fiscal policies and any changes thereon.
xv. Engage in other duties as may be assigned by the Board and Executive Director.

15.3 Finance Assistant

The Finance Assistant shall be responsible to the Accountant shall have the following functions:

i. Ensure that all accounting records are maintained in line with this manual, and Donors and Partners requirements.
ii. Preparation of periodic financial reports, (i.e. monthly/quarterly/annually)
iii. Preparation of monthly staff salary payroll and other related payment.
iv. Posting and updating prepayment and cash advances subsidiary ledger.
v. Draw up annual budgets and work plans together with other responsible officers of WHARC.
vi. Ensure relevant books and records are maintained for WHARC's programmes and activities.
vii. Ensure that all accounting records are updated promptly.
viii. Prepare monthly Bank Reconciliation statements for all bank accounts;
ix. Ensure compliance with the internal control systems for all areas of WHARC's operation.
x. In charge of payments and management of the imprest account.
xi. Responsible for issuing receipts, preparing and posting of Payment Vouchers and maintaining the cash books in accordance with laid down procedures;
xii. Monitoring of Advance Payments control accounts and generation of periodic advance payments schedule.
xiii. Ensure that all registers including Cheque Register, Fixed Assets Register, and other subsidiary ledgers are appropriately kept and up to-date;
xiv. Processing of the release of prepayments and retirement of cash advances;
xv. Preparation and processing of invoices for payment;
xvi. Carry out other duties/special assignments as may be delegated by superior officers.

15.4 Internal Auditor

The internal auditor shall be responsible to the Board of Directors. The responsibilities shall include:

i. Ensure that there is adequate internal control system in WHARC.
ii. Ensure compliance with the internal control system and WHARC's policies and procedures.
iii. Ensure that the data of financial reports prepared are accurate by carrying out substantive test on them from time-to-time.
iv. Contribute to the preparation of the annual audit work plan with emphasis on the identified risk areas.
v. Ensure that expenditure is in line with approved budget.
vi. Review at regular interval the adequacy of the internal control system with a view to appropriately recommend improvements to the systems.
vii. Develop and monitor audit programmes and procedures to cover all financial and administrative operations of WHARC.

viii. Point out irregularities to the WHARC's Management without delay.
ix. Provide on the job training for Internal Audit staff.
x. Regularly (and on ad-hoc basis) audit the accounts, records, assets and stores of or its programme, project or activity.
xi. Other activities as may be directed by the Board of Directors.

Appendix A – FINANCIAL STATEMENT FORMAT

ABC Foundation
Income and Expenditure Statement
For the year ended 31 December 2001

	Restricted (Designated)	Unrestricted (General)	Total 2001	Total 2000
	N	N	N	N
Income				
MTN Foundation				
Government Grant				
Other Income				
Total Income				
Expenditure				
MTN Foundation				
Staff Costs				
Travel				
Drugs & Supplies				
Stationery				
Total (A)				
HIV Prevention Program				
Training				
Travel				
Salaries				

Total (B)

Office Administration
    Staff salaries
    Other office expenses
    Fundraising
Total (C)

Total Expenditure (A+B+C)
Surplus (Deficit) for the year
Fund balances at start of year
Fund balances at year end

ABC Foundation
Balance Sheet as at 31 December 2001

	Notes	2001	2000
		N	N
Assets			
Fixed Assets	A		
Current Assets			
Prepayments			
Receivables			
Cash Balances			
Total Current Assets	B		
Liabilities			
Current Liabilities			
Accounts payable	C		
Net Current Assets (B-C)			
Net Assets {A + (B-C)}			
Fund Balances			
General Operating Fund			
Designated (Restricted) Fund			
Capital Fund			

Appendix B – Ledger Template

GT Bank **BANK TRANSACTIONS**

OFFICE NAME	WHARC	MONTH:	JANUARY
ACCOUNT	CASH	YEAR:	2012

OPENING BALANCE	ENTER HERE >>>>>>>>					Analysis
Total Receipts		-				Sheet Total
Total Payments		-				
Closing Balance	=	-				

Date	Payment Voucher/ Receipt No.	Paid To/ Received From	Description	Acc. Code	RECEIPTS	Reprint Articles	Journal Subscriptions	General Sales	PAYMENTS	Translation	Typesetting	Postage	Printing &Publication INTERNET	Website Upload	Travel & Confrences	Trainings, meetings etc	Bank charges	Fixed Assets
				TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Prepared By: RACHEAL RECTO(FINANCIAL OFFICER) Date: 31/01/2012

Checked By: ____________________ Date: __________