Finance Management Policy

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An NGO financial management policy is basically a manual that covers the accounting policies, systems and procedures of the organization. It is developed not only for governing the financial transactions of the organization so that its staff can follow the set systematic procedures but also to fulfill local statutory requirements and demonstrate the strong management practices adopted by NGOs.

"1. Introduction

1.1 Scope of the NGO Financial Management Policy

The NGO Financial Management describes the accounting policies, systems and procedures to be used by the organization. The Policy will cover the input, processing, output, control and distribution of financial data. It has been developed to set out the accounting policies and procedures that will:

a) Ensure that the organization's books of accounts are prepared to conform to sound accounting principles and practices.

b) Enable the management to obtain accurate and timely financial reports on monthly basis, thereby promoting sound financial management.

c) Ensure correct and accountable use of funds and other resources. The approach used is in line with generally accepted accounting principles and organizations best practice reporting requirements.

The main purpose of the Policy is:

a) To assist in the maintenance of controls.

b) To provide a training and monitoring resource.

c) To be used as a reference document by the staff, management, auditors and other stakeholders.

The procedures have the following objectives:-

a) To enhance completeness and accuracy of the data posted from source documents (say invoices, payments receipts, journal and cashbook) to the computerized system.

b) To provide accurate and reliable reports to enable management to perform effective control over the operations of the organization.

c) To detail the operation and administration procedures for input, processing, output and distribution of data to ensure security of data and documents.

The Policy has been written for use as follows:

a) As a means of reference to management, supervisors, new and existing accountants staff, auditors, and as the basis of training staff, and ensuring that appropriate controls are in place.

b) As a clearly defined list of the tasks to be carried out by each individual

c) As a timetable for processing transactions and producing reports

d) As a guide to evaluators and any monitoring consultant who may wish to review the institution's progress."

Who develops and updates the Financial Management Policy in NGOs

Before embarking upon the process of presenting the financial management policy for NGOs, it is important to outline the roles and responsibilities of the staff involved in developing and updating the policy. Usually, the Board of Directors or the NGO Board Members have appointed a financial committee to develop a draft financial management policy which is further discussed, improved and authorized by all the members of the Board. The NGO director and the finance officer are primarily responsible for ensuring that the policy is fully implemented within the organization. They can also give recommendations to the board members for any modifications in it.

Inside the financial management policy, something of the following can be written:

"1.2 Updating the NGO Financial Management Policy

The update of the manual is the responsibility of the finance committee consisting of concerned authorities from finance & accounts as well as project head and approved by the chief functionaries of organization. The committee must ensure that:

a) The manual is kept up-to-date

b) The manual continues to set out the procedure that must be followed in the operation of the system and procedures

c) Sufficient copies of manuals are available

d) Amendments to the manual are properly authorized and communicated to concerned parties immediately. It is envisaged that, it may be necessary to amend the manual every year to accommodate any changes. The finance committee must ensure that there is a list of all the persons to whom the manual has been issued so as to ensure that the amendments issued are completed promptly.

Each amendment to the procedures manual must be given a unique code and dated, the finance manager is responsible for ensuring that each procedure issued has been properly amended.

1.3 Responsibilities of User Staff

All personnel with a role in the management of organization's financial operations are expected to uphold the policies in this manual. It is the intention of organization that this accounting manual serves as our commitment to proper, accurate financial management and reporting."

Basis of Accounting and how to maintain Accounting Trail in an NGO

An important section of the NGO financial management policy is the 'basis of accounting' and maintaining the 'accounting trail.' Under here, you can define the basis on which the accounting will be started and the methods applied for maintaining accounts, including day-to-day transactions. Below is an example of this process, though this may vary from country to country mostly determined by local laws:

"2. Accounting Policies & Procedures

2.1 Basis of Accounting

a) The organization shall prepare its accounts on the basis of historical basis of accounting but assets shall be re-valued from their historic cost to reflect current values as necessary

b) The organization shall apply accrual based accounting method. Revenue and grants/donations shall be recorded in the accounting period it is received and expenses recognized when incurred. Loan and Grant revenue is recognized when received. Other revenues are recognized in accordance with the accruals concept.

c) Grants and donations if any shall be recorded separately from operational activities. They will be shown "below" the operating line on the Income Statement, together with non-operating income and expenses and taxes. When transferred to the Balance Sheet, they will not be included in the Retained Earnings from operations, but in Contributed Capital (or Donated Equity).

d) In-kind contributions must be recognized through journal adjustments that are supported by appropriate and objective documentation (e.g. agreements, formal letters or memos, Memorandum of Understanding).

2.2 Maintaining Accounting Trail

Every transaction would need to be traced back and forth since the account=books are maintained in a set pattern.

The trail is as follows:

Expense—–Cash memo——voucher——cash book——ledger——trail balance——income and expenditure statement, balance sheet

Hand in hand with an accounting trail, we can trace what we can call as a programmatic trail.

Program plan—–Activity to be performed—–Authorization from the program head for the expense related to the activity—–Perform the activity—-Maintain the relevant program records

The accounting trail is important as it helps to check/countercheck expenditure incurred/ activities done and thus helps in maintaining a transparent system."

Cash payment

Cash payments need to be documented firmly by NGOs in their financial management policy. Since small sums of cash payments are common on a day-to-day basis, a certain procedure needs to be developed and mentioned in the policy manual. An example is given below:

"3. Cash Handling

3.1 Cash Account and Transactions

Cash transactions are to be resorted only for petty expenses and when /where banking facilities are not available. As per Income Tax Rules, no claim exceeding Rs 20000/- should be settled through cash payments.

These should invariably be by account payee checks only. As a matter of procedure and control, the attempt should be to minimize the number of cash transactions.

3.2 Daily Cash Balance

The denomination of the closing balance of the cash should be entered below this and signed by the Accountant. This register has to be maintained from the beginning of the final year. A fresh register has to be started at the beginning of every financial year. Maximum and minimum cash limits have been fixed as: maximum Rs50000/- and minimum Rs5000/-

3.3 Withdrawal of Cash from Bank

a) The Cash Withdrawal Form/Money Indent to be filled up and signed by the staff handling cash.

b) The cash balance available and the estimated expenses would need to be computed.

c) The authorized persons must verify the requirement before signing the check for withdrawal of cash.

d) The signature of the person presenting the check and receiving the cash should be attested on the back side of the check by one of the authorized signatories.

e) A Cash Receipt (Contra) voucher to be prepared and accounted for by the accountant on the same day.

f) The Cash Account (Manual) to be updated for receipt of the Cash.

3.4 Cash Payments

a) Cash payments will be made only after preparing the Payment voucher.

b) All vouchers should be pre-printed with machine made serial numbers

c) The Voucher has to be approved by the competent authority before payment.(as per the requirement of individual projects)

d) The Payee must sign the voucher for having received the payment.

e) In case the competent person is not present, the voucher must be verified/approved by any other person standing-in for the person per before release of the payment.

f) As per Income Tax Rules, no cash payment of more than Rs20000/- is permitted.

g) All cash payments above Rs5000/-should be receipted with a revenue stamp as per the provisions of the stamp act

h) The number of cash payments has to be reduced by converting settlements through check payments.

3.4 Cash Verification

a) The competent authority should physically verify the cash balance occasionally and compulsorily at the end of the month.

b) The Cash Account record should be signed by the person handling the cash and the person in charge of finance as and when the physical verification of cash is carried out.

c) Any discrepancy noticed during the physical verification should be recorded and reported in writing to the person concerned immediately.

3.5 Controls to be exercised

a) Third parties should not be allowed access to the accountant or the safe. Cash should be paid to them in the front office.

b) Cash is handled by only one designated person who is responsible for it.

c) A fixed period of time has to be fixed for cash disbursements. Only emergency payments can be released during other times.

d) Maximum and minimum cash limits to be strictly observed.

e) Accounting of cash receipts/payments is done on a daily basis.

3.6 Petty Cash

a) Petty cash shall be maintained on an imprest basis. At any given time, the cash and receipts in the cash box shall total the imprest level. The level shall be maintained at Rs10,000/-.

b) Only the accountant will handle petty cash. Actual cash will be spot-checked and verified by the supervisor/finance manager at least once per week. The staff person in charge of the **fund** will reimburse for any discrepancies.

c) All requests for petty cash must be signed by an authorized supervisor/finance manager on a pre-numbered voucher.

d) A check to replenish the fund shall be issued when the fund is low, and at the end of every month.

e) The cash and vouchers shall be kept in locked box or safe."

"4. Salaries and Advances

4.1 Salaries

The following is the procedure on salaries:-

a) All permanent employees shall be issued with appointment letters signed by the organization head and employee-signifying acceptance of the terms and conditions set forth thereto. The appointment letter shall contain the initial salary, responsibilities, duties and the general terms and conditions.

b) Subsequent changes in salary, responsibilities, duties, terms or conditions of employment shall be communicated to the employee in writing.

c) A personal file shall be opened for every employee. Copies of job application letters, Appointment letters and any other correspondence between employer and the employee shall be kept in this file.

d) Salaries shall be paid monthly in arrears. A salaries schedule showing the gross pay, advances, deductions and net pay shall be prepared by the Accountant, checked and verified by the Finance manager/HR manager and approved by the organization head prior to the preparation of payment vouchers and the check.

e) A personal data card shall be opened for each member of staff. Salaries shall be paid by check through the respective bank accounts.

f) Employees shall be issued with a pay slip every month, which will show the computation of his/her net salary.

g) Signing the payment vouchers for the net pay, and the monthly transfer sheets where applicable shall evidence authorization of salary payments.

4.2 Salary Advances to Staff

Staff advances shall be given upon request in accordance with regulations stipulated in the personnel policies and procedures manual (by complete, signed and authorized Staff Advance Authorization form, SAAF). An Advances ledger account should be opened and reconciled at every end month. However, all advances should be approved subject to the availability of **funds**.

4.3 Pending Advances

A statement of funds lying with outsiders and staff should be recorded at the end of every month-end. It is necessary to review it on a monthly basis to identify whether any deposits/advances are lying unadjusted or overdue for settlement. While it is possible that the actual date of payments and the purpose of which the deposit/advance was given gets obliterated by passage of time, this report will regularly give details of such funds lying elsewhere.

4.4 Travel Expenses

Travel expenses incurred by staff or any other authorized person shall be reimbursed according to the regulations set out in the Human Resource Policies and Procedures Manual.

4.5 Travel Advances to Staff

Travel advances shall be granted in accordance with the above mentioned regulations. A separate staff debtor account shall be opened for each advance granted. Any advances not accounted for within two weeks shall be recovered from the salary of the employee concerned without prior reference to the employee."

"5. Operating Bank Accounts

5.1 Bank Account

Bank account for the project funds shall be opened only in a nationally recognized bank or any other bank authorized by the governing board. Necessary authorization to open any bank account or alter its manner of operation would need to be got in writing from the necessary authority. A separate bank account can be opened depending upon the project need.

5.2 Authorized Signatories

Every check/instrument is signed by at least two signatories.

5.3 Authority to Sign

The authority to sign should lie with selected executive members of society. The bank is authorized to undertake any written instructions, signed by two of the signatories, for transacting any financial business from time to time.

5.4 Closing of Bank Accounts

Any bank account not required to be operated must be closed immediately. The Finance/Accounts person has to take the matter with the Competent Authority and procure in writing the obtaining necessary resolution. When it is decided to close a bank account, the following actions should be completed:

a) Transfer balance in the account (leaving the minimum amount required) to the other bank account.

b) Surrender all the check leaves to the bank under a receipt.

c) After receipt of the resolution, deliver it to the bank under receipt and transfer the balance to another account.

d) Confirm closure of the bank account and transfer of balance to the competent."

“6. Bank Transaction

6.1 Bank Receipts

a) All receipts are to be acknowledged by issuing an official receipt. The date of receipt, its accounting and the date of deposit of the check/draft to the bank account should be the same. The relaxation can be only in view of banking hours or bank holidays.

b) The bank deposit slip should be attached with the Receipt Voucher.

c) No receipt should be issued on the last day of the month if the instrument cannot be deposited with the bank on the same day.

6.2 Bank Payments

a) Payment Voucher has to be prepared before preparing any check.

b) Check should not be prepared, for whatever reason, if sufficient balance is not available with bank.

c) All Vouchers have to be verified and approved before payment is released.

d) Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be entertained.

e) All supporting documents should be attached with the Payment Voucher and filed according to serial number.

f) Checks should be written legibly and doubly ensure that the amount in words and figures are the same.

g) All checks have to be crossed. A Rubber Stamp stating “A/c Payee Only”

h) Post-dated checks are not to be issued.

i) All checks are stamped “for the *Name of the Organization*”

6.3 Controls to be exercised

a) All letters/instructions to the bank should be signed by the authorized signatories only.

b) Checks in advance or in blank should never be signed.

c) Un-cashed checks should be cancelled within a reasonable period.

d) Specimen signatures should not be left unsupervised.

e) Check books should always be kept under lock and key. Only authorized persons should be allowed to handle them.

f) Using a carbon (black side up) under the check will leave an impression on the reverse of the check making it difficult to alter.

g) A receipt after payment by check should be insisted.

h) Bank reconciliation statement has to be done on a monthly basis.

6.4 Bank Reconciliation Statement

This has to be done every month to ensure the balances as per the bankbook and the passbook tally. Following the reconciliation make sure that entries are passed (if any) for bank charges, interest received etc. in the books immediately."

7. What Procedures can be followed for Salaries and Advances in NGOs

It is important for NGOs to dedicate a section on the salary of the staff in their financial management policy. The staff needs to aware about the salary systems followed by the organization whether payment to them is made on a monthly basis or not, mode of the salary payment, procedures for giving out advances to staff and other details. Below are the various aspects of salary and advances given to NGO staff under a standard NGO financial management policy:

Types of Checks to be adopted for passing Vouchers for Payment

Below is a list of checks need to be adopted by NGOs in their financial management policy for passing vouchers and receipts of payment:

"7.2 Checks to be done before passing a voucher for payment

a) Whether required supporting documents are present

b) Checking the supporting document.

c) Payment should be made only against a valid invoice in original.

d) Approval by concerned person & authorized signatory.

e) Verification of accuracy in accordance with the order/letter/other documents if any.

f) Verification of numerical accuracy

g) Checking of advance payments made if any or details of part payments made if any.

h) Making sure that payment has not being made twice for e.g., by making all extra copies of bills as "extra copies" and by making all paid vouchers as paid .

i) Ensure that payments are made on time.

j) All major payments should be made by checks. Payment by cash should be restricted to minor purchases and where inevitable.

k) For any payment exceeding Rs5000/-the receiver's signature is to be obtained on a revenue stamp affixed to the voucher. If the recipient sends a receipt, then a revenue stamp needs to be affixed on the voucher and defaced by a double line across the stamp.

l) It should be ensured that the vouchers are not overwritten. In cases where it is necessary to correct the figures, the figures originally written should be scored out and the new figures entered. The person preparing the vouchers as well as authorizing payment should then initial the corrections made.

7.3 Supporting document for vouchers

a) All bills should be in original. Payment should not be made against a quotation, Performa bill, copy of a bill or a fixed bill.

b) All supporting documents should be authorized by the person initiating the payment.

c) It is the responsibility of each person who is responsible for buying goods/ services in the project office to check each bill for its validity**.** i.e., check that the description of items, number of items, cost per unit and total cost, date of the bill and name of payee (i.e. name of project) are accurate. Payments should be made only after checking these details.

d) Any mistake/ discrepancy should be pointed out to supplier /shop keeper before payment and if an alteration is necessary, the supplier /shop keeper should make the change right then and put his/her initials and date. If this results in a change in any of the amounts on the bill it is particularly important that supplier /shop keeper clearly writes himself on the bill the payment received in words. The management reserves the right to accept such altered bills or not. A better option would be to obtain a fresh bill if possible.

e) No other alteration in the bill by project **staff** is normally permissible. If at all an alternate is unavoidable e.g., a mistake in the date by supplier which was not corrected such a bill should be brought to the attention of Head of the project who should change it and initial it and a note should be put on the bill why alteration was necessary. The management reserves the right to accept such bills or not.

f) Invoices should only be in the name of the **organization**.

g) Where bills are in local language, please indicate briefly in English the purpose /item on the bill.

Supporting documents for invoice validation

7.4 Checking Output

a) The input of all invoices be checked for completeness and accuracy. The purchase journal report will be generated and this will enable these checks to be carried out.

b) The Accountant must check the invoices posted against the Purchase Journal Report and ensure that the general ledger allocations and other invoice details are correct. Where the accountant identifies that an error has been made, the error on the listing should be circled and the correction initiated and initialed.

7.5 Approval of Invoices

a) The finance/accounts manager prior to processing should approve all invoices.

b) The Accountant must ensure that all invoices have been authorized by head of the organization /CEO/Project Director and head of department. A week time will be allowed for approval.

c) The head of the relevant department must ensure that the invoice is sent to the Accountant within a week of receipt of the invoice. Once the invoice is approved it is sent to the Accountant. If the finance manager is not satisfied with the invoice and cannot approve it for payment, it should be regarded as a disputed invoice.

At the end of the month the Accountant should agree the balance on the control account to the supplier's listing. If there is any difference, reconciliation should be prepared. The Accountant must also ensure that a monthly reconciliation is done between the General ledger balance and the supplier's statement of account balance. The reconciliation has to be prepared and reviewed on a monthly basis and the file maintained by the Accountant."

Types of Books and Documents to be maintained for accounts management in NGOs

Following are listed the various types of books and documents (bookkeeping) to be maintained by NGOs for proper and systematic accounting. The same list can be mentioned in the financial management policy as well:

"**9. Account Books and Documents to be maintained**

a) Cash Payment/Receipt Vouchers & Book

b) Bank Payment/Receipt Vouchers & Book

c) Summary/Daily Petty Cash Book

d) Journal Vouchers and Journal

e) General Ledger

f) Fixed Assets Register

g) Contract/Registration Documents

h) Attendance Register

i) Budget Copies of various grants

j) Utilization Certificates

k) FCRA and other relevant Registration papers

l) Copies of Consultancy agreements

m) Capital assets approvals

n) File of original bills of assets purchased

o) Copies of all Contracts and agreements.

p) Stationery Register

q) File containing Bank Mandate and authorized signatories.

r) Quotation file for all purchases

s) Advance Payment Register (Advance to third parties & Staff Advances)

t) Check issue register

u) Cancelled check register

v) Donation receipt issue register

10. Receipts and Payment Account

This is like a summary of the cash and bank book and starts and ends with the cash and bank balances. It differs from the income and expenditure statement in that the income and expenditure statement does not show details of loans, sale of assets, recovery of staff advances etc. At the end of every quarter a receipts and payments account is prepared.

11. Preparation of the Final Accounts

Final accounts include a balance sheet and income and expenditure account and a receipts and payments account would need to drawn up at the end of the year.”

Procurement, Stock and Inventory Management in NGOs

As **NGOs** receive **funding**, implement projects and expand their offices, they will be required to make purchases of goods and services. Ideally, it is better to draw up a plan for making such purchases and also outline it in the financial management policy.

“**12. Procurement, Stock & Inventory**

12.1 Purchasing

The purchasing function involves:

a) Identification of needs, for goods and services,

b) Identification of costs to cover the needs for those goods and services,

c) Identifying the suppliers, procuring estimates (at least three)

d) Negotiating favorable trading terms with them,

e) Placing an order.

f) Receiving the goods and/or services and paying for them

g) Preparation of accounting and archiving expenditures.

12.2 Identifying the Supplier

The purchasing function involves:

a) Credibility of the supplier in terms of being able to supply the requirements and in time

b) Cost effectiveness of the goods supplied

c) Quality of goods supplied

d) Supplier should meet all necessary formalities in connection with its status as per the rules and regulations of the Government.

e) Supplier must be able to supply all the good in the requisition/or of the specification prescribed in the purchase order

f) Must be local, reliable and known

g) Must be able to supply large quantities if necessary

h) Past performance

i) Availability of supplier

j) Reputation of supplier"

Below is an outline of control objectives and general procedures for making purchases which can be integrated into the financial management policy of NGOs:

"**12.3 Control Objectives**

The control objectives here will be to ensure that:

a) All purchases are duly authorized and approved before the goods and services are ordered.

b) All goods received or services rendered are according to specification and in quantities requested for.

c) Liability for all purchases is accurately reflected in the books of account and that suppliers are paid only in accordance with the agreed term

d) Goods ordered are actually received into stores as may be appropriate and relevant accounting records updated accordingly.

12.4 General Procedures

a) The existing purchase policy of the organization must be followed.

b) For all purchases of capital good, and goods purchased in bulk like stationary and other supplies, three quotations should be obtained. Then the final supplier is decided upon. However justification should be given in case the lowest of quote is not selected. Quotations should be attached with the relevant vouchers while submitting the same checking.

12.5 Purchasing Capital Assets

a) Any non consumable item of equipment, needed to start program operations and major capital expenditures as outline in the plans and budgets are called fixed assets.

b) In the case of capital asset purchases and consumables in bulk, it is always healthy to issue purchase orders clearly spelling out the terms and conditions of purchase.

c) As mentioned above, all non consumable items of expenditure should be purchased with three quotations. It is important here to understand that attractive asserts like camera, tape recorder etc also from part of fixed assets, even through their value might not be very high. Office equipment and IT equipment will also from part of the fixed assets.

d) All incidental charges which are incurred to get the asset to the place where it is situated and to get the asset into operating condition must be added to the cost of the asset.

e) An inventory of the capital assets should be maintained and updated from time to time.

f) It is suggested that the fixed assets register is approved and signed by the competent authority after it is updated every six months or annually.

g) All assets must be given an identification number and such number must be painted on the asset. This number should also be mentioned in the fixed assets register.

h) Physical verification of assets should be undertaken (preferably by an office bearer or someone of adequate authority) at least once a year. All additions, deletions, modification etc should be recorded

i) Contracts Register

“**13. Financial Planning & Budgeting**

13.1 Budgets & Approvals

It is necessary that for every activity taken up by us to be interpreted in financial terms and get the approval of the concerned competent authority. Such interpretation takes the form of budgets detailing each and every components of the activity so that a clear evaluation of the total activity and the components thereof can be made by before approval. Such budgets normally become necessary, for the following activities:

a) Meetings & conferences

b) Special events

c) Remuneration of Staff & Consultants

d) Capacity Building & other Training Programs

e) Office Running Expenses

f) Promotional events

g) Travel

However, most of the times the expenses incurred on these activities are part of our programs budget and specific grants are allocated for such expenses, and would require only a simple sanction. It is therefore necessary that the budget for such activities is prepared at the time of preparation of the plan itself.

The process to be followed is

a) Budget for each activity to be prepared giving break up of sub-activities and related costs.

b) The budget has to be verified and certified by the finance/accounts manager to ensure that the costs are realistic as compared to the activities, and the budget captures all the required costs for such activities only.

c) The necessary approval of the budget for incorporation into the Plan.

Wherever there are procurement of supplies and services for such activities, the formalities with regard to multiple quotations, evaluations, etc. have to be followed."

Budget Management and Planning the Financials

Further to planning budgets for specific activities by an **NGO**, below are the details outlined on how to manage the budget and what guidelines to be taken into consideration:

"**13.2 Budget Management**

a) A Budget is an estimate of the amount of money to be received and to be spent for a specified purpose in a given time.

b) Budgets set a framework for reporting and analysis.

c) Budgeting never stands completely alone, but rather flows out of the managerial process of setting objectives and strategies and of building plans. It is especially and intimately related to financial planning.

d) While accounting, separate sub-codes to be created for every activity under the main grant code, so that the utilization of the budget can be monitored activity-wise.

13.3 While Planning the Financials

a) The whole team needs to be involved in budgeting process.

b) Objectives of the program along with activity plans must be completed before starting the budgeting process.

c) Changes in strategies for the forthcoming year based on the past experience have to be unanimously decided by the team and the budget should be accordingly formulated.

d) List out the resources required to achieve these activities and cost them.

e) All line items in the budget must flow from planned activities.

f) Budget should be as detailed as possible with justifications and break up of costs matched against each activity.

g) When budgeting for subsequent years/phase, cost increases due to inflation, exchange rates etc would need to be kept in mind.

h) All expenses have to be reviewed against the budget on a monthly basis.

i) The project management shall verify the quarterly reports against the budget, analyze causes for variance and take appropriate action."

How to develop Financial Reports in NGOs

Financial reports are developed for internal use such as monitoring expenses within the organization and also for external use such as for submitting reports to donor agencies. In many cases, there can be separate formats for both the uses. Nevertheless, it is important that the internal financial reports are properly developed according a guideline. Below is the procedure that can be adopted for developing internal financial reports:

"14. Reports

14.1 Monthly Accounts

The financial reports and schedules as prescribed below should reach the relevant persons before the 10th of the following month as per the following dates:

The following reports on financial information will be produced by Accounts for internal and external use.

Report Type	Description	Frequency	Source	Target
Cash Account	Shows cash receipts and Payments during the Month	End of each month	Finance/ Accounts	Management
Cash Reconciliation	Shows reconciliation of physical cash count and cashbook balance	Daily	Finance/ Accounts	Management
Bank Account	This report shows bank Receipts and payments	End of each month	Finance/ Accounts	Management
Bank Reconciliation	Reconciliation of bank statement and cashbook balances	End of each month	Finance/ Accounts	Management
Advances	Shows unsettled advances by staff at month end.	End of each month	Finance/ Accounts	Management
Income and Expenditure	Shows transfers from HSLP/DFID and Expenditures	Every six months	Finance/ Accounts	Management / Funding Agencies
Assets and Liabilities	Shows Assets value and and their financing	Every six months	Finance/ Accounts	Management

14.2 Monthly Expenditure and Variance Report

A Monthly Expenditures and Variance Report that reflects the expenditures incurred during the month for each line item and the total expenditure incurred for the month. It also gives the cumulative expenditures incurred to date and the available balance on the budget. The report is due to Avert Society by the 10th day of the ensuing month. See Annexure B for a sample of the report.

Where there is a budget variance, particularly over spending on a budget line item, or introduction of a new set of activities in a budget column, the report should state if the variance is:

1. Permitted under the terms of this grant;
2. Unanticipated and requires approval”