

Healing a hurting world



Vision for Humanity

INTERNAL ADMINISTRATION
AND FINANCE PROCEDURES
& SYSTEMS

Part I

Administration

Section

VFH Means Vision For Humanity

1. OFFICIAL WORKING HOURS

Monday to Friday

- Morning: From 07:30am to 13:00Hrs.
- Afternoon: From 14:00Hrs to 17:00Hrs.

8.5hrs/day and 42.5hrs/week

2. MOTOR VEHICLES OPERATION

To provide maximum protection for VFH employees and for VFH Property, as well as to provide fair availability of vehicles for all staff members, the following rules for vehicle use will be observed by all employees:

Only VFH staff members are permitted to ride VFH motorbikes. This restriction will be strictly enforced due to liabilities with regard to accidents and in order to ensure proper use of VFH Motorbikes.

2.1 Motor Bike Helmets

Staff members traveling by motorbike are required to wear a helmet at all working times and it is highly recommended that helmets be worn at other times in order to maintain safety and insurance requirements. Use of helmets has a documented impact in reducing fatalities and serious injuries in the event of an accident. If staff members do not wear helmets within traveling working hours, staff member's warnings as outlined in VFH personnel manual may be applied.

For other issues related to motorbike use, refer to personnel manual.

2.2 Seat Belt Use and car safety.

In order to have safety for staff members traveling in cars, traveling is required to be in line with Ugandan Traffic laws and international road safety standards. People not staff members traveling in car transport arranged by VFH do so at their own risk but VFH may not force people to travel in transport contrary to the traffic law against their own risk.

VFH staff members in charge of group car travel must take measures to ensure that there is safe travel (for example asking drivers to drive at a reasonable speed).

A staff member who fails to wear a seat belt while travelling in VFH cars attracts a warning letter as outlined in VFH personnel manual.

2.3 Fuel Request

VFH shall each year prequalify, select and contract a Gas station for all VFH motor-vehicles and Bikes to fill the fuel on a daily and monthly basis (this gas station is subject to revision/changes on yearly basis by VFH Management). Staff members will be required to inform their supervisors about fuel requirement. The Finance and Administration Manager will issue a voucher to staff members to bring to the Gas station to fill the fuel. A voucher must be verified by the staff supervisor. Every 15th of month, the Gas station has to

invoice VFH for the total monthly fuel consumption (from 15th of last month to 15th of current month) for payment. Invoice must be accompanied with VFH vouchers and only those with Finance and Administration Manager and staff supervisor signature will be recognized. VFH will also keep copies of all the Vouchers submitted to the Gas Station.

2.4 Motorbike, Generator and Office Equipment Repair/Maintenance

a) Motorbike:

VFH's motorbikes are assigned to each employee for official use only. However, in exceptional cases, VFH allows staff members to use motorbike at the weekend and/or on holiday too. But if staff members request for an annual leave more than 5 days, then staff members have to keep the motorbike at the office. Staff members have to sign agreement with VFH for using VFH's motorbike and are responsible for the security of the motorbike.

If a motorbike is lost or stolen from the house of a staff member or at a time when it is being used for private purposes, it is automatic that the staff member has to replace it to VFH according to the prevailing market price. Any other loss caused by employee, the employee is responsible to replace to VFH according to the market price. VFH Management will evaluate the circumstances of the loss. If it could have been prevented by the staff member, the staff member will be required to replace at market value.

Maintenance of motorbikes is the responsibility of VFH but if the motorbike breaks down under the private use of a staff member, such a staff member will be responsible for that maintenance. Gasoline refill for VFH official use is the responsibility of VFH but if employee needs gasoline for personal use then employees have to cover the cost themselves.

Employees have to inform their supervisor accompanying with Request for Repair/ Maintenance Form when the motorbike have problem. The Finance and Administration Manager checks the request and then submits to the Executive Director for approval. After a request is approved, the Finance and Administration Manager or staff members can bring motorbike to fix at the contracted shop.

For unexpected situation, if problem happened in the field and required for repair then employees can call to inform their supervisor for permission before reparation. If staff members have to repair a motorbike in the case where it is not possible to notify, receipts for all work should be obtained and a supervisor verify them. Only reasonable costs will be repaid.

The Finance and Administration Manager will keep a table of information for all repairs of each motorbike. This is required so the repair history of each motorbike is easily available.

Notes:

- It is the responsibility of staff members to request from Finance and Administration Manager engine oil for motorbikes which will be changed every month.

b) Generator:

The Finance and Administration Manager is responsible for running and provides basic maintenance of generator. When there is a significant problem found, the Finance and Administration Manager has to inform the Executive Director accompanying with Request for Repair/Maintenance Form. After request is approved, the Finance and Administration Manager can start to process for fixing.

Note:

- Every 2000 Hours the engine oil will be changed for the generator
- Every 6000 Hours the gasoline and oil filter will be changed for the generator

c) Office Equipment:

Staff members that use VFH equipments must be responsible for the safety and security of those materials. Employees have to inform their supervisor accompanying with Request for Repair/Maintenance Form when equipment is broken. The Finance and Administration Manager checks a request and then submits to the Executive Director for approval. After a request is approved, the Finance and Administration Manager can bring the equipment to fix.

3. OFFICE SUPPLY

Office supplies must have a proper controlling system and must be kept in a good condition. The Finance and Administration Manager is responsible to take care of office supplies. Office supply logbook has to be prepared to record the transaction in or out and balance on a monthly basis. To provide a good procedure for purchasing of office supplies, the following guidelines are important;

- At least once a year, at the beginning of fiscal year, the Finance and Administration Manager must get quotations from three different stationery shops to compare then make a contract with the one that provided the best price and services to support the goods.
- According to the market price changes, every three months, the Finance and Administration Manager must ask the shop to update office supply price list and keep in file for accounting purpose.

- The payment is made by cheque. Every 15th of month the suppliers have to submit invoice to VFH for monthly payment (from 15th of last month to 15th of current month).

3.1 Purchase of Office Supply:

Office supply is only used for official purpose. At the beginning of each month the Finance and Administration Manager has to prepare a monthly purchase request of office supplies by using Purchase Requisition Form then submit to the Executive Director to verify and for approval. After a request is approved the finance and Administration Manager then follows procurement guidelines to obtain the items. The Finance and Administration Manager has to record and sign in the office supply purchase logbook to acknowledge receiving of goods. When office supply is purchased the Finance and Administration Manager must properly record into the office supply logbook. When staff need office supply to use in office they fill an item request form verified by the line supervisor, approved by the Finance and Administration Manager and complete the office supply logbook and sign.

3.2 Purchase of Project Materials:

Project materials are used only for project activities purpose (example: training, meeting, workshop, exposure trip ...etc). At the beginning of the month, each unit has to submit a request of project materials needed to the Finance and Ad Administration Manager. The Finance and Administration Manager must collect requests from each unit and then prepare a local monthly purchase request of project materials by using Purchase Requisition Form then submit to the Executive Director to verify and for approval. After a request is approved the Finance and Administration Manager then follows the procurement guidelines to obtain the required items. The Finance and Administration Manager has to record and sign in the project supply purchase logbook to acknowledge receipt of goods. The Finance and Administration Manager can provide the project materials to staff accordingly.

3.3 Office Supply Stock Count:

To ensure the accuracy and good control and record of office supply, the stock count has to be conducted by the Finance and Administration Manager regularly (once a month at the month ended). Office supply has to reconcile if any error or difference between actual count and in book happened.

The ending balance of each month will be carried forward to the beginning of the following month and will be counting as new flow in and flow out between stationery usage and purchase.

4. PHOTOCOPY

4.1 Internal Photocopy:

VFH photocopier can support copying in the office of daily operations but not for photocopying big volumes of documents. To make sure that we can maintain our photocopier for longer use, the following guidelines have to be practiced:

- From 1 to 49 pages: photocopy with by VFH photocopier
- More than 50 pages: required to photocopy outside (at the contracted shop)

4.2 External Photocopy

The same as office supply, at least once a year, at the beginning of fiscal year, the Finance and Administration Manager must find quotation from three different suppliers to compare then make a contract with the one that provided the best price and services to provide photocopy services.

When a staff member wants to photocopy a document more than 50 pages staff members have to request for photocopy by using Purchase Requisition Form and submit to supervisor for check then to Executive Director to verify and for approval. After a request is approved, staff members can take it with documents to contracted shop to make photocopy. Staff members have to record and sign in photocopy logbook to acknowledge copying.

5. LIBRARY

VFH has a library resource system to keep all text books, information, newspapers and other documents for staff members to research or read. The Finance and Administration Manager is directly responsible for the Library Management with direct supervision by the Executive Director. Library resource system should be classified by field, subject, and titles and coding in order to facilitate easy use and management. After reading, staff members have to return into the same place. If want to borrow the book, staff members can make a borrowing agreement with the Finance and Administration Manager. Records of borrowing & return have to be clearly kept.

6. TELEPHONE/FAX and INTERNET & E-MAIL USAGE

VFH telephone, fax, e-mail/internet is used for VFH business only. All documents and emails are considered as property of VFH.

7. PROPERTY INVENTORY

7.1 Property Inventory List:

The property inventory list is very important for organization. It is a record of all VFH properties such as: means of transportation: vehicles and motorbikes etc. Electric equipment: computers, generator,

photocopiers, printers and air-conditioners etc. Furniture: computer table, cupboards, desks, chairs, safe, filing cabinet etc.

7.2 Property Inventory Update/Time-line:

To provide the quality control of property management there needs to be specific calendar as follows:

- Every month the Finance and Administration Manager must copy all invoices of equipments that were purchased during the month and give to the Executive Director.
- The Finance and Administration Manager has to record all new properties purchased during the month into the property inventory list.
- Every six months the Finance and Administration Manager has to conduct a checking/ updating (with actual count) of the properties. In case of any problem found (example: lost, broken, stolen, moved ...etc) the Finance and Administration Manager has to prepare a report to the Executive Director. After the problem is fixed the finance and Administration Manager prepares a PROPERTY INVENTORY UPDATE LIST then submits to Executive Director to verify and for approval.

8. TRAVEL and FOOD ALLOWANCE

8.1 Travel and Daily Subsistence Allowance (DSA) for Staff:

8.1.1 Travel out of workplace:

Daily Subsistence Allowances are given to staff only in case where they participate in a workshop or other activities officially assigned and approved by VFH, are away from staff workplace or District. DSA is based on the following system to cover food, accommodation, and local transportation.

- DSA is 80,000 Ushs per day including Accommodation but on traveling day starting on or after 7: 30am staff member is paid only 60,000 Ushs. But if staff member travels before 7:30am in necessary case the staff member is paid 80,000 Ushs. The same case, staff member travels back to office before 5pm the staff member is paid only 60,000Ushs, but if s/he travels back to office after 5pm the staff member is paid 80,000Ushs. Staff member is needed to make Request Form or Cash Advance for claiming money for travel and then submit to Executive Director for approval at least 3 days before traveling day. After coming back to office the staff member is needed to fill up Liquidation Form for approval of the Executive Director.
- **Transportation:** The traveling fees going to and from those locations that is not workplace district is based on actual expenditure (paid on provision of receipts) and not different from a market standard cost for safe travel in line with the Ugandan traffic

law. Original receipts of those related to expenditures must be collected and attached with Cash Advance Liquidation form when making liquidation.

For out of country travel, rates will be in line with the situation in the destination country, will be decided prior to travel after discussion with organizations in the destination country.

Note: All staff members travel in mission of VFH but by invitation of other partner's payment in and outside the country are not repaid.

8.1.2 Travel within workplace District:

VFH provides motorbikes for staff members to implement project activities so travel allowance is not provided to staff members within their district. However, VFH provides Safari Day Allowance to staff members for traveling to within their workplace district but not out of their district offices. Management and Project staff visit to fieldwork area for VFH for official work and or the field commune based staff travel to district town for official travel will be able to claim:

- Breakfast: 5,000 shs/person if staff leaving office before 7:30am (6:00am-7:30am).
- Lunch: 10,000shs/person if staff members stay in the village for the time of 12:00 am to 14:00hrs.
- Dinner: 10,000shs/person if staff coming back to office late 17:00hrs (17:00hrs -18:00hrs) or staff required continuing to overnight stay in the village.

At the end of the month staff members have to prepare a Safari Day Allowance Form detailing the date and the amount to be claimed, submit to their supervisor to check and verify and then to the Finance and Administration Manager to claim for money. Or staff member can ask their Safari Day Allowance in Cash Advance and the staff member can claim their Safari Day Allowance when the Cash Advance is settled.

For commune and other district based staff members can be provided this Safari Day Allowance when the staff members are officially invited to the Head office for meetings/workshops.

8.1.3 Food Allowance for Field Based staff:

The food allowance is given only to the field based staff at the community level to encourage and motivate them to work and paid monthly for supplying their food and other necessary expends. The food allowance should be put in the staff contract to clarify the employee with the exact amount of money per month. This can be reviewed from time to time depending on the prevailing food commodity market prices.

At the end of the month staff members have to prepare a Claim Form detailing the date and the amount of money to be claimed submit to their supervisor to check and verify and then to the Finance and Administration Manager to claim for money.

8.2 Travel and Food Allowance for Network and Community:

8.2.1 Food Allowance:

a) Food allowance rate for Advisory Council including government officials (only when at official trainings/meetings/workshops conducted at any level) and District Network are divided into the following:

- Breakfast: 5,000 shs/person
- Lunch: 10,000 shs/person
- Dinner: 10,000 shs/person

Note that the service rate from the government facilitator officially invited to provide their service to VFH Project Activities is 50,000 shs per day and they can receive food allowance additionally. In some cases that VFH needs to hire trainer to provide training course at any level, it bases on the communication with trainer.

b) Food allowance rate for community are divided into the following:

b1). Workshop/training/Meeting at Community level:

- Breakfast: 2,000 shs/person
- Lunch: 5,000 shs/person
- Dinner: 5,000 shs/person

b2). Workshop/training/meeting at district and regional level:

- Breakfast: 5,000 shs/person
- Lunch: 10,000 shs/person
- Dinner: 10,000 shs/person

Food allowance is given only for when it is not possible to provide food. If some people at a workshop receive food allowance, they cannot receive food as well. If Advisory Council including government officials and District Network, (only when at official trainings) receive food, they cannot receive the money as well. If all participants received one times or two times of food, reduction will be done accordingly.

Whenever possible we provide food (and not money) to participants at community workshops. If there are over 20 people then food is to be provided (if possible not money). The cost of this food should not exceed that in the guidelines.

We try to avoid paying for people to cook food. This service is something we want communities to provide to the projects. People who cook can, however, receive meals.

For some large workshops it may be necessary to pay a cook. The costs of the cook must come from the amount of funds calculated from the guidelines. The cost of cooks is NOT a cost that can be added above the guidelines.

As much as possible, receipts and allowance tables should be done for each activity. If there is a workshop in one village or community, all expenditure for that workshop should be kept separate and within one voucher. This includes the food and travel allowances of Government officials (only when at official trainings), Network and Community people.

If food is provided for a community training, meeting or workshop (at community level and above) receipts for the food must be collected. Signed participants lists must accompany these receipts. A brief workshop report must also accompany the receipts.

When providing food, do not use the food allowance form. The food allowance form is only when money is given. When providing food, receipts and participants lists must be collected.

Note:

Food and other allowances may be reviewed upwards from time to time depending on the prevailing market prices and inflation

8.2.2 Refreshment for training, meeting or workshop:

If refreshments are provided for community training, meeting or workshop receipts for the refreshment must be collected. Signed participants lists must accompany these receipts. A brief workshop report should also accompany the receipts. The rates for refreshment are 2,000shs /person per day for district workshop/meeting/training and 1,000 shs/person/day/ for community and district workshop/training and 1,000 shs/person/day for village workshop/meeting/training.

8.2.3 Travel Allowance:

VFH provides travel allowance to Government participants/facilitators, Network and Community for traveling to attend any training, meeting or workshop. The travel allowance is based on VFH travel allowance rates expressed in official memos from the Executive Director. Travel allowance isn't given if the training, meeting or workshop is located in their home village or within 5km of the workshop site.

If there is a meeting within the community, travel rates for travel for people in that communes are:

0 – 3.9km	0 shs
4 – 9.9km	5,000shs
10 – 19.9	6,000shs
20 – 29.9km	7,000shs
30km+	10,000shs +

This norm can be applied for good road condition, but some areas where road access is in bad condition, the Branch Management team can produce another norm for use that may meet road condition in the area but it needs to be approved by the Executive Director.

Note that for events conducted jointly with other organizations, special rates may be used for that single event. This is to be by agreement with participating organizations.

9. PURCHASING

9.1 Property management and materials or supplies purchasing procedures:

The following are the guidelines of VFH for staff members to process the management on the agency property and purchasing of any materials.

VFH properties are the materials or supplies which are locally purchased or provided from the overseas supplier or donated by any donors or VFH partners' for example: means of transportation: vehicles and motorbikes etc. Electric equipment: computers, generator, photocopiers, printers and air-conditioners etc. Furniture: computer table, cupboards, desks, chairs, sofa, safe, filing cabinet etc.

9.2 Property Management Procedures:

a) Acquisition:

- After purchasing or receiving any fixed asset, VFH administration office has to collect the necessary related document particularly the invoice and keep all of these materials in a separate file.
- Record in the property inventory list by clearly showing donor, project, property number, serial number, purchase/voucher order number, date of acquired and cost etc. All office equipment must be engraved and clearly marked
- For equipment such as motorbikes, generators etc, a table to record repairs and maintenance history also needs to be established.
- Staff members who have been allowed to officially use any VFH property will need to sign on the accountability card when receiving or returning back to.

b) Delivery:

When any property is to be transferred for use in new location (field office, staff residence etc.) it needs to have prior authorization from the Executive Director and also to be noted in the inventory list.

c) Property Maintenance:

- If Motor - vehicle, a separate file should be created to contain report document such as Repair/Maintenance, Insurance and Accident ...etc.
- A Central inventory (including all VFH assets) will be kept.

d) Disposal:

If there is any type of property getting old or broken that cannot not be used any more, it should be:

- Clearly recorded its condition in the property inventory list and then make quarterly report to VFH head office for those with cost over 1,000,000 shs.
- Ask for advice/approval from the Executive Director when it needs to be sold, to be donated to any counterpart or to transfer ...etc.
- When it is agreed to sell it will need the offering price quotes (bid) from 3 different firms.

9.3 Purchasing Procedures:**a) Requisition:**

It should be carefully checked against the budget when some materials need to be purchased. Before processing the purchase of anything it needs to have the prior approval from the Executive Director.

b) Purchasing:

- Amount from 300.000shs to 1.000.000shs for one item written canvassing not required, but encourage getting the better price.
- Amount higher than 1.000.000shs for one item required the formal written quotation on price at least from three different Suppliers. And then prepare to fill out the bid comparison form on canvass summary followed by the recommendation.
- If getting three bids becomes impossible, written report should be submitted to the Executive Director and approval sought before any purchase is made.
- Amount higher than 10.000.000shs for one item requires sealed bidding.

9.4 Purchasing Ethics:**a) Gifts:**

VFH regards each supplier as a business partner, and as such the agency feels it is important to maintain an atmosphere of honesty

and integrity in its affairs. VFH ethical policies are simple and straightforward, selection of suppliers is based exclusively on quality of services, price, and suitability to the agency's need. Employees shall not solicit, request, accept or agree to accept any significant gift from a supplier or prospective supplier.

A significant gift is defined as any tangible item, service, favor, credit, or discount of value, not available to others, that could influence action. No monies are to be accepted as a gift for any reason whatsoever. In addition, VFH funds should not be used to provide gifts to suppliers or any other group.

Entertainment, Hospitality and Meals: Supplier offers of entertainment and hospitality shall be refused tactfully, but clearly. Acceptance of invitations to business meal shall be subject to prudent judgment as to the appropriateness of the occasion, frequency, choice of facilities, and future opportunity to reciprocate.

b) Conflict of Interest:

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest is involved. Such a conflict could arise when the employee, officer, agent, any member of his/her immediate family, his/her partner, or organization which employs or is about to employ any to the parties indicated herein, has a financial or other interest in the supplier selected for an award.

Employees directly responsible for purchasing should not have any personal or family interest, involvement, or financial relationship with a supplier that might impair objectivity or freedom of judgment. If possible, these employees should avoid using VFH suppliers for personal needs. If VFH employees find it necessary to use a supplier that agency uses, the purchasing unit should be notified. Failure to comply may be cause for disciplinary action up to, and including, termination.

Reimbursements: No employee may authorize and approve his or her own reimbursements for expenses. His or her immediate supervisor should make authorization and approval is by the Executive Director for employee expenses. The exception is for the Executive Director's travel, food allowances and accommodation following VFH policies.

Part II

Finance Section

1. FINANCIAL AND LEGAL ACCOUNTABILITY:

VFH practices sound financial management and complies with a diverse array of legal and regulatory requirements. VFH's financial procedures and systems ensure that accurate financial records are kept and that VFH's financial resources are used in furtherance of VFH's purposes. VFH conducts periodic reviews to address regulatory and liability concerns. All VFH's financial statements are prepared on the cash basis of accounting.

1.1 Financial Accountability:

VFH operates in accordance with an approved annual budget. VFH also creates and maintains monthly financial reports on a timely basis that accurately reflect the financial activities of VFH.

VFH provides staff members a confidential means to report suspected financial impropriety or misuse of VFH resources.

1.2 Legal Compliance and Accountability:

VFH complies with all local laws, which includes, but is not limited to: complying with laws and regulations related to fund-raising, licensing, financial accountability, human resources, lobbying and political advocacy, and taxation.

VFH periodically assesses the need for insurance coverage in light of the nature and extent of VFH's activities and its financial capacity.

VFH periodically conducts an internal review of VFH's compliance with known existing legal, regulatory, and financial reporting requirements.

2. BOOKKEEPING

The VFH's Finance & Administration Manager submits monthly financial reports to the VFH Executive Director on fund balance, monthly income and expenses, budget updates, and any other financial matters. VFH uses QuickBooks and spreadsheet to track all VFH finances. All files pertaining to financial record are kept in a secure location at all times.

- The Finance and Administration Manager and Branch Finance and Administration Assistant are responsible for processing of financial vouchers for all business transactions related to financial receipts and disbursements of Central and Branch activities.
- The Finance & Administration Manager is responsible for ensuring that all transactions are entered into the computer using QuickBooks. The financial reports are produced in QuickBooks and exported to spreadsheet. The Finance & Administration Manager is responsible for preparing all financial reports for internal and external use.
- Disbursement Vouchers are organized in chronological order by assigning a number when the payment is made.

- Receipt Vouchers are organized in chronological order by assigning a number when VFH receives the money. Receipt vouchers are prepared for fund transfers from donors, donations, contributions, interest income, and remaining money from liquidation of cash advances, and others.

3. CASH MANAGEMENT

3.1 Cash Receipt/Revenue:

VFH's revenue consists of a periodic transfer of funds from donors, donations or other contributions and interest income ...etc. Funds are transferred directly into the VFH bank accounts. Periodic withdrawals are used for VFH expenditures.

When cash/cheque is received, the Finance and Administration Manager or Branch Finance Assistant needs to issue the Official Receipt and give the first copy to the payers. The Cash Receipt Voucher must be prepared attaching the second copy of Official Receipt and other supporting documents.

Within the same day or in the next banking day, all cash/check received need to be deposited in to VFH bank account. REMEMBER THAT ALL CASH RECEIVED NEEDS TO BE DEPOSITED IN TO THE BANK WITHIN 24 HOURS. DO NOT KEEP CASH IN THE CASH BOX/ SAFE LONGER THAN THE DURATION MENTIONED IN THIS PROCEDURE. Receipt is recorded in the general ledger.

After being deposited in to the bank, last copy of Official Receipt and copy of deposit slip need to be filed in a separate folder. DO NOT FILE IT WITH CASH RECEIPT VOUCHER. THIS WILL HELP A BOOK-KEEPER TO TRACK THE BALANCE WHEN THEY PREPARE THE BANK RECONCILIATION.

3.2 Cash Disbursement:

A sound system of cash control requires that payments be made by cheque. However drawing a cheque is not practical for minor expenditures or in the case of emergency or where circumstances demand cash payment. Therefore, it is necessary to maintain a Petty Cash Fund of about 100,000shs. Staff members are required to encourage vendors to accept cheque, if possible for the amounts over 100,000shs.

- **Petty Cash Fund:**

Petty Cash Fund is a fund established to meet the minor expenses, which would not normally require the issuance of cheque. The initial Petty Cash Fund is 100,000shs and this amount may be increased or decreased depending on the volume of transactions that will be assessed periodically by the Finance & Administration Manager with approval of the Executive Director. The fund is established by issuance of a cheque in the sum of 100,000 shs. A payment from Petty Cash Fund must not exceed 100,000shs for any single payment. The entry required to establish the fund is to debit Petty Cash Fund and credit Cash in Bank. The Petty Cash Fund is maintained by the Administrative Assistant. The Petty Cash Fund must be kept in the office safe.

The Executive Director will conduct uninformed cash counts if required. This spot check is documented each time to show a listing of the petty

cash vouchers in the box plus the physical count, documented by each bill with a total equal to the amount of cash available. If there is a difference, it should be explained. Finally the Executive Director signs the spot check form and the Administrative Assistant signs as a witness. The petty cash fund should not be mixed with other funds of money and should not be used for individual short-term loans.

A Branch Coordinator has the same rights to undertake checks for the Petty Cash Fund within their district with Branch Finance & Administrative Assistant to sign as witness.

Petty Cash Advance:

Staff members who need cash advance from Petty Cash Fund must complete a petty cash advance form. After a request form has been approved, the Administrative Assistant can provide petty cash advance to staff. The petty cash advance must liquidate in the same day (24hours) of request. When the petty cash advance is liquidated the Central Administrative Assistant/ Branch Administrative Assistant has to prepare a Petty Cash Voucher (PCV) attaching with all supporting documents then submit to Executive Director for approval. The petty cash advance must be stamped "liquidated" and attached to the petty cash voucher too. The petty cash voucher number needs to be noted on the advance form even if it is liquidated. In case the advance form gets separated from the petty cash voucher by mistake; we can know that it has been liquidated and you can attach it to a correct voucher.

If one advance is cancelled, staff members need to stamp "Cancelled" on that advance form.

After Petty Cash Voucher is approved, the Central Administrative Assistant/ Branch Administrative Assistant has to record immediately in Petty Cash Book. **DO NOT WAIT UNTIL YOU HAVE MORE VOUCHERS.**

When 80% of Petty Cash Fund is spent, replenishment is required. In order to be able to get replenishment, the Central Administrative Assistant/ Branch Administrative Assistant has to prepare a summary report and submit to the Executive Director to prepare a Disbursement Voucher for replenishment.

▪ **Cash Disbursement:**

Upon receiving the cheque book from the bank, the Central Finance and Administration Manager and Branch Finance and Administration Assistant make sure that the leaves are intact. The unused books are kept in a locked safe under the responsibility of the Central Finance and Administration Manager or Branch Finance/ Administration Assistant. Payments over 500,000shs are strictly made by cheque. The

Central Finance and Administration Manager or Branch Finance and Administration Assistant initiate cheque payments by preparation of a Disbursement Voucher upon receipt of an invoice. When a cheque is prepared and signed, a photocopy is made of the cheque to attach to the Disbursement Voucher and invoice. The photocopied cheque must ask the payee sign on it. The invoice and voucher are stamped "PAID" to indicate that payment has been made. The voucher, copy of the cheque, and invoice are filed and payment is recorded in the general ledger.

4. TRAVEL ADVANCE

All travel outside of workplace districts needs to be approved by a Branch Coordinator or the Executive Director.

4.1 Travel Expenses:

VFH staff members travel is based on actual expenses or allowances in accordance with official policies and rates. Before engaging in travel on behalf of VFH, staff members must first submit a cash advance form with an estimate of the travel budget for approval. Upon return from the trip, staff members should submit original receipts for all expenses, including daily subsistence Allowance, travel, and miscellaneous expenses attaching with a liquidation form.

4.2 Travel Advance and Settlement:

Before traveling to outside staff workplace district, staff member lists the anticipated expenses and provide the total estimated cost of trip and indicate the amount of money being requested in a Cash Advance Form at least two or three days before departure. If for unforeseen reasons the amount of the advance is not enough to cover costs during travel or spending exceeds the cash advance by more than 5%, staff members should inform to the supervisor by telephone for verbal approval (assuming the staff members has personal money to cover an overspend). Staff members should liquidate the travel advance within one week of return from the trip and before another trip is undertaken, whichever is earlier.

Any remaining funds after liquidation shall be reimbursed to VFH in cash in order to clear the advance. New advances shall not be paid before one liquidates any outstanding advances. Advances for travel are not to be considered as personal loans. VFH Finance and Administration staff members have the right to demand immediate releasing of all unspent funds on the day of a staff member returns.

5. PROJECT ADVANCE

All staff members who need cash advance for the project activities (training, meeting, workshop or exposure trip ...etc) must complete a Cash Advance Request Form for approval. After a request has been approved, the Central Finance and Administration Manager or Branch Finance and Administration Assistant has to prepare a cheque and submit to VFH bank signatories to sign. After a cheque is signed, the Central Finance and Administration Manager or Branch Finance and Administration Assistant can give it to the projects staff to withdraw money from the bank. The Central Finance and Administration Manager or Branch Finance and Administration Assistant must photocopy a cheque and ask payee to sign on it before providing the original one.

Project advance is requested and liquidated two times a month. 1st advance: every beginning of the month, staff members have to prepare cash advance request for all project activities that they will implement during the first half month. These cash advances must make liquidation in mid of month. After the 1st advance is liquidated, staff members can start to request for the 2nd advance for all project activities that will be implemented from the mid to the end of month. The 2nd advance must make liquidation at the month ended (Before 27th). Except, the project location is a far distance from the office of more than 70 Km, the advances are allowed to be taken for one month a time. Project advance cannot be forwarded to the following month. In case the project activities were postponed, cash advance that is not used must be liquidated and staff members can request for advance again when the activities will be implemented. All project advances must be based on the annual budget plan. (Unless there is specific direction from the Executive Director that monthly budgets are being followed in lieu of an annual plan being prepared.)

In the case of advances to staff members over 1,000,000shs staff members are required, if possible/practical to store funds in a safe within the office.

When making liquidation of cash advance, staff members have to make sure that all support documents are attached as per the following:

- Invoices/receipts
- Travel and food allowance/per diem form
- Attendants list
- Minute of the activities was done
- Other appropriate documents as possible

All invoices/receipts need to fulfill requirements such as such as: shop number, name of market, telephone number of supplier, date, signature of staff purchasing and seller, detail of items being purchased, unit price and total cost.

6. PAYROLL

VFH's staff salary is based on VFH's salary scale. Payroll is prepared by the Central Finance and Administration Manager or Branch Finance and Administration Assistant and approved by the Executive Director. Salary is paid two days before the last working day of each month contingent on the submission of a monthly report, and plan for the succeeding month. All personnel files and staff contracts are maintained diligently and confidentially by the Human Resource & Operations office. A copy of personal files and staff contracts must be kept at the Finance and Administration unit.

Personal income tax and Social Security funds will be deducted from all VFH staff members in line with Ugandan taxation laws. VFH has the responsibility of deducting and collecting personal income tax from staff salaries prior to paying net salaries to staff members.

Staff salary is paid by bank system. VFH will require every staff member to open bank account (saving account) with a reputable bank that is located in the district to facilitate easy transactions. Salaries will be transferred directly from VFH bank account to staff bank account. The Bank account is the property of the staff member and s/he has responsibility over its management.

In the case of a staff member not being able to open a bank account, salary payment can be made by cheque or cash until the time a bank account is obtained. This is only for a limited period of time, in any case not more than 3 months

7. BANKING

In order to maintain funds safely, VFH holds two types of bank accounts (Saving Account and Current Account).

- **Saving Account:** All grants, donations and contributions are transferred to a Saving Account.
- **Current Account:** Funds are transferred from the Savings Account to a Current Account according to the needs for issuing cheques. These transfers need to be done following approval by the Executive Director of monthly budget and transfer requests. Transfers from a Savings account will require one signature by one of the Executive Director.

Withdrawals by cheque from a current account may only be done by account signatories approved by the VFH Board meeting:

Central office: Two of the Executive Director, Treasurer and or Finance and Administration Manager.

Branch office: Two of Executive Director, Treasurer and or Branch Finance & Administration Assistant.

- **Bank Reconciliation and Bank Statement:** The bank reconciliation is prepared at the end of the month when the balance in the financial statement and the bank statement are different. The Central Finance and Administration Manager or Branch Finance and Administration Assistant complete the reconciliation of all bank accounts. Reconciliation has to be prepared as soon as the statements are received from the Bank. Bank reconciliation must be checked for correctness by reference to the source documents of items reported as outstanding.
- **Bank Account Verification:** It is recommended that the review of the bank account is done every week.

8. FINANCIAL REPORTING

VFH shall prepare financial reports on a monthly, quarterly, six month and annual basis and/or according to donors' requirement.

- The Central Finance and Administration Manager or Branch Finance and Administration Assistant will maintain the transactions on a daily basis to assure that the records are up to date.
- The Central Finance and Administration Manager or Branch Finance and Administration Assistant collects bank statements from the bank at the end of the month.
- The Central Finance and Administration Manager or Branch Finance and Administration Assistant prepares bank reconciliation statements.
- The Finance and Administration Manager ensures that all financial transactions are entered into the computer using QuickBooks during the course of the month.
- The Finance and Administration Manager prepares financial reports then submits to Executive Director.
- The Finance and Administration Manager prepares a monthly expenditure report against budget.
- The Finance and Administration Manager submits a copy of vouchers and receipts to donors as directed by the Executive Director.
- The Central Finance and Administration Manager prepares cash count sheet
- The Executive Director conducts a weekly/monthly cash count with Finance and Administration Manager or Administrative Assistant.
- The Central Finance and Administration Manager prepares bank reconciliation reports for VFH bank accounts. The Branch Finance and Administration Assistant prepares bank reconciliation reports for VFH bank accounts in the district.

9. LEVEL OF APPROVAL

To share the responsibilities and to apply the decentralization systems VFH set ups the level of approval as follows. These are for authorizations within approved monthly budgets

- 10-200,000shs: Approved by the Finance and Administration Manager, Program/project Officer, for any one or group of items (Petty Cash Fund "Petty Cash Advance and Petty Cash Voucher").
- Over 200,000-50,000,000 shs Approved by Executive Director for one or group of items (Cash Disbursement Voucher).
- Over 50,000,000 shs Approved by the Chairperson Advisory Council for one or group of items (Cash Disbursement Voucher).

However, the Branch Coordinator to approve the payroll for Branch staff.

For items or activities outside of monthly activities the staff members with responsibility for operation may approve variations within 10% of the approved budget for a line item. This should be done in consultation with a supervisor. For variations outside of that, the Branch Coordinator may approve expenditure variations below 500,000shs. This should be done in consultation with the Executive Director at the before approval.

Above 100,000shs for unplanned activities requires approval from the Executive Director, but before approval, s/he shall discuss with respective Donors.

▪ **Absence of Signatories:**

When the principle authorizations/approvals are absent from the office, the appointed Officer-in-charge may approve the release of payment for the items purchased, in accordance with level of authority.

Note: a person requesting the purchase(s) and/or purchasing may not approve its payment in any situation.

10. FINANCIAL REVIEW AND AUDIT

10.1 Financial Review:

It is the responsibilities of Finance/Administration unit to ensure that all documentation relating to finance and procurement are correct, and have all attachments as required.

The Finance and Administration staff members will check each voucher every month to make sure that they are all having correct signature, correct record and supporting documents are attached.

The Finance and Administration Manager will conduct a monthly financial review at both, head office and Branch offices. Where the Finance and

Administration Manager found that a voucher is not complete, a copy of the voucher will be made and the original copy will be sent to the Finance and Administration staff for completion. When it's completed, the original voucher will be returned back to the correct financial files. The copy of the voucher will be destroyed.

The Executive Director and Advisory Council have the right to check that the financial systems and records are being maintained as per policies.

10.2 Financial Audit:

VFH will hire a reputable external independent auditor to conduct financial audit for every Fiscal Year (FY). The report of the financial audit will be submitted to VFH Advisory Council, donors and related outside parties.

11. CURRENCY USED

Currency use by VFH is U shs. VFH exchange rate will be based on the Bank rate or other banks where deposit its money at the start of any month.

ADOPTION REMARKS

Name:-----

Position:-----

Signed:-----

Dated: -----

Witnessed by:

Name:-----

Position:-----

Signed:-----

Dated: -----