

# **AFRICAN CENTRE FOR GLOBAL HEALTH AND SOCIAL TRANSFORMATION (ACHEST)**



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**FINANCE OPERATIONS MANUAL**

**KAMPALA, UGANDA  
August 2013**

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## 1 DEFINITIONS AND INTERPRETATION

## 1.1 Purpose of the manual

This manual sets out organizational policies, procedures and internal controls needed to effectively and efficiently manage ACHEST. The Manual is consistent with the procedures of the Centre's donors and generally acceptable accounting principles. It provides reference for all employees on financial and administrative policies and procedures. This document also serves as a guide for supervisors and managers in administering policies and procedures.

More specifically, the manual shall be used by ACHEST as a guide for funds management with particular reference to:

- i) Planning and controlling routine operations;
- ii) Making special decisions and formulating overall policies and long term plans;
- iii) Internal reporting to Management; and
- iv) External reporting to other Stakeholders.

This manual is expected to be reviewed on annual basis to assure the latest changes in organizational policies and procedures are accurately documented for the future organizational needs.

## 2 ORGANISATION AND FUNCTIONS

### 2.1 INTRODUCTION

African Centre for Global Health and Social Transformation (ACHEST) was incorporated and registered in the Republic of Uganda in July 2005 as not for profit organization limited by guarantee, without share capital. The management organs of this organization include: The General assembly of members, The Board of Trustees and Advisors and the Secretariat each of which has clearly defined roles.

The Centre is an initiative promoted by a network of African and international leaders in health and development who have gained first-hand experience in planning and implementing health and development programs in Africa and at international level. It is an independent "Think Tank". The value added by ACHEST is to promote and advocate the use of well-grounded knowledge and evidence to strengthen Africa's capacity to contribute and benefit maximally from engagement with the rest of the world. To apply constructive and targeted strategic communication at all levels to catalyse the needed behaviour in global health governance.

### 2.2 Management Structure

For the purposes of responsible management of funds and operations of the Centre, the organizational structure could be found HERE (identify the common place where it could be stored as organogram will most probably change more often than the manual)

### 2.3 Board of Directors (BoD)

- i) The BoD shall provide policy guidance and direction in the conduct of the affairs of the Centre, in accordance with the By-Laws of ACHEST and Board Governance Policies.
- ii) It is the duty of the BoD, subject to such directions as may be given to it by the owners and Funders of ACHEST to oversee the finance and operating activities of the Centre.

## **2.4 Advisory Board (AB)**

In accordance with the By-Laws of ACHEST and Board Governance Policies, Advisory Board will closely oversee the direction of the Centre with close assistance of Finance and Audit Committees.

## **2.5 Executive Director (ED)**

The main duties of the Executive Director include providing leadership in implementing the Centre's vision, directing research, administrative and financial business of the Centre, as well as marketing the Centre to raise resources for its institutional development. The Executive Director is the accounting officer of the Centre. He/she is responsible for overall administration of funds and in executing this function, shall:

- i) Be one of the signatories to all accounts;
- ii) Authorize preparation of payments (by authorising the payment schedules) to all creditors;
- iii) Be answerable to BoD and AB;
- iv) Be responsible for the keeping of the accounting records of ACHEST assisted by the Finance Manager;
- v) Take all reasonable steps to ensure that all financial regulations are complied with; and
- vi) Maintain adequate accounting systems embracing the whole of the financial operations of ACHEST.

## **2.6 Finance Manager (FM)**

The overall role of the Finance Manager is to provide an effective organizational and project finance and contracts management services, which follow the Centre's policies and procedures. The finance manager oversees all financial functions including accounting, budget control, and contract management in accordance with the established ACHEST policies and procedures. More specifically, the Finance Manager's duties include the following:

- i) Assist the Executive Director in the day-to-day financial activities of the Centre;
- ii) Supervise and coordinate implementation of financial policies, practices and procedures in order to ensure compliance;
- iii) Ensure prudent control of income and expenditures and conduct of general financial administration;
- iv) Ensure timely preparation and submission of financial reports and billing to various stakeholders in accordance with specified formats;
- v) Coordinate with relevant Ugandan authorities on relevant statutory legal issues including NSSF, PAYE and Local Service Tax.
- vi) Conduct annual review of the value of the Centre's assets.

## **2.7 Accounts Assistant**

The overall role of the Accounts Assistant is to prepare and provide financial information to Management pursuant to the International Accounting Standards (IAS) and ACHEST's accounting policies and procedures.

It is the duty of the Accounts Assistant to:

- i) Maintain proper accounts of income and expenditure on the Accounting System;
- ii) Prepare payment schedules and vouchers for review by the Finance Manager and approval by the Executive Director;
- iii) Maintain records of monthly Bank Statements and their reconciliations;

- iv) Ensure timely and accurate filing of financial transactions records;
- v) Supply the Finance Manager and Executive Director with all information necessary to discharge their duties relating to financial matters of the Centre;
- vi) Provide information and records to the external auditors for annual audit;
- vii) Manage staff payroll and ensure timely payment of salaries and statutory deductions e.g. Pay-As-You-Earn (PAYE), National Social Security Fund (NSSF), Local Service Tax (LST);
- viii) Manage staff debtors and other creditors and reconciling them with respective control accounts in the accounting system.

### **3 FINANCIAL OPERATIONS**

#### **3.1 Funding**

The Centre receives financial support from various donors involved in enhancing health and development programs in Africa and other parts of the world. The Centre also generates its own income by undertaking commissioned studies/consultancies on a demand basis.

#### **3.2 Disbursements**

Disbursements are made according to approved budget lines and source of funding. The current main sources of funds for the Centre include the following:

- i) NORAD (Norwegian Agency for Development Cooperation)
- ii) George Washington University - MEPI (Medical Education Partnership Initiative)
- iii) Rockefeller Foundation
- iv) ACHEST own generated funds.

#### **3.3 Books of Accounts and Records**

Financial books, records, and accounts will be maintained in conformity with generally accepted accounting principles in order to provide an accurate and auditable record of all financial transactions. Employees are responsible for safeguarding organizational assets under their control and for maintaining auditable records of financial transactions.

More specifically:

- i) ACHEST maintains the cash basis system of accounting. The accounting records and the books of accounts for ACHEST are designed to present not only the historical record of receipts and payments, but also to depict the financial status of the Centre at the end of an accounting period which is a calendar year of 12 months.
- ii) The ACHEST maintains its Books of Accounts and reports using an Accounting Software which includes the Cash Books, General Ledgers and related schedules.
- iii) The Finance Manager, in consultation with the Executive Director, will recommend other Books of Accounts and records whenever necessary.
- iv) The guiding principles followed in the development of the accounting procedures are accountability, transparency, accuracy and reliability of the records maintained and the accounting data generated.
- v) The functional currency for overall reporting purposes is Uganda Shillings.

#### **3.4 Financial Responsibility**

This section briefly explains the responsibilities of all staff members when using ACHEST funds. In summary:

- ACHEST employees are personally responsible for all ACHEST cash in his/her custody;
- If an employee is unable to account for an amount, he/she will be required to repay that amount.
- If one employee decides to entrust another employee with organizational funds that they are responsible for such as cashing a check for them, the original employee still remains responsible for these funds.

### 3.5 Documentation

The ACHEST expects that staff will collect all receipts possible which would document the expense. Original receipts are expected to be provided at the time when employee or consultant requests reimbursement, and at a minimum the receipt will entail:

- Name of the product or service provider, address and contact information
- Amount Paid
- Date Paid
- Description of goods/services received

ACHEST will follow donors' provided policies and procedures to assure only allowable costs are charged to the relevant projects.

### 3.6 Chart of Accounts

ACHEST developed a chart of accounts. This is a dynamic list to accommodate the budget lines introduced by different donors to the Centre and is based on principles of Unified Chart of Accounts proposed for US Government funded NGOs. The Finance Manager, in consultation with the Executive Director, shall from time to time create new or improve on the existing account codes in conformity with the budget lines approved by the respective funders.

For example, the main areas of the Chart of Accounts cover the following types of charges:

- 10XX – Cash
- 12XX/13XX – Receivables
- 14XX – Staff advances
- 1500 – Consultant related advances
- 1550 – Inter project lending
- 2XXX – Liabilities
- 3000 – Retained Earnings
- 4XXX – Revenue
- 7XXX – Expenses

Latest ACHEST Chart of Accounts could also be found below.



Revised Chart of Accounts 05 17 2013.

### 3.7 Independent Audit

ACHEST has an annual corporate financial and compliance audit conducted by a qualified independent public accountant. The audit will cover the entire operations of ACHEST and will be made in accordance with generally accepted government auditing standards covering financial and compliance audits.

The audit determines whether:

- the annual financial statements and accompanying schedules present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;
- the organization has internal accounting and other control systems to provide reasonable assurance that it is managing federal financial assistance programs in compliance with applicable laws and regulations;
- the organization has complied with laws and regulations that may have a material effect on its financial statements and on each major federal assistance program;

Independent audits will also be carried out for particular contracts when specifically stipulated in the contract.

### **3.8 Use of Company Credit Cards**

Credit cards assigned to employees will be used only for company-related expenditures. Expenses incurred through these credit cards must be approved by authorized signatories and must follow ACHEST's general policies and procedures. The credit card reconciliation with the receipts will be completed on the monthly basis, with final submission for review and approval to Finance Manager 5 business days after the end of the month. And in cases where personal expenses were charged to ACHEST credit card, check or cash will be added to support reconciliation of the invoices paid.



Credit-Card-Reconciliation-Form.xls

### **3.9 Fraud**

Fraud should be a concern to all employees, officers, and directors. Fraud may occur internally or externally and may be perpetrated by staff, consultants, suppliers, contractors, or development partners, individually or in collusion with others.

The term fraud is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, and concealment of material facts. For practical purposes fraud covers the use of deception with the intention of obtaining a financial advantage or making a material misstatement in financial statements.

#### **Policy**

ACHEST is committed to:

- developing and maintaining effective controls to prevent fraud;
- requiring the reporting of suspected fraud;
- protecting whistleblowers;
- carrying out vigorous and prompt investigations if fraud occurs;
- taking disciplinary and, where appropriate, legal action against perpetrators of fraud;
- taking disciplinary action against managers and supervisors where their failures have contributed to the commission of fraud.

All employees are responsible for acting with propriety in the use of company or client resources and in the handling and use of public funds. This includes, but is not limited to, procurement, billing, cash and other assets, payments, receipts and dealing with contractors, suppliers or customers.

## **4 DETAILED FINANCIAL POLICIES AND PROCEDURES**

### **4.1 Bank Account Management**

All the Centre's financial resources are kept in the bank.

The objective of holding accounts in banks is to ensure that:

- i) The Centre's finances are kept in reputable banks;
- ii) Only authorised persons are allowed to operate bank accounts; and
- iii) No fraudulent transactions are carried in the accounts

#### **Check Issuing Related Procedure**

- i) The Centre shall maintain separate bank accounts in both US Dollars (USD) and Uganda Shillings (UGX) for each source of funding or donor (where possible).
- ii) US Dollar (USD) accounts shall cater for funds remitted by development Partners or generated by ACHEST in foreign currency. These funds will, at necessary intervals, be transferred (upon proper authorization by the signatories) to the Local account (UGX) for local use. The ruling bank rates shall apply at the time of transfer. Staff Salaries denominated in USD will be translated using the prevailing transfer rate for the month.
- iii) Local Account (UGX) – Funds transferred from the USD accounts and amounts generated by ACHEST in local currency shall be credited on these accounts and shall be drawn for use via wire or check.
- iv) Issued cheques shall be accompanied with notification letters detailing the payments.
- v) Photocopies of all cheques issued shall be made before being released to their final creditors.
- vi) Monthly reconciliations shall be prepared by the Finance Manager for each account and approved by the Executive Director.
- vii) The bank signatories are explained in detail in Key Board Policies document.
- viii) Based on Key Board Policies, the executive director, one senior staff member other than the director of finance will be authorized to sign as Category A representatives. And finance director and a staff member in the finance department other than the finance director will be designated by the executive director and approved by the Board of Directors to sign checks as Category B representatives.
- ix) All checks below \$50,000 will require two signatures, one in Category A and another in Category B.
- x) Checks of \$50,000 and above require the signature of the executive director, finance director and other senior staff member as designated above..
- xi) Any checks payable to any one of the above-named persons shall be signed by authorized signatories other than the payee. All unused cheque books shall be kept by the Finance Manager in the safe.

### **4.2 Financial Statements and Reports**

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and with the requirements of the Ugandan Companies Act.

The Finance Manager shall ensure that the reports/statements are generated in a timely fashion, data is analysed and then shared and reviewed together with Executive Director.

**Table: Reports/Statement prepared**

<b>Statement</b>	<b>Prepared by</b>	<b>Reporting period</b>
Cash Book reconciliations	Accounts assistant	Monthly
Cash movement summary (Receipts & Payments)	Accounts Assistant	Monthly
Petty Cash Analysis	Administrator	Before replenishment is made
Budget line variance analysis per contract	Finance Manager	Monthly /quarterly
Fixed assets report	Administrator	Semi-annually
Trial Balance	Finance Manager	Monthly
Statement of Financial Position (Balance Sheet)	Finance Manager	Interim/Annually
Statement of Comprehensive Income (income Statement)	Finance Manager	Interim/Annually
Payee return	Finance Manager	Monthly

- Cash Book reconciliation is a statement that relates the cash transactions with the bank transactions with a view to ascertain actual cash and bank balances at the end of the month. It also helps detect and correct errors in the bank account.
- Cash Movement Summary is a statement indicating total cash received, total cash paid out and the cash balance at hand or bank. It helps in ascertaining liquidity of the organisation and monitor expenditures. It can be extracted from the cashbook.
- Petty Cash Analysis is a statement indicating expenses incurred on petty cash and reconciling them with the cash advance given. It helps with accountability and replenishment of petty cash.
- Budget Line Variance Analysis is a scheduled detailed expense monitoring against the specific budget items listed in each of the contracts. It helps to determine if expenses are in-line with projections and in some case, determine if re-budgeting might be necessary.
- Fixed Assets Report is the list of all organisation's assets, their location, status, date of acquisition, value etc. It is a register for all assets of the organisation. It helps protect the assets against misuse or loss, and confirms that company's assets are physically inventoried on regular basis.
- Trial Balance is a summary statement for all transactions posted in to the accounting system at a given date. It checks the accuracy of the double entries posted in to the various ledger accounts.
- Statement of Financial position (Balance Sheet) is a statement of assets and liabilities of the organisation at a given date. Usually prepared at the end of year.
- Statement of Comprehensive Income (Income Statement) is statement indicating total revenue received and total expenditures incurred at a given date, with a view to ascertain a surplus or deficit.

## Report Generation Procedure

- i) Finance Manager or his designee will prepare the first draft of the particular report;
- ii) The reports will be shared with designated senior ACHEST staff member for another set of review
- iii) Executive Director or Finance Manager (as appropriate) will submit the appropriate reports to other governmental or not organizations or companies outside ACHEST.

### 4.3 Invoicing (Accounts Receivables)

All invoicing is done at ACHEST office in Kampala. ACHEST will invoice funding agencies in accordance with the terms and conditions of the contracts or agreements with those agencies.

Grants from donors are recognised on actual receipt of revenue. Income from commissioned studies/consultancies or projects or other incomes are recognised when actual revenue is received. Receipts on instalments are recognised on actual receipt of each instalment.

#### Account Receivables Procedure

- I. Invoicing calendar is prepared and kept up by Finance Manager or Designee to make sure all contractual due dates are tracked on regular basis.



Deliverables At A  
Glance - Tracking.doc

- II. Based on the contractual due dates Account Assistant prepares a draft invoice **3-5** days before the due time for Finance Manager's review.
- III. Finance Manager will review draft invoice, provide feedback as appropriate, receive sign-off from Executive Director or his/her delegate as appropriate and submit to the donor on the due date.
- IV. Revenue is posted upon receipt of a payment. Accounts Assistant prepares deposit voucher to support the deposit. Template for the voucher is found here.



Voucher\_Masters -  
New.xls

### 4.4 Accounts Payable Payment Policy

ACHEST expects that expenses will be charged to the period in which they are incurred. They will be consistent with donor policy of cash accounting. And in cases when expenses require incorporating accruals, those are provided for.

Vendors, suppliers, and subcontractors will be paid on a timely basis. And ACHEST expectation is to process invoices within 30 days after receiving the invoice.

The following table represents different supporting documents which are expected to support the payment voucher:

Payment Type	Supporting documents to be included as part of the voucher
Payment to any vendor supplying goods	dully approved memo requesting items (or approved purchase request), proforma invoice from vendor, copy of the authorised purchase order, delivery note from vendor, receipt confirmation and finally the invoice from the vendor.
Payment to a consultant	copy of signed contract stating payment terms, approved memo

or supplier of specific services	requesting for such service, copy of proforma invoice or quotation, copy of authorised Purchase Order and any other documentation.
Payment of advance for travel abroad	Copy of invitation to the workshop, event, etc copy of itinerary, requesting for advance form

#### **Account Receivables Related Procedure**

1. Administrative assistant receives all invoices for ACHEST and stamps and dates them to confirm the date when invoice was received and attach the receivable and delivery reports as appropriate;
2. Administrative assistant submits all the collected invoices and other supporting documentation to Accounts Assistant for processing;
3. Account Assistant prepares the voucher and shares with Finance Manager for



Voucher\_Masters -  
New.xls

review;

4. Upon approval of Finance Manager, the check is prepared by Accounts Assistant and shared with respective signatories.
5. After a cheque is signed (by at least two signatories), a photocopy is made before it is dispatched by the Accounts Assistant to the payee who signs for it in the payment (voucher) register.
6. All paid disbursement vouchers are stamped "paid" and filed in the respective files.
7. The Accounts Assistant posts the voucher to the appropriate expense accounts.

#### **4.5 Translation of foreign currencies**

This guides the process used in converting one currency to another during transactions undertaken by the Centre. ACHEST wants to ensure that exchange rate gain or loss for the year is recognised and that financial statements are accurately translated.

##### **Translation of Foreign Currencies Procedures:**

- i) Foreign currencies are translated at the exchange rate ruling at the date of transaction.
- ii) Statement of Financial position (Balance Sheet) items are translated at the rate ruling at the year-end.
- iii) Statements of Comprehensive Income (Income Statement) items are translated at average rate ruling during the year.

#### **4.6 Functional and Presentation Currency**

For reporting purposes, the ACHEST wants to ensure financial statements reflect a true and fair view of the financial operations of the Centre. Therefore, only one currency will be used to present financial statements of the organization, which will also minimise the effects of exchange rate fluctuations.

##### **Presentation Currency Related Procedures:**

- i) The presentation currency for financial reporting purposes shall be Uganda Shillings.
- ii) The financial statements may be translated to any foreign currency where necessary at the relevant rates of exchange.

Foreign Exchange gains/losses resulting from the settlement of such transactions and from translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of activities.

#### **4.7 Petty cash Management**

Petty cash payments will be made in amounts not to exceed XX UGX each for cash advances, local expense reimbursements, and small-dollar vendor purchases, provided proper documentation is furnished with each request.

The amount kept in the petty cash account will not exceed the equivalent of 1,000,000 UGX. And the petty cash imprest account will be balanced on a monthly basis.

##### **Petty Cash Procedures:**

- i) Request for petty cash shall be submitted to the Finance Manager for review and approval.
- ii) The Administrator shall submit requisition for replenishment of petty cash to the Accounts Assistant for review and further processing.
- iii) The Accounts Assistant shall prepare a petty cash voucher using the supporting documents for review and approval by the Finance Manager.
- iv) The replenishment of petty cash shall be approved by the Executive Director upon presentation of full accountability and reconciliation of opening and closing balances and check will be issued after collecting all necessary signatures.
- v) The paid vouchers shall be filed and submitted to the Accounts Assistant for posting to the Petty Cash Ledger in the accounting system as per the appropriate expense accounts.
- vi) There will be the end of year petty cash count and petty cash certificate signed by the Finance Manager and Approved by Executive Director.
- vii) At least one monthly Petty Cash spot check will be completed by Finance Manager to assure all funds and supporting receipts are accurately collected and supporting the issued imprest. As spot check is performed it will be recorded on the petty cash reconciliation report or attached as a separate note to reconciliation report.

## **5 ADMINISTRATIVE POLICIES AND PROCEDURES**

### **5.1 PROCUREMENT GUIDELINES**

ACHEST procurement of goods and services is expected to be authorised before moving ahead with procurement. And procurement and disposal of goods and services will be further impacted by organizational guidelines and other donor requirements. In cases where necessary, the donor approvals will be collected before moving ahead with the procurement.

##### **Key Procurement Strategies:**

- i) Per Key Board Policies, any equipment with an estimated value of UGX 2,000,000 or more shall be purchased through competitive bidding or comparative pricing by at least three vendors whenever possible. Comparative pricing or competitive bidding should also be used periodically for regularly purchased materials, supplies, services, and insurance. And in

case where three quotations cannot be obtained, reasons for exception shall be documented. The template for quote comparisons is listed below.



Competition  
assessment-PO for S€

- ii) Any equipment with an estimated value of UGX 20 million or more shall be purchased through competitive bids invited through open advertisement on internet and through newspapers.

### **Detailed Procurement Procedure:**

The procurement procedures shall include the following steps:

- 1) Administrative assistant prepared the request for goods and services and collects necessary approvals.



Purchase Request  
Form.doc

- 2) Based on the value of the procurement determine the procurement strategy and contact Administrative Assistant or otherwise a person assigned collects quotations/ proposals as appropriate.
- 3) If the value of procurement is less than 2.5M UGX administrative assistant prepares rate comparison. Otherwise, Administrator with Procurement Committee representatives review collected proposals;
- 4) After the rate review, the selected vendor is identified which allows Administrator to issue Purchase Order or Contract for Services. All Purchase Orders are to be approved by the Executive Director.
- 5) On receipt of the goods, the administrative assistant checks the supplier's delivery against the purchase order and documents the receipt of all goods ordered.
- 6) As the administrative assistant collects the invoice as well as acceptance note, she/ he collects the remaining supporting documents, and submits to Accounts Assistant to initiate the payment for the goods and services.

### **5.2 Fixed Assets (Non-Current Assets: Property, Plant and Equipment)**

The Centre owns various categories of assets, which are expected to be well maintained, secured and monitored. All fixed assets acquisitions, disposals and changes are expected to be authorised. A capital acquisition is an individual asset and/or class of assets that has a useful life of more than one year and a cost of UGX 1,000,000 or more.

#### **Fixed Assets Related Procedures:**

- i. To the extent practical, capital expenditures for ACHEST will be incorporated into the annual budget.
- ii. The Executive Director will authorise the expenditure towards acquisition of fixed assets pursuant to approved procurement plan.
- iii. Per Key Board Policies, any equipment with an estimated value of UGX 2,000,000 or more shall be purchased through competitive bidding or comparative pricing by at least three vendors whenever possible. Comparative pricing or competitive bidding should also be used periodically for regularly purchased materials, supplies, services, and insurance.
- iv. Any equipment with an estimated value of UGX 20 million or more shall be purchased through competitive bids invited through open advertisement on internet and through newspapers.

- v. All fixed assets of UGX 1,000,000 or more with a useful life of a year or more shall be included in ACHEST fixed assets inventory tracker.
- vi. The Administrative Assistant shall maintain a General Fixed Asset Register for all categories of assets. The register shall include:
  - a. Asset tracking number;
  - b. Asset type and model;
  - c. Month and year of purchase;
  - d. Location
  - e. User;
  - f. Funder;
  - g. Purchase price;
  - h. Current status of the asset; and
  - i. Current value.

**SHARE THE TRACKER HERE.**

- vii. The Assets categories will include the following;
  - a. Computers (software and hardware);
  - b. Office Equipment;
  - c. Office Furniture;
- viii. The Fixed Asset Register shall be regularly updated for additions and disposals.
- ix. The Administrator shall conduct bi-annual physical verifications of the fixed assets to confirm their location and physical condition.
  - a. All the Centre's assets shall be labelled for ease of identification as it is incorporated into the fixed asset list and before it is used by one of the employees.

**5.3.Receivables/Debtors**

Some staff and other persons will owe the Centre some money from time to time in terms of staff advances or prepayments for goods and services.

**a) Control Objectives**

- i) To ensure all amounts due to the Centre are duly recovered.
- ii) To minimise the possibility of doubtful or bad debts.

**b) Control Procedures**

- i) All staff salary advances are to be recovered within 2 weeks limit after they return from the trip.
- ii) Recoveries for advances are done automatically through the payroll
- iii) All prepayments at the end of the year are duly recorded.  
Expenditures to be booked to the appropriate fiscal year;

**5.4. Payroll Management**

To ensure that staff costs are duly recorded and accounted for the Centre maintains a payroll. Payroll calculations also ensure that all statutory deductions are duly deducted and remitted to the relevant authorities.

**Payroll Procedure**

- i. The Centre shall maintain a payroll system which incorporates documentation and tracking of actual time charged.



Monthly  
timesheet.xls

- ii. To aid in the preparation of payroll, the Finance Manager/Accounts Assistant shall have access to the following records:
    - a) Copy of appointment letters of all employees of the Centre.
    - b) Copy of all instructions issued by the Executive Director concerning revision of salaries or payment of other emoluments and other related issues.
    - c) Copies of timesheets submitted by staff by 26<sup>th</sup> of the month.
  
  - iii. The following particulars will be incorporated:
    - Name of staff
    - Post
    - Gross salary
    - Various allowances (if any)
    - Various deductions including NSSF contributions, PAYE and Local Service Tax.
- After the payroll is prepared a summary sheet shall be made together with a disbursement voucher and submitted to the Executive Director to authorise payment.
- iv. Payment of staff salaries will be effected through bank transfers to staff member's respective bank accounts.
  - v. The Accounts Assistant shall be responsible for preparing salary slips for each staff.
  - vi. The Pay slips are reviewed by the Finance Manager and approved by the Executive Director before payments are made and dispatched to staff.
  - vii. All staff are required to acknowledge receipt of their pay slips from the Administrator who will return a copy to the Accounts Assistant for filing in the pay roll file. The Finance Manager/Accounts Assistant shall post all the payroll expenses to the appropriate expense account in the accounting system.
  - viii. All statutory deductions such as NSSF, PAYE and Local Service Tax shall be made at the time of salary payment by way of RTGS or cheques issued to the respective institutions. Gratuity and commission payments shall not be subjected to LST deduction since this will have already been done while paying out the ordinary salary. However, a 5% (of the gross amount) NSSF contribution will be deducted from both. Gratuity falls in the tax category of "lump sum payments" and therefore the PAYE payable shall be determined by URA, while Commission payments shall be subject to a 30% (of the gross amount) PAYE deduction irrespective of the gross amount.
  - ix. All statutory deductions must be remitted before the due dates to avoid penalties.
  - x. Where non-resident professionals are engaged by the Centre, such payments shall be subjected to withholding taxes in line with the Double Taxation Agreements (DTAs) obtaining between Uganda and their respective countries of residence.

## 5.5. Workplanning and Budgeting Guidelines

The Centre shall prepare annual work plan and budget for each financial year. The work plan shall be derived from the Centre's strategic plan.

- a) **Control Objectives**
  - i) To effectively implement the Centre's Strategic Plan.
  - ii) To effectively account for resources from funders.

- iii) To minimize deviations from actual work plan and budget.
- iv) To provide adequate resources for the Centre's activities.

**b) Responsible staff**

- i) Executive Director;
- ii) Research Fellows
- iii) Finance Manager; and
- iv) Other Heads of Departments/Units.

**c) Control Procedures**

The Centre shall at the end of each financial year embark on the process of developing annual work plan and budget for the coming year in consultation with all stakeholders. The process will involve the following procedures;

- i) Each Unit /Department will be required to identify activities to be undertaken during the year.
- ii) Each Unit/Department will estimate the cost of undertaking each activity.
- iii) A meeting /retreat will be convened by management to discuss the planned activities and budgets.
- iv) A consolidated annual work plan and budget is developed for all units/departments.
- v) The planned budget is compared with actual budget available for each category of activities.
- vi) The annual work plan and budget is submitted to the Board or its Committees for review and approval.
- vii) The annual work plan and budget shall be shared with the donors
- viii) Quarterly review of the work plan and budget shall be done.
- ix) Annual review of the work plan and budget shall be done.
- x) Challenges and lessons learnt during the year shall be shared by all parties involved in the implementation.

## 5.6 Research Guidelines

The Centre's core business is research and spends most of its time managing it.

**a) Control objectives**

- i) To ensure that the Centre achieves its mandate as stated in its mission and vision.
- ii) That the research process is appropriately guided from initiation to end.
- iii) That research expenses are appropriately recorded and accounted for.

**b) Responsible staff**

- i) Executive Director;
- ii) Head of research units; and
- iii) Finance Manager.

**c) Control Procedures**

- i) Research studies conducted must be in line with the Centre's annual work plan.
- ii) All reports and papers generated from research studies must be peer reviewed for quality assurance.
- iii) Funds for field work based research activities shall only be disbursed upon submission of approved concept notes and budget.

- iv) Expenses on commissioned studies must be budgeted for and shall be offset against the income earned from such project.
  - v) Fieldwork advances e.g. fuel, mobilisation etc, other than per diem, must be accounted for within one week of return from the field.
  - vi) Accommodation receipts for the days spent in the field shall be submitted as evidence of travel.
  - vii) No fieldwork advances shall be given before accounting for the previous ones.
  - viii) Copies of research outputs funded must be availed upon completion of the assignment and filed on the respective project file.
- Resource mobilization work -

## 5.7. Travel Management

The Centre will from support staff travelling locally and internationally. Authorized travel will be driven by Center's needs, and only business related travel costs will be covered by ACHEST. And where applicable the Centre will be guided by the travel policy of the respective donors.

### Travel Management Procedures:

- i) The Executive Director or his delegate will approve all travel requests, both local and international. All international travel are subject to donor approval. Therefore, it is expected to seek donor approval if necessary before any travels are arranged.
- ii) ACHEST will procure economy class air fare tickets for all ACHEST business related travels. Other class tickets might be authorized because of health related issues, and in that case doctor's note will be needed to support this exception.
- iii) Any staff wishing to travel will submit a formal travel request form to the Executive



Travel Request  
Form.doc

Director or his delegate for approval.

- iv) After Travel Request Form is approved, Administrator will arrange the hotel, airfare and support other travel related needs.
- v) Travel advance could be requested by the staff and consultants for international trips. The maximum number of days for the travel advance request is 30 days. And only 75% of per diem rate will be issued at the time of the travel advance request.



travel advance  
template.xls

- vi) A trip report will be submitted to the Executive Director or his delegate upon return from such travel.
- vii) Within two weeks of return from the business trip, employee will submit Travel Request Form (TEF) to Finance Manager to account for accommodation, fees and



Travel Expense Form  
(TEF).xls

other workshop expenses, per diem and transit costs. Copies of air tickets and boarding passes must be submitted as proof of travel together with accommodation receipts.

- viii) **Local travel.** The rates of per diem for in-country travel within Uganda will be those as approved by the Board of Management.
- ix) **International travel.** The maximum rates for per diem and lodging for international travel shall be paid according to US State Department determined rates for that period unless donor would specify otherwise.
- x) **Lodging exceptions.** In case hotel arrangements are over per diem, the pre-approved Over Per Diem Justification form will have to be added as part of the TEF. This form has to be completed and approved before travels begin.



over per diem  
form.doc

- xi) **Transportation expenses.** The amount spent for transport to move from the office to the airport or a place of the meeting could be compensated by submitting the TEF.

## 5.8. Indirect Cost Management

The Center will document the indirect cost policy in the very near future.

## 6 FINANCIAL CLOSURE PROCESS

At the end of every financial year, the Centre prepares its accounts for audit purposes.

- a) **Control objectives**
  - i) To ensure all information required to prepare financial statements is captured and provided for.
  - ii) To minimise errors in the financial statements.
  - iii) To prepare for annual audit.
- b) **Responsible staff**
  - i) Executive Director
  - ii) Finance Manager
  - iii) Accounts assistant
  - iv) Administrator
- c) **Control procedures**
  - i) At the end of each financial year or cycle, the following procedures shall be performed by the Finance Manager while preparing the financial statements:
    - a. Preparation of Trial Balance;
    - b. Preparation of relevant journal entries for the required adjustments;
    - c. Drafting of Financial Statements; and
    - d. Preparation of Financial analysis for Management.
  - ii) All relevant information required to prepare the above reports shall be generated from the existing computerised accounting system.

## 7 EXTERNAL AUDIT

The purpose of the external audit is to express an independent opinion on the financial statements whether they reflect a true and fair view of the Centre's financial and operating activities.

- i) The Centre's annual external audits are conducted during the second quarter of the calendar year beginning in April each year.
- ii) The Centre's end of year accounts shall be audited by an independent external auditors appointed by the Board of Directors. The appointing authority shall develop the terms of reference for the external audit.
- iii) The audited accounts for the year shall comprise of:
  - a. Statement of Activities /Income Statement;
  - b. Statement of Financial Position/Balance sheet;
  - c. Cash flow statements; and
  - d. Statement of Changes in Grants and Contributions
  - e. Accounting Policies and Notes to Financial Statements.