



Changes and updates to the manual approved by  
**Mr. Shukri A Hussein**, Executive Director of SDFG on **25 Jan 2021**



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المجموعة السودانية للديمقراطية أولا  
Sudan Democracy First Group

## ACRONYMS

SDFG	Sudan Democracy First Group
IFRS	International Financial Reporting Standards
BoT	Board of Trustees
ED	Executive Director
PM	Programs Manager
FAM	Finance and Admin Manager
PC	Program Coordinator
PO	Program Officer



## 1. ABOUT SDFG

### WHO WE ARE

Sudan Democracy First Group (SDFG) was established by a number of Sudanese Civil Society leaders, activists and academics in 2010 in Khartoum and Juba. The establishment of SDFG was particularly spurred by the failure of a democratic transformation in Sudan, which became acutely apparent during the April 2010 national elections, held as part of the Comprehensive Peace Agreement (CPA). Against the background of growing instability—caused by reoccurrence of conflict, lack of justice and accountability, and exclusion—SDFG emerged. Its aim was to provide a voice to the voiceless, and to promote democracy in its intersection with peace, justice, and balanced development.

SDFG is a coalition of Sudanese democrats, activists, trade unionists and academics representing different pro-democracy ideological, political and cultural backgrounds. The main agenda of the initiative is to voice the concerns of voiceless Sudanese people across the country around questions of democratization and its intersection with peace, justice and development in Sudan.

SDFG is a civil society actor and think-tank, which engages in politics from an independent position to support efforts around evolving democracy in Sudan. SDFG's work is rooted in a progressive vision, collaborating to establish a Sudanese civic movement to achieve the goals of a just peace, democratic transformation and balanced development. SDFG engages directly in political processes aiming to seek positive societal and political change. SDFG operates from a non-partisan position, and does not attempt to seek political power.

### SDFG'S VISION

SDFG's vision is a democratic, inclusive Sudan where justice, equality, peace and development prevail.

### SDFG'S MISSION

SDFG considers the promotion of inclusive democracy in Sudan its main mission. As part of this, SDFG is committed to work against marginalization (whether based on culture, ethnicity, class, gender, region, age, religion, or political affiliation) by providing platforms for inclusive and transparent engagement of all Sudanese citizens in political decision-making and their participation and expression in the public sphere. SDFG's interventions are guided by the values of transparency, accountability and credibility.



## 2. ABOUT THE MANUAL

### 2.1. BASIC POLICY STATEMENT

Sudan Democracy First Group (SDFG) is a civil society and a think tank organization committed to responsible financial management. The entire organization including the Board of Trustees (BoT), Executive Director (ED) and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of SDFG.

The policy and procedural guidelines contained in this handbook are designed to:

1. Protect the assets of SDFG.
2. Ensure the maintenance of accurate records of SDFG financial activities, and compliance with International Financial Reports Standards (IFRS) for Not-for-Profit Organizations and ensure compliance with the state, and local legal and reporting requirements.
3. Provide a framework of operating standards and behavioral expectations.
4. Ensure compliance with Host Country(ies), donor record keeping, reporting, and audit requirements.

### 2.2. COMPLEMENTARITY OF POLICIES

While the Organization's constitution is the overall legal framework, other SDFG policies and procedures are complementary to this Policy, including: Human Resources Polices, Conflict of Interest Policy, Security Policy, and any other policies and procedures that are approved by the BoT and/or the ED.

### 2.3. AUTHORITY AND UPDATE OF THIS MANUAL

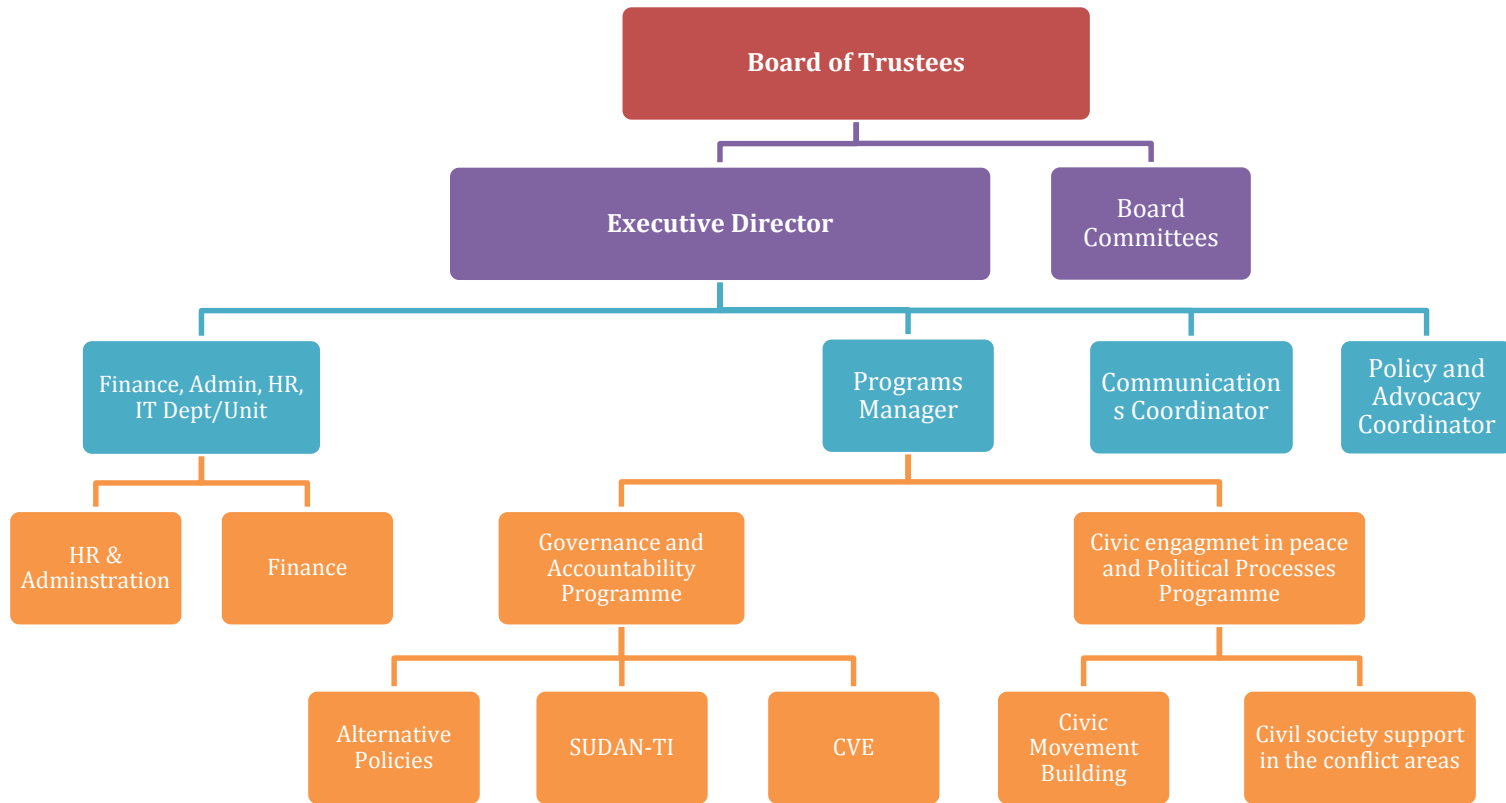
The Executive Director is accountable for leading an effective staff and is thereby accountable for the development and implementation of the policies outlined in this manual. The HR, Finance and Admin Manager is responsible for financial management and should reference this manual to ensure organizational consistency in the application of these practices.

The Manual is reviewed annually during the Annual Staff retreat and the Board of Trustees' meeting of SDFG.

### 2.4. MANUAL HOLDERS

The Finance and Administration Manager is responsible for the maintaining of the procedures and systems, which support financial management for the organization, and is available to answer any questions or provide clarification on any content of this manual.

## 2.5. ORGANIZATIONAL STRUCTURE



## **3. ACCOUNTING PROCEDURES**

The accounting procedures used by the organization shall conform to accounting standards for Not-for-Profit Organizations to ensure accuracy of information and compliance with the IFRS standards.

### **3.1. BASIS OF ACCOUNTING**

- SDFG Fiscal year starts on Jan 1<sup>st</sup> and ends in Dec 31<sup>st</sup>.
- Throughout the fiscal year, expenses are accrued into the month in which they are incurred. The books are closed no later than a week after the end of the month. Invoices received after closing the books will be counted as a current-month expense.
- At the close of the fiscal year, all expenses should be accrued into the same fiscal year to ensure that year-end financial statements reflect all expenses incurred during the fiscal year.
- Year-end books are closed no later than 90 days after the end of the fiscal year.
- Revenue is always recorded in the month in which it was earned

### **3.2. BANK RECONCILIATIONS**

- All bank statements and cancelled checks will be opened, reviewed and initialed by the Finance unit upon receipt.
- Once reviewed, bank statements are submitted to the Finance and Administration Manager for reconciliation.
- The Executive Director will review and approve bank reconciliation reports.

### **3.3. MONTHLY CLOSE**

The monthly closing is a mini-audit that closes the books for the current month. And should be made no later than a week after the end of the month. The Finance and Administration Manager has to make sure the following tasks are completed:

- Accounts Receivable are verified and that deposits and money received have been invoiced, posted and reflected in the monthly financial reports;
- Accounts Payable are verified and all bills have been paid, posted and reflected in the financial reports, and the outstanding bills are listed and tracked;
- Bank Accounts are reconciled;
- Outstanding accountability and staff loan balance are reconciled;
- Checks, invoices and vouchers are generated in numerical numbers;
- Project Accounts are reconciled;



## 4. INTERNAL CONTROL

### 4.1. LINE OF AUTHORITY

- **Board of Trustees** have the authority to execute any policies it deems to be in the best interest of the organization within parameters of the organization's articles of incorporation, bylaws, state, and local law.
- **Executive Director** have and may exercise, when the Board is not in session, all of the power of Board of Trustees in the management of the organization except the authority to amend documents endorsed by the board. The Executive Director may be designated by the Board of Trustees to choose auditors; perform regular, in depth reviews of the organization's financial activity; oversee the development of the annual budget, make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; enter into contractual agreement within board designated parameters.
- **The Finance and Administration Manager** whatever authority as may be designated by the ED, usually encompass five key areas of Finance, Administration, Logistic, Security and Human Resources. Her/his main responsibility is to supervise, manage and supports Finance, Administration, Logistic and HR staff, and to work with the ED, Programs Manager, and Program Coordinators to ensure the implementation of adequate financial management procedures and systems, and that SDFG's and donor's accounting practices, compliance and standards are adhered to in accordance with quality and policy requirements.
- **Programs Manager** has the authority to make spending decisions within parameters of the approved department or programs budget subject to the approval of the ED and whatever authority designated by the ED
- **Program Coordinators** are delegated by the PM with the authority to supervise the day-to-day activities of their relevant programs and projects and coordinate and report to the Programs Manager regarding implementation, financial and administrative issues related to their programs and projects. They have the responsibilities to supervise program officers and assistants including submission of financial reconciliation, projects' budget and expenditure.
- **Program officers** are delegated by the project Coordinators with the authority to supervise and undertake the activities in their projects/program. They report to their relevant program coordinators in all matters regarding implementation of projects, expenditure, reconciliation of funds and any other related activities in their job description.

### 4.2. CONFLICT OF INTEREST

All employees and members of the Board of Trustees are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business

interests of an employee or Board member conflict with the interests of the organization. Both the fact and the appearance of a conflict of interest should be avoided.<sup>1</sup>

#### **4.3. SEGREGATION OF DUTIES**

- The organization's financial duties are distributed among multiple people to help ensure protection from fraud and errors. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.
- Check signed by two people including someone who is not involved in basic accounting procedures

#### **4.4. PHYSICAL SECURITY**

- The Finance Officer is responsible for inserting the financial data into the computer for generating financial reports and responsible for making sure all accounting data are secured, protected and backed up on a drive and kept in safe place outside the office.
- Detailed printouts of cash receipts and cash disbursements are to be obtained. The Finance unit is responsible for comparing financial detailed printouts to source for accuracy.
- Blank checks are stored in a locked safe in accounting office;
- All checks are pre-numbered and accounted on monthly basis;
- Blank checks may never be signed in advance;
- All reversed/called back wire transfers must be retained on a separate file;
- All voided checks must be defaced and retained either on a check stub, or with canceled checks, or on separate file.
- The Finance and Administration Manager must ensure compliance with the Security Policy of SDFG

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<sup>1</sup> See SDFG Conflict of Interest, 2015

## 5. FINANCIAL PLANNING AND REPORTING

The organization's financial statements are prepared in accordance with the **International Financial Reporting Standards (IFRS)** for Not for profit organization.

### 5.1. BUDGETING PROCESS

- The organization's annual budget is prepared by the Executive Director in conjunction with the Programs Manager, Finance and Administration Manger and programs coordinators, and reported to the Board of Trustees;
- The Executive Director will notify the chair and treasurer of the board of trustees with any approved incoming grants and budgets;
- Program budgets are prepared by the Program Coordinators with the help of finance unit and Approved by the Programs Manager;
- The Executive Director will work together with the Programs Manager and the Finance and Administration Manager and program Coordinators to ensure that the organization's annual budget and all program budgets are accurate and reflect SDFG overall goal and objectives as set in its strategy;
- The Board of Trustees will review and approve the organization budget.

### 5.2. INTERNAL MANAGEMENT FINANCIAL REPORTS

The Finance unit is responsible for producing the following reports, on Quarterly basis:

- Statement of Financial Position;
- Statement of activities;
- Cash Flow Projection;
- Review and monitoring of the budget monitoring report;

On Quarterly-basis the Programs Manager and Finance and Administration drafts a narrative report that summarizes the programs' current financial position that includes explanations for budget and target variance.

Annually: The Executive Director and Programs Manger review financial reports each month at the senior management team meeting.

The ED and present the organizational financial reports to the Board of Trustees on -annual basis.

### 5.3. FINANCIAL REPORTS TO THE DONOR

SDFG is committed to produce regular financial reports to the organizations' donors to demonstrate the funds have been used for the purpose of which they were intended, and to keep the donor informed with any potential changes. The finance unit is responsible for keeping the deadlines for the reports as stipulated in the grants agreements, and for producing accurate and verified figure

All financial reports to the donor should be reviewed by Program coordinator and verified by the Programs Manager and approved by the ED.

Program coordinators are responsible for explanation of any significant variation on budget lines.

#### **5.4. Chart of Accounts**

A Chart of Accounts is available and used to code receipts and disbursements to the proper budget lines. The Finance and Admin Manager is responsible for developing budget codes for each approved grant upon the signature of the contract.

The updated version of the Chart of Accounts is available on SDFG Shared drive and updated on a monthly basis. All new requests for updating of the Chart of Accounts should be submitted to the Finance and Administration Manager by email with a detailed description of new proposed items/codes, estimated annual budget for each proposed item, and attached copies of supporting documents, for example pledge agreement, grant contract, or grant budget.

#### **5.5. INTERNAL AUDIT**

The Board has the right to assign an internal auditor.

#### **5.6. PROJECT BASED AUDIT**

The organization may conduct project-based audit at the close of projects based on the availability of funds and/or donor requirements. The audit shall be conducted by an independent and certified Auditor who is familiar with the NGO operations.

#### **5.7. ANNUAL EXTERNAL FISCAL AUDIT**

The organization shall conduct annual fiscal audit at the close of each fiscal year. The Annual audits will be conducted by an independent and certified Auditor who is familiar with the NGO operations appointed by the board of Trustees to cover the minimum following issues:

- Examine the financial statements to obtain reasonable assurance that they are free of material misstatements and they give true and fair view of the state affair of the organization;
- Examine the financial transactions for accuracy and reliability of supporting documentation and ensure the organization management has kept proper books of account;
- Assess the overall presentation of the financial statements and ensure they are in agreement with the books of accounts, organization policies and procedures and relevant funding requirements;
- Review the existing internal controls policies and procedures and determine whether they are appropriate, adequate and bring out any significant weaknesses;

Verify whether the findings and recommendations of previous audits have been adequately addressed.

Finance unit will be responsible to coordinate the annual audit process, and to liaise with external auditors and the Executive Director and the Board of Trustees, and assess any necessary changes.

## 6. REVENUE & ACCOUNTS RECEIVABLE

### 6.1. REVENUE RECOGNITION

- All contributions will be recorded in accordance with (IFRS) by the Finance Unit and must be credited to the appropriate budget lines and coded.
- The Finance and Admin Manager reviews all revenue and indicates how it shall be recognized. If there is a question or uncertainty about how to recognize a particular contribution, the Programs Manager will ensure that the donor is contacted to clarify the intent of the contribution.
- The Finance Unit is responsible for posting revenue to the general ledger in accordance with the determination made by the Programs Manager.
- The Finance and Admin Manager shall ensure that each revenue is also recorded in separate financial books for each project.

### 6.2. POLICIES ON RECEIPT

- The Admin Assistant or appointed accountant will make two copies of cash receipt, and deliver all cash and check received to the bank and give the deposit slip to Finance and Admin Manager for review.
- All checks are stamped with “FOR DEPOSIT ONLY” stamp with SDFG Operating Account Number on it immediately upon receipt.
- The Admin Assistant or appointed accountant shall prepare and process bank deposit, attaching a copy of the deposit slip to the cash receipts copies, and file it with a bank deposits files. The Finance and Admin Manager will review and approve all deposit processing paperwork, and insert the data in the system and stamp the documents (POSTED).
- All cash receipts received through bank wire transfers are coded according to the chart of Accounts codes and project budget codes.
- Cancelled and recalled wire transfers must be kept in separate files in accounting office. Cash deposit for returned wire transfers must be booked via A/R module with the same vendor ID what was used for original wire transfer.
- Admin Assistant or appointed accountant is responsible for preparing the documentation on receipts for deposits and for making daily deposits into the Bank Account. All overnight deposits in process must be kept in locked safe. All deposits must be processed on a weekly basis.
- A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies. This listing is compared to the bank deposits statement to ensure all postings equal amount deposited, and checks or cash received.
- Finance and Administration Manager will review and post deposit transaction into the general ledger on a timely basis.

## **7. EXPENSES & ACCOUNTS PAYABLE**

### **7.1. PAYMENT APPROVAL & PROCESSING**

- Payment request will be initiated in writing and approved by authorized person on accounting approved Payment Request Form, after comparing to supporting documents.
- Once the Payment Request is approved, it is routed to the second approval level. The finance assistant prepares a payment voucher, which verified by the Finance and Admin Manager and approved by the Programs Manager.
- The Finance Officer prints checks or process bank wire transfers and present it, attached with the payment voucher and supporting documents, to the checks signers.
- After the checks are signed, the appointed accountant stamps the payment vouchers and all supporting documents "PAID", and file a copy of the check or wire transfer with the supporting documents attached in the program files. The finance and Administration Manager is responsible for entering the payments in the accounting system and mark the voucher (POSTED).

## **7.2. PURCHASE & PROCUREMENT**

All procurements made by SDFG involving the expenditures of unrestricted and restricted funds will be made in accordance with the following procurement Guidelines. This policy requires that employees involved at every step of the purchasing process take full responsibility for understanding SDFG's policies and procedures regarding purchasing and vendor relations. Purchasing decisions are business decisions made on behalf of SDFG and therefore should be made with the utmost consideration for what is in the best interest of the organization. Purchases also need to be made in the most efficient and cost effective manner. Also the following policy and procedures ensures that appropriate business processes occur when dealing with outside vendors. Purchases will be reviewed by the Finance Department to prevent duplication and to ensure that costs are reasonable.

### **7.2.1. METHODS FOR PROCUREMENT**

Procurements shall be made using one of the following methods: (a) small purchase procedures, (b) medium purchases, (c) larger purchases (d) bidding procedures (d) sole source, unless grant or donor requirements supersede these methods.

In situation where security reasons make it impossible to follow the above mentions methods, the finance unit shall seek a prior approval from the Executive Director. A statement explaining the security reasons and justification for the changes will be prepared and filed

#### **A. Small Purchases**

For purchases of less than \$100 all efforts will be made to get the lowest and best price.

#### **B. Medium Purchases**

Purchases, greater than \$100 and less than \$5000 require three quotations of rate, price, etc. A purchase requisition will be prepared setting forth the details, parties contacted and prices obtained.

#### **C. Large Purchases**

Purchases of supplies, equipment and services, which cost \$5,000, and above will require written estimates. Written responses or bids from at least three vendors will need to be solicited, and if no such responses are available, a statement explaining the justification for procurement from a sole source will be prepared and filed.

#### **D. Sole Source**

Sole source means that a single vendor is uniquely qualified to meet SDFG's procurement objective. To be considered a sole source and therefore exempt from the bid process, one of the following conditions must be met:

- The actual product or service needed is the only one that will meet SDFG's need/requirement and it can only be purchased from one source (manufacturer or distributor);
- The product or service must match or be compatible with current equipment or services;

- The product needed is specifically required for use in conjunction with a grant or contract;
- The service needed is controlled/mandated by the local utility or government;
- An unusual or compelling urgency exists.

**7.2.2. PROCEDURES FOR PURCHASE**

Purchases shall be made by the following procedures: (a) purchase request form, (b) approvals and workflow, (c) receiving of goods, (d) invoicing/payment, (e) retention/documentation, unless grant or donor requirements supersede these procedures.

**A. Purchase Requisition Forms**

- All purchases greater than \$100 will require the completion of a purchase requisition form (prior to ordering the goods and/or services).
- All purchases of a fixed asset nature regardless of cost will require the completion of a purchase requisition form (prior to ordering the asset).
- Annual (fiscal year) purchases such as office supplies will require an open/blanket purchase order request no greater than the (in aggregate greater than \$1,000) annual budgeted allowance.
- All purchases will be vetted for SDFG requirements.

If the purchase requests is greater than \$5,000 the purchase requisition is accompanied by the appropriate bidding documentation that details the justification for the vendor selection based on the procurement criteria established above. Also the purchase requisition forms must contain the following information:

- Name and address of the vendor;
- Terms of purchase;
- Ship-to information;
- Date the order is expected to be placed and goods or services to be delivered;
- Shipping Method;
- Each item listed separately with description with specific quantity and unit measure and price;
- Programmatic and funding allocation for accounting purposes;
- Signature of requester and departmental/program and grant approval;

**B. Approvals and Workflow**

After a purchase requisition has been initiated for purchases with all necessary information as described above, the form is forwarded to the HR, Finance and Admin Manager. The Finance and Admin Manager will generate a sequential purchase order, verify available budget and grant funds, verify vendor is not on SDN list, and seek the appropriate approvals:

Below are some of the approvals that are required, depending on the type of purchase:

Level 1 - Under \$ 100 (Small Purchase)	Program Officer and Coordinator
Level 2 – \$100 to \$4,999 (Medium Purchase)	Programs Manager and Program Coordinator
Level 3 – \$5,000 or above (Large Purchase)	Executive Director and Programs Manager
Sole Source	Executive Director and Programs Manager



Please note that ALL requisitions for blanket purchase orders will require the approval of ED regardless of dollar value.

Once all official approvals are obtained the sequential purchase order will be forwarded to the requester. A copy will be forwarded to the Finance and Admin Manager. Approvals on requisitions/purchase order forms to order products or services from recurring vendors should occur very quickly since all pricing and terms and conditions have already been established.

Please note SDFG will not approve requisitions that do not comply with Procurement/Purchasing Policy. Detailed information will be communicated to the requestor when a requisition is not approved.

**C. Receiving of goods and verification**

Receipt of goods by mail shipment or other carrier must be signed for and received by the requester..

A receipt is SDFG's way of indicating to accounts payable that the product has been received or the service has been provided. A three-way match is required (purchase order, invoice, and receipt) for the purchase to be paid.

Receipts must be forwarded to the Finance and Administration Manager as soon as possible after receiving the product or service to authorize payment. If a particular individual is not forwarding their receipts in a timely manner, the issue will be forwarded to the Programs Manager.

**D. Invoicing/Payment**

A purchase transaction is complete only after the goods or services have been received and the supplier has been paid. When a purchase order is issued, SDFG assumes responsibility to make sure the vendor is paid within an appropriate period of time. By issuing a purchase order through in advance of the purchase, funds are properly encumbered and set-aside to pay these obligations. The encumbrance is not a contract, but ensures that the required funding is available.

**E. Retention/Documentation**

All source documents supporting any given transaction (receipts, purchase orders, invoices, request for proposal and/or services data and bid materials) will be retained and filed in an appropriate manner.

- The Finance and Admin unit will keep copies of all purchase requisitions, procurement documentation and sequential purchase orders.
- The requesting department/program will file their copy of the requisition, procurement documentation, purchase order, receiving documentation, and invoices.

**7.3. CONSULTANTS CONTRACTS AND INVOICES**

- Terms of Reference for consultancy and contract terms prepared by program coordinator and approved by both Finance and Admin Manager and Programs Manager.

- The copy of the Signed Contract should be provided to the Finance unit along with the first payment request, or in five business days after receiving the contract.
- All payment requests must have attached invoice or copy of contract with detailed job description and amount of required payment.
- The only exception form Invoices is one time small payments for conference/program participants. The conference brochure or some other program materials with a list of participants and payment rates should be provided to the Finance Department to verify payment amount and number of payments/participants.

#### **7.4. MONTHLY BILL PAYMENTS**

- All regular monthly bill payments will be originated by Finance and Admin Management Department by using Check Request Form.
- Check Requests for recurring monthly bill payments must be approved and have a signature of HR, Finance and Admin Manager.
- Concurrent monthly bills approved for online bank payments are processed by HR, Finance and Admin Manager or other appointed accountant for payments. Online payments must be supported by Check Request Form for proper accounts coding. The list of vendors eligible for online payments is approved by ED.

#### **7.5. TRAVEL AND CASH ADVANCES**

All Staff travel and cash advances must be submitted to Finance Department by using Check Request Form accompanied with a signed pre-mission memo and/or pre activity memo..

#### **7.6. STAFF ADVANCE MANAGEMENT**

- A **Cash advance form** is filled showing the amounts requested, date requested, date needed and currency required. The form should also show the reasons or events for which the funds are required and a budget code affixed.
- The cash advance form is then forwarded to the line manager who will verify and approve it. The monies requested should be within that month's funds request.
- Once approved, the finance unit precedes the payment according to payment procedure after making sure the staff has cleared all previous pending accountabilities.
- The staff member should acknowledge receipt of money by signing the payment voucher.
- Finance unit has to post the payment into the system under the staff members account clearly to show amount to be reconciled, and to send a monthly statement to the about the balance of the advance.
- All staff and consultants are required to submit directly to the Finance unit monthly expense report against received advance. All monthly expenses should be itemized and submitted as a hard copy or by mail on an accounting approved Expense Report Form with the attached and numbered original payment receipts, and it has to be submitted within 5 business days of the following month.

## **7.7. RECOMMENDED FLIGHTS**

- All staff members are recommended to use economy class when on business travel. Approval should be obtained from the Executive Director in case of exceptional trips.
- All participants of activities implemented by SDFG are to be booked on Economy class, except for conditions related to health, long flights, or other considerations that are approved by the ED accompanied by a written justification.
- All efforts shall be made purchase flight booking by SDFG. In all cases, reporting of the flights booking should include proof of travel (Airport entrance, boarding pass), Invoice and receipt and tickets.
- Change of flights need to be approved by the HR, Finance and Admin Manager accompanied with a justification for the change. Flight changes by SDFG can only be done once.

## **7.8. TRAVEL COSTS AND PER DIEM RATES**

- The Per Diem is a daily cost to be paid to staff members and participants by SDFG to cater for meals, personal communication and incidentals.
- For travel within the region, the rate will be (\$30) per night and will cater for meals and incidentals, if travel is for workshop or meetings at which half board accommodation is provided by SDFG or other organizers.
- If travel is not sponsored and no half-board accommodation is provided, then Per Diem per night is (\$50).
- International travels to countries of high costs of living (i.e. Europe and North America or similar countries) to , the periderm rate will be (\$100) per night to cater for meals and incidentals if the travel is sponsored based on half board accommodation, otherwise Per Diem is (\$150) per night.
- Travels to the border areas and inside Sudan will be handled on a case-to-case basis and should be discussed and approved by the line-manager prior to travel.

### **OTHER TRAVEL COSTS:**

- Accommodation and other expenses like Communication costs, local/ground travel will be reimbursed based on actual expenditure supported by receipts.
- All travel claims have to be approved by the line manager/Supervisor before presenting for payment.

## **7.9. REIMBURSEMENT POLICY**

The organization will reimburse employees for reasonable expenses based on a pre-approved activity.

This includes, for example, travel fares, accommodations, meals, telephone and Internet charges, and purchases made on behalf of the organization.

Request for reimbursement submitted in SDFG reimbursement form accompanied by all original receipts and a summary, which outline the nature and the purpose of the expenses. All receipts should be numbered, classified and the budget lines described.

Reimbursement requires the approval of program coordinator, who manage the fund where the expenses are charged, and the approval of the Programs Manager.

Reimbursement form should be filled in cases of requests.

#### **7.10. PETTY CASH**

- The amount of the petty cash account is the equivalent of (\$300) in the local currency of the country.
- Vouchers are required for all petty cash disbursements. Checks are written only after an approved check request has been presented.
- Petty Cash expense is very small, non-billable, and non-recurring in normal course of business transaction with single transaction amount up to (\$50). Any expenses over (\$50) should be processed as a Check Request.
- Petty cash expense report is processed as on-go basis, and it should have all original receipts attached to it.
- The Executive Director appoint the person responsible for Petty Cash record keeping.

#### **7.11. PAYROLL**

- The Payroll is prepared on the 25<sup>th</sup> of every month.
- Salary Advance can only be paid in exceptional cases, and it requires the approval of the line-manager and the ED.
- Personal files are to be maintained for all employees. The ED approves changes in payroll before files are updated.
- The Finance unit is responsible for processing the payroll. The Finance and Admin Manager reviews the payroll register for proper processing of amounts.
- The payroll and the wire transfers are sent directly to the executive Director, who is responsible for comparing the wire transfers to the payroll register, and working with Finance and Administration Manager to correct any payroll processing errors.
- The HR unit maintains all personnel records and the usage of vacation, sick level, and maintains the attendance records.
- Each supervisor reviews and approves all time and attendance records for the employees. The approved time records and other payroll changes are submitted to the Finance and Admin Manager for review in four business days before the payday.
- Once the payroll register is reviewed and approved, the Finance unit will deliver the wire transfer forms to the bank for direct transfers to the employee accounts. All payrolls related payments would be made by staff bank accounts. Manual payments can be made in special circumstances
- All payrolls statutory deductions are prepared at the time of payroll is preparation.

#### **7.12. STAFF LOANS**

- It is accepted that employed staff, may draw a loan of up to 10% of their annual remuneration, which is to be repaid in equal installments over the following months. The Number of installments are decided by the Finance and Admin Manager according to the organization funding position.

- Written confirmation of the loan arrangements signed by both the Finance and Admin Manager and the member of staff and held in the relevant staff member personnel file. Each member of the staff staff is entitled to receive only one loan each calendar year unless, in exceptional circumstances, the ED approves additional loans. The authority for such additional loans is to be documented on the signed copy of the loan agreement filed in the personnel file.

## **8. ASSET'S MANAGEMENT**

### **8.1. INVENTORY RECORD**

The Finance and Admin department should keep an up to date record of inventory.

### **8.2. ASSETS PROTECTION**

In order to ensure that the assets of SDFG are adequately protected and maintained, the Executive Director has the primary responsibility for ensuring:

- Proper Financial Management procedures are maintained and that the policies of the Board are carried out.
- The organization has plans to carry out suitable protection and maintenance of property, buildings and equipment.
- The organizations avoid actions that would expose the organization, its board or its staff to claim of liability;
- SDFG intellectual property, information and files are protected from unauthorized access, tampering, loss or any significant damage.

The Finance & Admin Manager has the primary responsibility to protect organization Assets. She/he shall provide fiscal oversight in the safeguarding of the Assets of the Organization and ensuring:

- Internal and external financial reports are fairly present to its financial condition.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a quarterly basis.
- Bank statements are promptly reconciled on a monthly basis.
- Inventory records will contain descriptions, serial numbers, date of purchase or receipts, valuations, and date of valuations.
- All folders will be kept in soft copy on the online drive.

### **8.3. LEVEL OF RESPONSIBILITY**

The Primary responsibility of the Staff member is to maintain and safeguard the property in their possession based on the Inventory record.

### **8.4. LIABILITY OF ASSETS**

## 9. OPERATING RESERVE

- The target minimum operating reserve fund for the organization is three (3) months of average operating costs. The calculation of average monthly operating costs includes salaries of the core staff and the necessary administrative expenses.
- The amount of the operating reserve will be calculated each year after approval of the annual budget, reported to Board of Trustees, and included in regular financial reports;
- The operating reserve will be funded with surplus unrestricted operating funds, gifts or bequests, and special grants.
- The Authority to use of the Reserves is delegated to the Executive Director in consultation with the Treasurer and the Chair of the board of trustees. The use of Reserves will be reported to the Board of trustees at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the Reserve to the target minimum amount. The Executive Director must receive prior approval from the board if the Reserves will take longer than 12 months to replenish.
- The Executive Director is responsible for ensuring that the Reserve is maintained and used only as described in this Policy. Upon approval for the use of the Reserve, the Executive Director will maintain records of the use of funds and plan for replenishment, and provides regular reports to the Treasurer and Chair of the board of trustees of progress to restore the Reserve to the target minimum amount.

## 10. DEALING WITH FRAUD, CORRUPTION & OTHER IRREGULARITIES

Fraud can be defined as ‘any act of willful dishonesty to gain individual or collective advantage’. It is taken to include theft, misuse of property, corruption, the alteration of financial or other records or any unauthorized act, which results directly or indirectly in financial gain to the perpetrator or a third party. Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and service providers might place employees in a vulnerable position.

All instances of theft and fraud are viewed by the organization as Gross Misconduct and may result into immediate dismissal with pay and restitution of the loss and reporting the case to the police.

This policy applies to any irregularity, or suspected irregularity, involving employees, board members, consultants, vendors, contractors, and/or any other parties with a business relationship to SDFG.

### 10.1. INTERNAL CONTROL

The **Executive Director** is responsible for ensuring that appropriate and effective internal control systems are in place for the prevention and detection of irregularities in SDFG. These systems will include requirements for fraud and corruption prevention in all aspects of the organization activity, including financial, administration, information communication, and program areas.

**Managers and program coordinators** are responsible for the detection and prevention of fraud, corruption and other irregularities. Each member of the management team is expected to show high commitment to combat fraud and corruption, and to be familiar with the all types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Equally, **all Employees** and officers of the organization must share the responsibility for the prevention and detection of fraudulent and corrupt activities, which includes the reporting of suspected instances of such activity.

Internal control environment for detecting and prevention of irregularities is the responsibility of the Finance and Admin and Manager and should be reviewed periodically by **Internal and external Auditors**.

### 10.2. REPORTING AND INVESTIGATIONS

Any irregularity that is detected or suspected must be recorded accurately and reported to the executive Director or to the Chair of the board of Trustees. Protective measures are taken immediately to secure organization assets and records and to prevent any further losses e.g. by



changing procedures or suspending payments, without compromising the quality of evidence or alerting the fraudster.

The Board of Trustees or the Executive Director has the primary responsibility to assign investigation officer to carry out primary investigation to collect facts on the incident, secure evidences and to provide the ED and/or the Board of Trustees with a report on the alleged accusations. Based on the recommendation of the primary report the ED and/or the board of trustees, inform the chair of the board and assigned internal auditor and/or an investigation committee to carry out detailed investigation and provide a report, which includes:

1. Quantification of losses
2. Progress with recovery action
3. Progress with disciplinary action
4. Progress with criminal action
5. Actions taken to prevent and detect similar incidents

Members of the Investigation will have:

- Free and unrestricted access to all organization records and premises
- The authority to examine, copy all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of the investigation.

### **10.3. CONFIDENTIALITY**

Reports and investigations of allegations of fraud and corruption will be kept confidential to the reasonable extent consistent with the need to conduct an adequate investigation and take corrective action. Investigation results will 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 the Organization from potential civil liability.

### **10.4. CONSEQUENCES**

Where fraud, corruption and irregularities is proven based on the investigation process, appropriate disciplinary action will be instigated and this may lead to dismissal and/or legal action against individual concerned.

The submission of a resignation by an employee accused or suspected of Fraud, Corruption and Other Irregularities will not preclude later disciplinary action. If restitution is required, payment arrangements will be established.

If the investigation results in to terminate an individual or developing a legal case, the review and approval of the Executive Director and/or the Board of Trustees is required. The human resource unit will be consulted, and the termination should be made in accordance with the applicable Human Resources policies and procedures.

## **11. ANNEXES AND FORMS**