

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: TABLE OF CONTENTS	Section: i	<i>I</i>

**FRIENDS IN NEED INTEGRATED
DEVELOPMENT PROJECT
(FINIDP)**

**FINANCIAL MANAGEMENT MANUAL
(FMM)**

JULY 2007

Issued: July 2007

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: TABLE OF CONTENTS	Section: i	<i>I</i>

TABLE OF CONTENTS

Particulars	Section
Acronyms	ii
Introduction and Background	1
Accounting Principles and Internal Controls	2
Revenue, Cash Handling and Banking	3
Accounts Receivable	4
Procurement and Accounts Payable	5
Inventories/Stores	6
Payments	7
Management and Operation of Motor Vehicles	8
Non Current Assets	9
Budgeting	10
Accounting and Reporting	11
Amendments to the Financial Management Manual	12
Human Resource & Code of Ethics	13
Appendices	
Appendix 1: Chart of Accounts	

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: ACRONYMS	Section: ii	<i>I</i>

ACRONYMS AND BBREVIATIONS

BDS	-	Bank Deposit Slip
BOD	-	Board Of Directors
COA	-	Chart of Accounts
CPV	-	Cash Payment Voucher
DSA	-	Daily Subsistence Allowance
E/D	-	Executive Director
F/D	-	Finance Director
FMM	-	Financial Management Manual
FMS	-	Financial Management System
GAAP	-	Generally Accepted Accounting Principles
GoU	-	Government of Uganda
GRN	-	Goods Received Note
HHR & A	-	Head of Human Resources & Administration
IFRS	-	International Financial Reporting Standards
ICPAU	-	The Institute of Certified Public Accountants of Uganda
IOU	-	I owe you
JV	-	Journal Voucher
LPO	-	Local Purchase Order
FINIDP	-	Friends In Need Integrated Development Project
PCV	-	Petty Cash Voucher
PPDPAA 2003	-	Public Procurement and Disposal of Public Assets Act 2003
PV	-	Payment Voucher
The NGO	-	Friends In Need Integrated Development Project
The organisation	-	Friends In Need Integrated Development Project
Shs.	-	Uganda Shillings
USD	-	United States of American Dollar

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INTRODUCTION	Section: 1	I

BACKGROUND

1.1 Friends In Need Integrated Development Project (FINIDP) was established in 2003 and registered as a Non-Governmental Organization with the National Board for Non-Governmental Organizations in July 2004 (Reg. No: S 5914/5040).

1.2 Broadly, FINIDP's major areas of intervention evolve around HIV/AIDS and Community Health awareness, Education of particularly Orphans and vulnerable children, Agriculture and Environmental Conservation initiatives targeting mainly women and youths but with programs in HIV/AIDS and Orphan Education as first priority areas. FINIDP networks with community leaders, religious leaders, education institutions and environmental agencies in working out unified and sustainable problem solving strategies.

1.3

Mission

FINIDP's mission is to improve peoples' livelihoods through education, increased HIV/AIDS awareness, poverty alleviation initiatives and sustainable management of environmental resources.

Vision

The organisation's vision is "building a literate, healthy, responsible and self-sustaining society living in a clean environment".

Goal

The goal of FINIDP is enhancing sustainable rural development through education, agriculture, environmental awareness and increased HIV/AIDS awareness.

FINIDP's Objectives

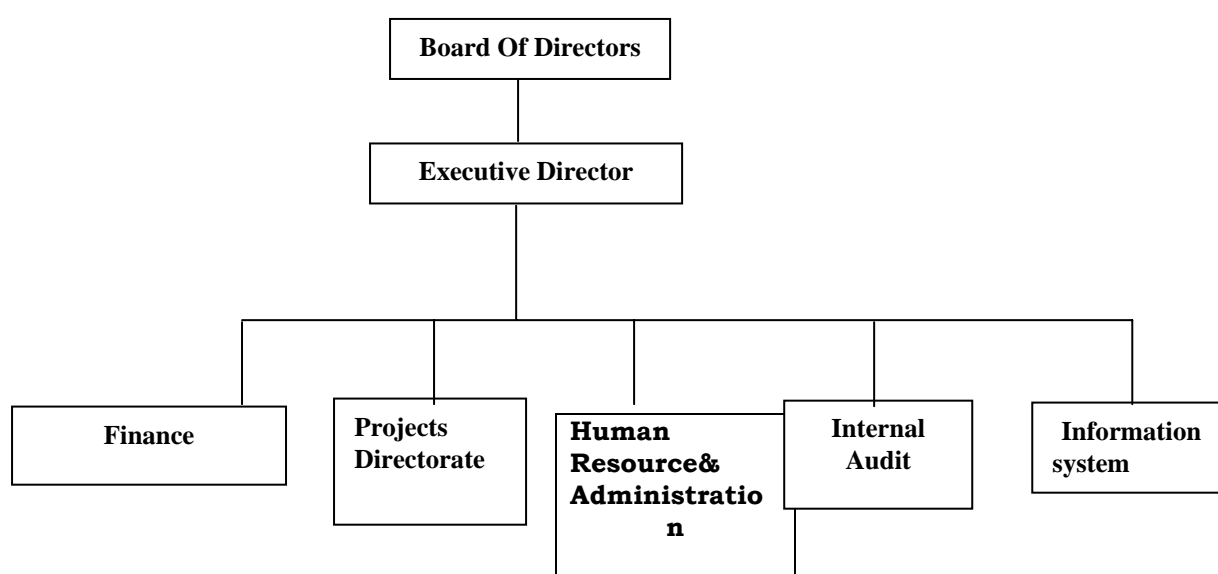
The strategic objectives of the organization's core activities include:

1. To sensitive the local communities (school children, the youth and general public) to avoid and prevent HIV/AIDS.
2. To care for HIV/AIDS orphans and help people living with HIV/AIDS to live positively by providing them with services such as counseling, family visits, education and donation of essentials of life.
3. To improve people's incomes and standards of living through promotion of income generating initiatives.
4. To provide education and technical skills to orphans and disadvantaged children such as people with disabilities
5. To sensitize communities on environmental conservation, food security and income generation initiatives.
6. Reduce gender disparities by giving special support to women.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INTRODUCTION	Section: 1	2

1.4 The organization is run by a group of professionals with qualifications in the fields of education, environment and natural resources management, social sciences, medicine, community based rehabilitation, engineering, financial management, agriculture, project planning and management and is headed by an executive director. The executive reports to a board of directors comprising of a representative member from the organization's areas of operation.

1.5 The Organization's Structure



PURPOSE OF THE FINANCIAL MANAGEMENT MANUAL (FMM)

- 1.6 The FMM provides the finance and accounting principles and procedures required for the preparation of financial information that forms the basis for FINIDP's internal and external financial reporting.
- 1.7 The manual covers finance, accounting, procurement policies and procedures and human resource. Policies are a statement of the Organization's regulations underlying the preparation of financial information while the procedures stipulate the means of operationalizing those regulations or policies.
- 1.8 It creates a financial management system (FMS) that shall support Officers of the Organization in the deployment of official resources with utmost economy, efficiency and effectiveness in the delivery of outputs required to achieve desired objectives.

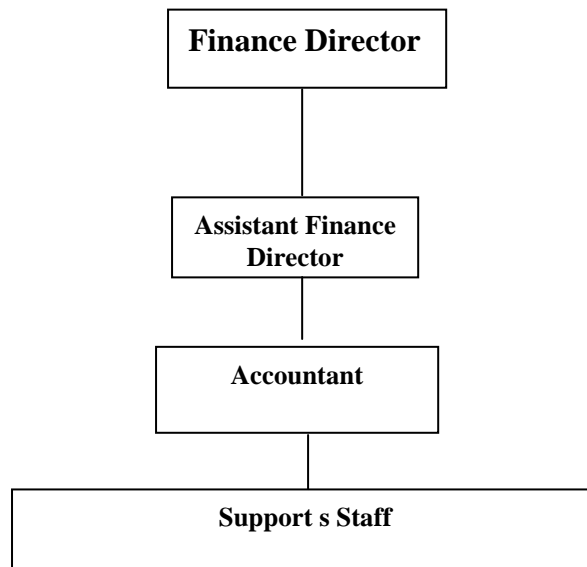
FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INTRODUCTION	Section: 1	3

- 1.9 The FMM consolidates the robustness and consistency in application of the FMS, by documenting the provisions of the FMS in a well-structured framework.
- 1.10 The FMM explains the functional relationships and responsibilities of all staff involved in the handling of financial, accounting, procurement, human resource and related matters of FINIDP.
- 1.11 The FMM shall serve as a training guide for new staff as well as a refresher guide and reference material for the experienced staff. It is designed as a guide to staff and other stakeholders to achieve uniform and co-coordinated understanding of policies, procedures and systems to be followed in the processing of information in the course of the Organization's day-to-day operations.
- 1.12 The financial and accounting systems are designed to operate at functional level and it shall be the responsibility of the E/D except where it is otherwise stated, to ensure adherence to all the requirements.
- 1.13 The responsibility for interpreting and making revisions to the FMM shall rest with the Finance director.
- 1.14 The FMM has been written to conform to the provisions of various relevant legislations, which govern the operations of NGOs in Uganda. These include the Uganda Constitution 1995, NGOs' registration statute; the Organization's other relevant internal regulations, etc.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INTRODUCTION	Section: 1	4

THE FINANCE DEPARTMENT

1.15 The department is composed of the finance director supervising the assistant finance director, an accountant, and three auxiliary staff.



1.16 The Finance Department shall be deemed to have the usual functions and responsibilities of any accounts departments including:

- Financial Management functions
- Treasury Management
- Accounting.
- Financial Management reports.
- Management information and technical advice.
- Budgeting.
- Monthly, Quarterly and Annual Financial Reports
- Maintenance of Sound internal controls.
- Control of waste, fraud and abuse of resources.
- Adequate reporting complying with stakeholders' requirements.
- Etc.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	<i>I</i>

ACCOUNTING PRINCIPLES

- 2.1 Accounting principles are defined as basic ground rules that must be followed when preparing financial information. They are the assumptions, conventions or prepositions that underlie the preparation and recording of financial information.

Bases of accounting

Cash Basis of Accounting

- 2.2 Under cash basis accounting, revenues are recognized and recorded when cash is received and expenditure recorded when cash is paid. Consequently the revenues not received at the end of the financial year are treated as arrears of revenue in the following financial year. Likewise, the outstanding bills at the end of the financial year are not taken in the accounts. The Non Current Assets purchased during the financial year are treated as revenue expenditure (as opposed to capital expenditure) and written off in the year of purchase

Accrual Basis of Accounting

- 2.3 In contrast to cash basis of accounting, the accrual basis recognizes revenue and costs accrued, that is as they are earned or incurred (and not as money is received or paid) and recorded in the financial statements of the periods to which they relate. In accrual basis of accounting Non Current Assets are depreciated over their useful lives applying depreciation rates in accordance with generally accepted accounting practices.

FINIDP's Basis of Accounting

- 2.4 FINIDP shall record in it's books of account income earned and expenditure incurred during a financial year. As such entries are made to recognise anticipated revenue or anticipated expenditure.

Classification of transactions.

- 2.5 All transactions shall be recorded in the books of account applying the Organization's chart of Accounts as prescribed and updated from time to time by the Organization.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	2

Currency

2.6 The Organization's Accounts shall be kept in Uganda Shilling or as required by the organization's finance providers.

Financial Year

2.7 The financial year of the Organization shall run from 1st July to the 30th of June.

ACCOUNTING STANDARDS

2.8 To achieve acceptance, ensure consistent presentation of financial information and to facilitate their interpretation, the Organization shall follow generally accepted accounting principles (GAAP), which are consistent with International Financial Reporting Standards (IFRSs).

2.9 IFRSs shall be applied with reference to GOU's laws, financial regulations and procedures. Specific reference shall be given to the position taken by Institute of Certified Public Accountants of Uganda (ICPAU) in each case to ensure compliance with national standards.

INTERNAL CONTROLS

2.10 "Internal control system is a whole system of controls, financial and otherwise, instituted by management in order to carry out the business of FINIDP in an efficient and orderly fashion, ensure adherence to FINIDP's policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records."

2.11 The individual components of an internal control system are known as 'internal controls'.

2.12 In designing and developing the various systems and procedures set out in this manual, care is taken to ensure that the pertinent internal controls are integrated in these systems as a means of strengthening them. Hereunder is a list of some of the most common and important controls, which are generic to most operations of an organization.

- a. **Segregation of duties:** These are designed to reduce the opportunities for someone to perpetuate and/or conceal errors or irregularities in the normal course of their duties. Examples:
 - The person receiving cash does not have to sign cheques

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	3

and reconcile bank accounts and should not have access to accounting records other than cash receipts.

- Different individuals are responsible for procurement of merchandise or services, receiving merchandise or services and approving vouchers.
 - Different persons prepare cheques, sign cheques, reconcile bank accounts and have no access to cash receipts.
- b. **Authorization:** Designed to provide reasonable assurance that transactions, events from which they arise and procedures under which they are processed are authorized in accordance with the laws, organization's regulations and management policies. Examples:
- Documented policies outline events or transactions that the organization is authorized to engage in by law, regulation or management policy.
 - Documented policies and procedures exist for processing transactions in accordance with laws, regulations and management policy.
- c. **Approvals:** Designed to provide reasonable assurance that authorized individuals approve recorded transactions in accordance with management's general or specific criteria. Examples:
- Specific transactions are approved by persons having the authority to do so in accordance with established policies and procedures;
 - Key records are matched before a transaction is approved (e.g. matching invoices with Lops and Grins, etc.)
 - Prior to acceptance, changes to data in existing files are independently approved, evidenced by documentary approval of input before processing.
- d. **Documentation and records:** These are designed to provide reasonable assurance that transactions and events are properly recorded. Examples
- Pre-numbered forms are used to record all of an organization's transactions, and accountability is maintained for sequence of all numbers used.
 - Transaction documents, e.g. invoices, delivery documents, etc., are date stamped and tracked to ensure that they are recorded on a timely basis.
 - Source documents are canceled after processing to

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	4

provide assurance that the same documents shall not be reused and shall not result in recording transactions more than once. Also, only original documents are used to process transactions.

- e. **Safeguard access to and use of assets and records:** These controls are designed to protect assets and records against physical harm, misuse or unauthorized access. Examples:
 - Secured facilities are used when appropriate, and access to critical forms and equipment is limited to authorized personnel only.
 - Assets and records are protected against physical harm.
 - Cash receipt totals are recorded before cash is transmitted for deposit.
 - Access to programs and data files is restricted to authorized personnel.

- f. **Acknowledgement of task performance:** Controls providing for tasks performed to be acknowledged through signature, initials, rubber stamps, etc.

- g. **Management and Accounting controls:** Controls in this category are designed to provide independent checks on the validity, accuracy and completeness of processed data. Examples:
 - Calculations, extensions, additions and accounting classifications being independently reviewed.
 - Subsidiary ledgers and records are reconciled to the general ledger.
 - Management reviews performance reports.
 - The organization promptly follows up on complaints from suppliers, customers, employees and others.
 - Actual operating results are compared with approved budgets, and variances are explained.

- h. **Organizational Controls:** Presence of an organization plan/chart, which defines and allocates responsibilities, and identifies clear lines of reporting.

REVENUE COLLECTION AND RECEIPTING

- 3.1 Revenue shall be collected by officers so authorised in writing to do so by the E/D as FINIDP's Accounting Officer

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	5

- 3.2 Mail containing cheques shall be opened in the normal manner and any cheques or credit advices received shall be listed and delivered immediately to the Finance director (F/D).
- 3.3 Any cheques that are received open shall be immediately crossed with an "Account Payee only" stamp.
- 3.4 The F/D shall cause to be issued numerically pre-numbered official receipts in duplicates. The original (white) shall be given to the payer; the duplicate shall be the organization's copy.
- 3.5 No amendments shall be made on any receipt. When errors are found, the receipt shall be cancelled and left in the receipt book. The officer canceling shall sign his/her name immediately under the cancellation.
- 3.6 All moneys received shall be deposited intact into the Organization's official bank accounts not later than the business day following the date of receipt. No such cash or part thereof shall be used, lent, or advanced for any purpose at source.
- 3.7 Collectors of Revenue are prohibited from utilising cash collected for any purpose whatsoever unless otherwise authorised in writing by the F/D.
- 3.8 No revenue receipt shall be printed without the prior organization of the F/D. No new receipts shall be issued or redesigned without the written consent of the F/D.
- 3.9 Unused revenue receipts shall only be issued to officers authorised to collect Revenue. Registers shall be kept for recording the stock and disbursement of all receipts.
- 3.10 On receipt of revenue receipts, they shall be carefully checked for any errors either in numbering or in quantity supplied which shall be reported to the F/D and supplying officer. If any are found in excess or missing after the receipts issue voucher has been received by the supplying officer, the receiving officer shall be held responsible.

Direct Transfers

- 3.11 Direct transfers arise when a payment is made by a third party directly in FINIDP's bank account either by wire or by cheque. The bank notifies FINIDP of such receipts through "bank advice slips".

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	6

3.12 On receipt of such “advice”, an official receipt shall be issued as described above.

Recording of Revenue

3.13 A cashbook in which all particulars of all receipts are entered as soon as they are received shall be maintained. The date of receipt, the name of the person from whom payment was received, the item to be credited, the number (if any) of the revenue receipt issued, and the amount received shall normally be shown.

3.14 An officer other than the cashier shall post cashbooks, if the number of staff employed in the office so permits.

3.15 Any amendment, which may be necessary to a cashbook entry, shall be made neatly in ink, without erasure, and shall be signed and dated by the officer making it.

BANKS ACCOUNTS AND BANKING

3.16 The opening and closing of bank accounts on which official moneys are to be deposited and kept shall be authorised by the Board of Directors (BOD). No bank account shall be opened or closed without the prior organization of the BOD.

3.17 Except as may be specially authorised by the BOD, all moneys received by an officer in his or her official capacity shall be brought to account under the procedures described in this FMM.

3.18 No private money may be kept in the Organization’s bank accounts or strong rooms, safes or cash boxes without authorization. Any such money found in FINIDP’s strong room, safe or cashbox or found to have been credited to any FINIDP bank account shall be recorded as belonging to FINIDP and regarded as “Miscellaneous Revenue—wind fall gains”.

3.19 Separate Bank paying-in slips or bank deposit slips (BDS) shall be used for Cash, Bank Drafts and Cheques. The BDS shall be filled in duplicate, the original being left with the Bank, the duplicate stamped and initialled by the Bank.

3.20 After banking and on receipt of a stamped BDS, the cash-book shall be posted and the documents filed away.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	7

3.21 It is prohibited to overdraw an official bank account or to obtain any advance or loan from a bank for official purposes, without the prior organization of the BOD through the E/D. Such authority shall be conveyed in writing to the officer concerned. Under no circumstances shall private transactions be conducted through an official bank account.

Deposit Accounts

3.22 Deposit Accounts may be maintained by the Organization and used to hold funds that may not be immediately required for operations.

3.23 The BOD may upon request authorise the E/D to maintain deposit accounts in which case the latter shall make necessary arrangements to ensure that the records for operating bank accounts are properly maintained.

3.24 Deposits shall not be accepted indiscriminately, but only when necessary, and no moneys shall be placed on deposit in contravention of these provisions.

BANK RECONCILIATION

3.25 The main object of bank reconciliation is to ensure that the bank transactions in the General Ledger bank account tally with the bank statement, during a defined period, normally a month.

3.26 All bank accounts shall be reconciled monthly with bank statements by an officer, who, if possible, shall take no part in the receipt or disbursement of funds. Bank reconciliations shall be prepared and submitted to the F/D by the 15th day of the subsequent month for approval.

3.27 Items in the bank statements but not recorded in the cashbook (e.g. Bank Charges, direct credits, interest earned, etc.) shall be recorded using a Journal Voucher (JV).

3.28 After reconciliation, the person preparing it shall sign and handover it to F/D for review.

3.29 F/D shall review and approve the bank reconciliation.

3.30 Cheques that remain unperfected for more than six months shall be

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	8

written back and the corresponding expenditure reversed.

- 3.31 The F/D shall file for audit purposes and references, reconciliation statements and any other working papers which may be required to verify the accuracy of the entries in the accounts.

Review and Follow-up Action

- 3.32 The bank reconciliation statements shall be reviewed and approved by F/D, who shall:
- a. Ascertain that the reconciliation is supported with a list of outstanding cheques.
 - b. Review the reconciliation and seek explanations for any significant or long outstanding items.
 - c. Ensure that proper adjusting entries have been made.
 - d. Check that follow-up letters in respect of unidentifiable items have been written to the banks.
 - e. Check that the banks have attended to the follow-up letters.

Cheque Books

- 3.33 The F/D shall requisition for blank cheques from the banks.
- 3.34 Cheque books shall be examined immediately they are received from the bank to ensure that no cheque leaves are missing. The checking shall be carried out by a responsible officer who shall initial and date the reverse of the last receipt in each cheque book in a series as evidence that the examination has been made.
- 3.35 Chequebooks not required for immediate issue shall be stored in a strong room, safe or strongbox. Chequebooks, which are currently in use, shall be similarly stored overnight.

CUSTODY AND MOVEMENT OF CASH etc.

Custody of Cash

- 3.36 Cash balances shall be checked as frequently as possible (at least once a month) to see if they agree with the cash book. The officer

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	9

concerned shall make any deficit good, and any excess shall be confiscated.

- 3.37 The E/D shall arrange to provide a Strong room, safe, and/or cash boxes for the safe custody of the Organization's moneys and valuables kept at the premises either temporarily or permanently.
- 3.38 A limit shall be set on the maximum amount cash to be held in the strong room. In determining the amount of cash to be allowed to cashiers, the F/D shall have regard to the facilities available to them for the safe custody of money.
- 3.39 Safes shall wherever possible be built into walls or preferably floors to make them difficult to remove.
- 3.40 In no circumstances shall safes or cashboxes be repaired or new or copy keys be cut from them without the F/D's prior organization.
- 3.41 Duplicate keys may only be issued for the purpose of extracting the contents of safes or cash boxes when the original keys have been lost, and in no circumstances may official money be kept in a safe or cash box a key of which has been lost. Officers in charge must carefully guard keys.
- 3.42 In the event of a key of safe or cash box being lost, the officer responsible for the custody of the key shall immediately obtain the duplicate key from the F/D and extract the contents of the safe or strongbox. The safe or strongbox shall thereafter not be used without the sanction of the F/D. The officer responsible for the lost key shall report to F/D stating the full circumstances, giving his or her opinion as to whether the lost key might come into the hands of some unauthorised person.
- 3.43 If, in the opinion of the F/D, the loss was due to negligence on the part of the officer he or she shall require that officer to make good the cost of replacing the lock. The F/D shall then forward a report on the loss to the E/D and seek his or her guidance as to the action to be taken.

Internal Security of Cash and Receipts books

- 3.44 Cash or unused receipt books or other numbered forms shall never pass from the custody of one officer to the custody of another, either

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	10

permanently or temporarily, without written acknowledgement being given by the receiving officer.

- 3.45 In the other cases, such as the transfer in the ordinary course of business of individual responsibility for cash or unused receipt books between officers employed in the same office, it shall usually be possible for the receiving officer to give his or her receipt by the endorsement of some existing book or record (e.g. a counter cashier receiving cash from the strong- room shall sign the strong-room Cash register against the entry relating to the issue of cash, and the officers receiving cash from a counter cashier for lodgement in the strong-room shall give their joint receipt in the Daily Balance Book or some other equivalent record for acknowledging receipt).
- 3.46 Receipt books and other serially numbered forms, or cash boxes containing them, when not in use shall ordinarily be kept in a safe or strong- room, but if this type of device is not available they shall be kept in locked cupboards.

Movement of Cash

- 3.47 Armed security escort shall be applied for whenever a sum of equivalent to UGX 7,000,000 or over is to be carried from one place to another not in the same building; if an armed escort cannot be made available the money shall be carried only if it is urgently needed. Security escorts for smaller consignments may be arranged where circumstances (e.g. prevalence of crime, or the time of transport) make an escort desirable.
- 3.48 Sums of UGX 2000,000 or over moved without a security escort shall be carried at least by two persons, one of whom shall be a senior and reliable officer. The BOD may review the limits prescribed above as and when it deems fit.
- 3.49 The duties of the armed security escort are confined to the safeguarding of the consignment and cease when it is handed over to the consignee. A general certificate shall be signed and handed over to the security escort by the consignor or consignee marking satisfactory completion of escort.
- 3.50 Officers must keep strictly confidential any intention to dispatch consignments of money. Money shall, wherever possible, be carried in a locked handbag and officers carrying it shall, wherever possible, be

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: REVENUE, CASH HANDLING & BANKING	Section: 3	<i>11</i>

issued with a police-type whistle for the purpose of summoning assistance in an emergency. This applies particularly to the carriage of cash collected from banks or offices and taken to other offices in the same town.

Losses

- 3.51 Any loss, fraud, theft or irregularity affecting cash or receipts shall be reported immediately through the Head of Department of the officer-in-charge of the cash or forms to the E/D. In cases of loss, fraud or theft the police shall be informed immediately, and if proceedings are subsequently taken it shall be ensured that an application is made to the court for an order for restitution of the money lost under the provisions of section 178 or 179 of the Criminal Procedure code (Cap.170).
- 3.52 In any case where it is not possible to make a final report within six weeks of the discovery of a loss, an interim report shall be made indicating the progress of enquiries. Thereafter, such interim reports shall be sent fortnightly until the final report is completed and dispatched.
- 3.53 If on receipt of all relevant information the E/D is of the opinion that any officer should be surcharged with all or part of the amount of the loss, he or she shall request that officer to show cause in writing why he or she shall not be so surcharged. Should the E/D, on receipt of the officer's reply, still be of the opinion that the surcharge shall be made, he or she shall with the concurrence of the executive determine the surcharge to be imposed and whether or not other disciplinary action should be taken. Once the surcharge has been determined and confirmed, the E/D shall issue such instructions as are necessary to F/D to implement it.
- 3.54 On receipt of the instructions, the F/D shall immediately open an advance account in the officer's name, debiting the account with the amount or value of the loss. The account shall not be closed until it is cleared by equivalent credits derived either from recoveries from the officer responsible or a journal entry, the corresponding debit entry being to the appropriate expenditure item following organization being given for the write-off.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: ACCOUNTS RECEIVABLES	Section: 4	<i>1</i>

DEBTORS

- 4.1 The organization may engage itself in the provision of goods and services as a source of revenue to finance its cause. Accounts receivable shall arise when goods, works or services supplied on credit.
- 4.2 The sale of goods or services on credit shall be to customers who have specifically approved by the E/D to obtain goods or services on credit.
- 4.3 Before dispatch of goods or supply of services to customers, orders from such customers shall be approved by the E/D or an official specifically designated by him/her. Such approval shall be evidenced in writing, e.g. by stamping the Sales Order and signing.
- 4.4 Credit limits shall be fixed for all customers to whom goods or services have been authorised for delivery on credit. Prior to acceptance of fresh orders and supply of goods or delivery of services, their credit limits shall be checked against the ledger balances on their respective accounts.
- 4.5 The preparation of invoices for goods dispatched or services delivered shall be done by independently of those involved in the preparation of goods dispatch or services delivery documentation or those involved in the actual delivery or dispatch of the goods or services or those responsible for receipt of cash.
- 4.6 Sales invoices shall be serially pre-numbered and issued in that order for ease of accountability.
- 4.7 A schedule of debtors shall be periodically prepared and compared with the balances in the accounts receivable ledger.
- 4.8 Debtors' balances shall be reviewed regularly by F/D or an officer delegated by him/her so that they are aged for follow-up purposes.
- 4.9 Debtors shall be eliminated by receipt of cash only. Any other means of extinguishing a debtor's balance like the granting of discounts, write-offs, etc., shall be by the organization of E/D or an officer designated by him/her.
- 4.10 The balances of each debtor's account shall be composed of specific items represented by specific invoices.
- 4.11 Regular (normally monthly) statements shall be sent to customers indicting the aging of their indebtedness. Such statements shall be reviewed

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: ACCOUNTS RECEIVABLES	Section: 4	2

by F/D for specific follow-up as a particular case may necessitate.

4.12 Where there are credit balances, F/D shall promptly investigate how such balances arose and take corrective measures.

4.13 The prompt collection of debts shall be regarded as priority. Whenever necessary, it shall be prudent to carry out a debtors' valuation and evaluate the necessity of making a bad debts provision.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PROCUREMENT	Section: 5	<i>1</i>

The Procurement Function

- 5.1 The Procurements shall be done in the best interest of the organization. A procurement process shall be in place to help facilitate the purchasing of supplies and equipment at the lowest reasonable cost.
- 5.2

General Policies

E/D's Role

- 5.3 The E/D shall have overall responsibility for the execution of the procurement and disposal processes. The following procedures shall be followed:
- a. Appointing members of the Contracts committee as specified in which includes a chairperson, a secretary, and a maximum of three members one of whom shall be a finance officer.
 - b. Advertising bid opportunities or pr-qualified suppliers will be asked to submit quotations for the required services, before members evaluate the bids. The best quotation shall be selected.
 - c. Communicating award decisions.

5.4 Purchasing Invoice Approval:

- a. Once goods or services have been received shall be counted and initialed as received on the delivery one and a copy of the invoice will be forward to the F/D a payment voucher shall be raised and approved by the F/D for payment.

5.5 ACCOUNTS PAYABLES

- a) Amounts committed in the procurement for goods, services or supplies and in respect of Consultants' services but not yet settled by payment thereof shall represent outstanding purchase obligations.
- b) Creditors shall be the result of approved suppliers and shall arise as a result of invoiced amounts for specified goods or services received by the Organization.
- c) At periodic intervals (preferably on a monthly basis), the totals of the procurement records shall be used to update the relevant General ledger accounts in respect of all procurements.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PROCUREMENT	Section: 5	2

- d) Personnel maintaining the Procurement ledgers shall be independent of those receiving and keeping custody of goods or approving invoices.

- e) An outstanding procurement obligations report shall be prepared detailing the creditor's subsidiary ledger that substantiates the Creditors General Ledger postings.

- f) On receipt of statements of accounts from Suppliers, a reconciliation with the Procurement ledger shall be carried out. Adjustments shall be made as a result of this review. Such adjustments shall be approved by F/D.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INVENTORIES/STORES	Section: 6	<i>1</i>

GENERAL CARE AND CUSTODY OF INVENTORIES

- 6.1 Inventories are mainly held for use in the provision of services and include, consumable stores (e.g. Stationery, etc), chemicals, drugs, samples, maintenance materials, strategic stock piles (e.g. fuel reserves), spare parts, work in progress (e.g. educational/training course materials).
- 6.2 The E/D is responsible for the purchase and safe custody of inventories. All procurement shall be undertaken in accordance with guidelines issued by the Public Procurement and Disposal of Public Assets Organization.
- 6.3 The E/D is directly and pecuniary responsible to the BOD for the general supervision and control of the inventories and stores records of the Organization. He or she shall nominate officers to be responsible for the custody of all inventories held. Normally the holders of store keys shall be the storekeepers of the inventories concerned.
- 6.4 A storekeeper shall ensure that his or her storerooms are kept clean and properly ventilated and that his or her inventories are well arranged and easily accessible. He or she shall visit the storeroom daily and shall bring to the notice of his or her supervisor any case of loss, shortage, leakage, damage or deterioration of the inventories for which he or she is responsible. He or she shall examine frequently all locks of doors, fastenings of windows and other security precautions. He or she shall not permit the storeroom to remain open for any purpose during his or her absence nor may he or she delegate the duty of locking-up the storerooms to any other person. He or she shall neither permit anyone to enter the storeroom except in his or her presence nor shall he or she allow any inventories to be removed from the store without his or her knowledge and without the production of a properly completed and authorized issue voucher.
- 6.5 Particular care shall be taken to ensure that fire fighting facilities are adequate, professional advice being obtained where appropriate. Fire appliances and equipment provided for the protection of the inventories shall be inspected and tested at least every six months and those found to be unserviceable or defective shall be repaired or replaced without delay.
- 6.6 Inventories subject to deterioration by damp or the ravages of insects shall be frequently examined by the storekeeper and shall not be placed on the floor of the storeroom, whilst containers holding fluids/liquids shall, wherever possible, also be stored off the ground so that leakage

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INVENTORIES/STORES	Section: 6	2

may be easily detected.

- 6.7 Petrol, kerosene, paints, and other inflammable items shall be stored separately and in accordance with the manufacturers' recommendations and the provisions of any legislation governing such substances. These items shall be kept in a separate store unless it is only the general store which is available.
- 6.8 "Very attractive" items, i.e. those which are especially valuable, readily movable and easily realizable shall be stored in a lockable cage, cupboard or any other location within the store which is not easily accessible.
- 6.9 Inventories shall not be issued from new consignments when there are stocks of a previous consignment. New inventories shall be stored separately but adjacent to or behind old stocks. This is particularly important where inventories such as medicines have a prescribed expiry date. Partly worn inventories shall be segregated. Similarly, deteriorated, damaged, unserviceable and obsolete stocks shall be segregated.
- 6.10 Inventories shall be as far as possible kept within the limits of the foreseeable requirements and stocks in excess of these limits, or stocks of obsolete items, shall not be allowed to accumulate.

RECORDING AND DOCUMENTATION

Inventory/Stores Ledgers

- 6.11 A stores ledger shall be kept in respect of every store to record for each item in stock, the quantity of all receipts, issues and balances. This ledger can be maintained in a manual form or electronically by the Finance department.
- 6.12 Whether in electronic, bound or loose-leaf form a separate page of the ledger shall be maintained for each item in stock. The page shall record. The ledger shall be indexed in such a manner as to ease reference to any article. The ledger shall be balanced after each entry i.e. either of receipt or issue to give a running balance.
- 6.13 All entries in manual stores ledgers shall be made in indelible ink or by such other method as may be approved by the F/D. Entries of receipts and issues shall be made promptly quoting the date, voucher number and other relevant details and entering the resultant balance after taking account of the receipt or issue so that at all times it correctly reflects the amount held in stock.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INVENTORIES/STORES	Section: 6	3

- 6.14 No erasure or alteration may be made to any entry in the ledgers. Any corrections considered necessary shall be made by crossing out the original entry with a single line (leaving the entry legible) and inserting the new entry. All such changes shall be initialed by the Head of Finance or his delegated officer.
- 6.15 The numbers of vouchers on which inventories are received or issued shall be recorded against the entries in the ledger, and the folios of the ledger to which receipt or issues have been posted shall be noted on the vouchers against each item.
- 6.16 No serviceable inventories may normally be sold to the public, including officials in their private capacity. Unserviceable inventories may be sold with the prior sanction of the BOD in the case of inventories up to two currency points in value. Such sanction shall normally only be granted when the inventories are of an obsolete pattern or are for other reasons surplus to the Organization's requirements.
- 6.17 All stores ledgers shall be ruled off, totaled and balanced at the end of each financial year and the balance carried forward to the new financial year.

Bin or Tally Cards

- 6.18 Bin or Tally Cards shall be kept in respect of each item of stock. Bin cards shall be maintained by the storekeeper, who shall record each receipt and issue as it occurs, entering the serial number of the relevant receipt or issue voucher and also posting the resultant increased or reduced balance of the stock.

Stores Requisition and Issue Vouchers

- 6.19 When an officer requires supplies from a store or when a store requires supplies from another store they shall be applied for on a Stores Requisition Voucher in triplicate, which shall be signed by an officer authorized to do so. The original copy of the requisition shall be submitted to the officer in charge of the store from which the supplies are required while the duplicate is for the Finance department. If that officer is satisfied that the requisition is in order and that the inventories are in stock, he or she shall prepare a Stores Issue Voucher in triplicate showing the items and quantities to be issued, signing the voucher as organization for the issue of those inventories. The original requisition voucher shall be attached to a copy of the issue voucher and forwarded to the requisitioning officer to sign as acknowledgement of receipt and

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INVENTORIES/STORES	Section: 6	4

then returned to the stores. The duplicate shall be sent to the Finance department.

- 6.20 Officers preparing and signing stores issue vouchers shall ensure that no blank spaces are left in which further unauthorized issues could be inserted later and a diagonal line shall be drawn across any space remaining after the last item on the voucher.
- 6.21 The issue voucher shall then be posted to the bin or tally cards, recording against each item on the voucher and the serial number of the voucher entered against the relevant issue in the bin card. The balance column of the Card shall be completed so that it continues to record correctly the balance, which shall remain in stock when the issue has been made.
- 6.22 Issue vouchers shall be numbered sequentially, a fresh series being commenced each financial year. Issue vouchers in respect of inventories issued on payment by the officer responsible, shall bear a reference to the cash receipt.
- 6.23 Shall it be necessary to cancel any store receipt or issue voucher all copies shall be filed with the series to which it belongs.
- 6.24 Erasures or alterations of figures shall not be made on vouchers. Corrections of errors shall be made by striking out the erroneous figure and writing above the correct figure.
- 6.25 Recipients of inventories shall not in any way amend the particulars on a Stores Issue Voucher. In the event of any discrepancy, the recipient shall return the voucher, to the issuing officer immediately.

RECEIVING INVENTORIES INTO STORES

General Stores

- 6.26 Storekeepers shall ensure that immediately on receipt, inventories are placed under shelter and safety. Items shall be examined by the storekeeper in the presence of another responsible officer and an officer from the relevant user department to verify the specifications aspect of consignments. They shall check the items received against ordering and receiving instructions (LPOs, Requisitions, etc.) that all boxes, packages, etc. have been correctly delivered and that they are intact, unopened and undamaged.
- 6.27 Any box/package that shows signs of damage or of being tampered with

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INVENTORIES/STORES	Section: 6	5

shall be opened immediately and the contents checked in the presence of the person(s) making the delivery. Where goods are damaged or deficient, the nature of the damage or deficiency shall be entered on the consignment note, delivery note, etc. before it is signed.

- 6.28 The storekeeper shall satisfy himself or herself that the inventories are in good condition, correct in quantity and of the required specifications. He or she shall raise a Goods Received Note (GRN) for the quantity of inventories received and record the particulars of any inventories deficient, damaged or broken.
- 6.29 Perishable inventories shall be examined immediately on arrival. If they are considered unfit for the purpose intended, the Storekeeper shall obtain a written report from a competent organization (e.g. National Bureau of Standards) as soon as is practicable. If the report confirms that they are unfit, the Storekeeper shall immediately inform the supplier with instructions that the goods be removed within seven days or else be liable to destruction at the cost of the supplier.

Liquid Fuels

- 6.30 In the case of bulk deliveries of liquid fuels into storage tanks, the tanks shall be dipped immediately before and immediately after the delivery in the presence of the carrier/transporter or supplier. Any quantity short delivered shall be noted on the delivery note and GRN.
- 6.31 Claims for deficient or damaged inventories shall be made promptly to the supplier or his or her agent, giving full details of the circumstances of the deficiency or damage. Until the claim has been settled, damaged inventories (other than perishable items) shall be retained and kept separately from others, so that they may be available for inspection if required by the supplier or agent.
- 6.32 No claim shall be considered to have been settled until the amount of the claim has been recovered in full, the deficient or damaged inventories replaced, or appropriate organization received to write-off the claim. The settlement shall be properly documented particularly recording the number and date of the receipt in respect of recoveries, the GRN in the case of replacements, or the reference to the organization to write-off the claim.

INSPECTION/STOCK TAKING

- 6.33 From time to time, and at least twice yearly, the E/D shall appoint a senior officer to scrutinize the storage and records to satisfy himself or

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: INVENTORIES/STORES	Section: 6	6

herself that the inventories procedures and accounting are adequate and that they provide effective safeguards against error, loss, shortage, leakage, damage, waste, deterioration or irregularity.

- 6.34 Officers appointed to carry out inspections shall not be officers employed within the stores subject to inspection. Inspections shall, wherever possible, be on a surprise basis and a record of the inspections shall be maintained. All reports written by inspecting officers shall be filed for future reference.
- 6.35 At the end of each financial year, a comprehensive stock taking exercise shall be conducted and reports produced showing the numerical and financial balances of each inventory item. The valuation lists shall be totaled to show the value of the stock in hand at the close of the financial year and signed by the Head of Finance.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	<i>I</i>

CHEQUE PAYMENTS

- 7.1 The overall authority and responsibility for payments shall rest with the E/D who is the Accounting Officer of the FINIDP, but who may delegate this responsibility as he/she deems fit as and when necessary.
- 7.2 Specific officers shall be designated in writing as having organization to approve/authorize payments from time to time.
- 7.3 In general no payment shall be made without an approved payments voucher.
- 7.4 Payments shall only be made on the basis of original suppliers' invoices and/or other properly raised requests for payment only. No payments shall be made on the basis of duplicates or photocopies of such documents.
- 7.5 Payments shall be made only to the persons named in the vouchers or their accredited agent and wherever possible shall be made by means of direct bank transfer or crossed cheques. Where payments are made in cash signed receipts (duly stamped where necessary) shall be taken at the time of payment. Except where an amount is receivable for official purposes (e.g. by way of temporary imp rest) or for his or her own account (e.g. in payment of subsistence allowance) payments shall not be made to officers of the Organization.
- 7.6 If the recipient of a payment in cash is unable to write, he or she shall make his or her thumb print mark in acknowledgement of receipt, the act being witnessed by an officer of the Organization other than the paying officer. The witness shall certify on the payment voucher that the payments were made to the persons entitled to receive them.
- 7.7 Where the paying officer is in doubt as to the identity of any person drawing payment in cash, he or she shall require that person to produce proof of identity (e.g. a driving license) or to have his or her identity attested by a third person who can be identified, who shall sign the voucher as a witness to the payment.
- 7.8 The date of recording of a payment transaction is the date when a cheque payment voucher (PCV) is generated.
- 7.9 Cheques shall always be written and issued only in respect of properly

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	2

authorized transactions on the basis of approved original documents.

- 7.10 Cheques shall be signed by the two (2) principal signatories or at least one principal signatory and any other designated signatory so authorized by the BOD of the Organization.
- 7.11 Cheques shall always be crossed unless there are compelling reasons for opening them. Should it be necessary to open a crossed cheque, this shall be done by a “Crossing Cancelled” rubber stamp and counter-signed by the authorized signatories.
- 7.12 All payment vouchers shall be properly supported with appropriate documents or sub-vouchers including requisitions, purchase orders, a suppliers’ invoices, delivery notes and an inspection/goods received notes.
- 7.13 All payments shall be made when, or as soon as possible after, they are due and the preparation of payment vouchers and their submission to the appropriate paying officer shall not be delayed. For the avoidance of doubt, payments shall be made, as far as possible, within 30 days after receipt of invoices or demand notes presented upon satisfactory performance or delivery of goods and or services.
- 7.14 In circumstances where it is not possible to issue a cheque e.g. where an error has been made in writing out the cheque, the cheque shall be cancelled. To avoid any possibility of subsequent misuse, the cheque shall be clearly marked “**Cancelled**” and the top right-hand corner of the cheque torn off. They shall then be filed in chronological order among the paid cheques received from the Bank.
- 7.15 All payments shall be entered in the cashbook immediately they are made and the cheque number shall be inserted on the payment voucher as soon as the entry in the cashbook has been made.
- 7.16 The dates on cheques shall be the dates when they are written/printed.

Signatories to Cheques and payments.

- 7.17 Officers authorized to sign Cheques (the signatories) shall be appointed by the BOD. At least two signatories shall sign a cheque at any given time. Banks shall be provided with specimen signatures of primary and

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	3

secondary signatories as authorised by the BOD.

- 7.18 Every officer signing a cheque shall satisfy him or herself that the cheque is correctly drawn and that the payee and the amount correspond with the details of the relevant invoices and/or receipts. Under no circumstances shall an officer sign a cheque, which has not been fully completed in all respects or one for which if any other information known to him/her would bar the payment.
- 7.19 In the event of cheques issued by the Organization being reported as lost or mislaid before they are cashed, the bank shall immediately be advised to stop payment of the cheque, acknowledgement of this instruction being obtained. The payee shall be requested to provide a written indemnity against any loss being sustained by the Organization because of the missing cheque and he or she may then be issued with a replacement cheque. If the original cheque is found before a replacement cheque is issued, the bank shall be requested to lift the stop order. If the original cheque is found after a replacement cheque is issued, it shall immediately be cancelled.
- 7.20 Unless expressly authorized, under no circumstances shall payments be made before they are due, or stores be purchased before they are required, merely because funds which would not otherwise be utilized are available under an item. Nor shall the unexpected portion of an item be drawn for the purpose of setting it in reserve to meet impending payments or be carried to a deposit or similar account for that purpose.

Payment Vouchers

- 7.21 All payments shall be supported by payment vouchers, which shall be typewritten or made out in ink or ballpoint pen and shall contain or have attached thereto full particulars of the service for which payment is made, such as dates, numbers, distances, rates etc. so as to enable them to be checked without reference to any other document. Amounts shall be written in words as well as figures. Copies of vouchers shall be clearly marked as such to distinguish them from the originals.
- 7.22 An authorizing officer shall, therefore, be held personally responsible for ensuring: -
- a. that the services specified have been duly and competently

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	4

performed;

- b. that the prices charged are either according to contracts or approved scales or are fair and reasonable according to appropriate rates;
- c. that the calculations and castings have been verified and are arithmetically correct;
- d. that the classification of the expenditure is correct;
- e. that there are sufficient funds uncommitted in the relevant budget line to meet the expenditure;
- f. that the persons named in the voucher are those entitled to receive payment;

7.23 The signature of officers on payment vouchers and certificates shall be in ink or ballpoint pen. Stamped facsimile signatures shall not be used. Only the original payment voucher or certificate shall be signed, copies, if any, of the voucher being initialled only.

7.24 To avoid the possibility of a duplicate payment being made on a voucher, as soon as a voucher has been paid, the officer making the payment shall stamp "PAID" across the face of the voucher and accompanying documents.

7.25 Except as may be specifically authorized by the E/D, no officer shall certify a voucher for payment to himself or herself nor can the E/D approve a payment to him/herself.

7.26 In the event of an authorized payment being made in consequence of an incorrect certificate on a voucher, the officer giving the certificate shall be held responsible and the amount may be surcharged against him or her, and he or she may also be subject to disciplinary action.

7.27 Payment vouchers shall be prepared in such a way as to prevent fraudulent alteration of or addition to, the figures or details given on them. Any alterations on payment vouchers shall be initialled by the officer signing the voucher, or by the receiver or paying officer, according to the part of the voucher in which the alteration is made.

7.28 Separate payment vouchers shall, as far as possible, be used for separate items of expenditure or for the payment of different services, especially in cases in which each service has been separately authorized. One voucher, however, may be used for any number of separate items if

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	5

it is deemed necessary e.g. where the separate items or services have been delivered by one supplier or payee.

7.29 The officer certifying a voucher for payment shall see that every certificate printed on it, which is appropriate to the payment to be made, or which is required by these or any other instructions to be endorsed on it, has been duly completed.

7.30 Original bills/invoices shall be approved by the authorized officers.

7.31 In cases where officers present claims for small payments made by them, supporting documents, shall be produced whenever practicable. When supporting documents cannot be obtained, the officer shall certify that the charges have been incurred solely upon the public service and actually paid by him or her.

Pre-payment for services or goods

7.32 Where it is necessary to make payments in advance of expenditure being incurred, (e.g. advance payment of utilities and mobilization payments under certain contracts), such prepayments shall be debited to “ a Prepayment Account” (Name of supplier)”

7.33 Where a bank guarantee is required under any contract, and the supplier has presented such a guarantee, the F/D shall make independent confirmation from the issuing bank before making any payment against that bank guarantee.

7.34 Receipts from suppliers etc acknowledging payment shall be attached to the cheque payment voucher, which shall be filed sequentially per cheque number.

Unpresented Cheques

7.35 The following procedures will be adopted by the paying officer if cheques issued by them remain unpresented for longer than six months from the date on which they were drawn:

- a) Raise a journal voucher crediting the amount of the cheque to the bank account and debiting “Creditors Account”, and quoting on

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	6

the journal voucher the number and date of the original payment voucher and cross-referencing the cashbook entries.

- b) Should the original payee request for payment, enquiries will be made to establish that payment has not been made and if no reason is found to the contrary payment may be made as a debit to the "Creditors A/C".

Dishonoured Cheques

- 7.36 Dishonoured cheques shall not be returned to the drawers except in exchange for cash or the equivalent as, if resort has to be made to the courts for recovery of the debt in respect of which they were drawn, they will be required as exhibits.

PETTY CASH PAYMENTS

- 7.37 Petty cash float out of which small day-to-day payments can be made shall be operated. It shall be maintained on an imprest system basis whereby a maximum amount is determined from time to time on the advice of F/D.
- 7.38 The petty cash float shall be replenished periodically when exhausted. It shall only be used for the purpose for which it was established. Petty cash shall be kept in a locked combination safe overnight.
- 7.39 No payment above Shs. 200,000 shall be made out of petty cash.
- 7.40 A payment exceeding Shs. 200,000 shall not be split into several petty cash payments so that it qualifies for cash payment.
- 7.41 All petty cash payments shall only be made on the basis of an authorized petty cash claim forms and approved petty cash payment vouchers.
- 7.42 The petty cash float shall be checked periodically to ensure that it is properly utilized.
- 7.43 Only official advances (e.g. I.O.U's) shall be made from petty cash and shall be accounted for not later than 48 hours after utilizing the funds advanced.
- 7.44 Heads of departments shall certify petty cash claim forms which shall be

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	7

forwarded to the Finance department. The F/D shall approve the petty cash payment vouchers for funds to be disbursed from the petty cash float.

7.54 After processing and payment of petty cash, the petty cash payment vouchers shall be stamped "PAID", allocated a sequential number and filed a petty cash payment voucher file in chronological order.

PAYMENT OF SALARIES AND WAGES

7.55 "Salaries and Wages" shall mean the consolidated emoluments of staff including allowances received by employees at the end of the month as emoluments from employment.

7.56 Payroll information shall be originated and generated by the Human Resource and Administration department from employees' engagement records. Such information shall be forwarded to the Finance department for processing and consolidation to produce the monthly payroll. Updating of the payroll shall follow the same procedure.

7.57 Employees shall only be included in the payroll after a copy of the letter of appointment and acceptance of offer has been received. No action shall be taken resulting in the payment of additional salary or allowance to any staff until proper organization from the E/D has been received.

7.58 The rates of pay and other emoluments for members of staff of the established service shall be authorized and stipulated in their respective contracts of service. Advices of changes shall be communicated by the E/D.

7.59 Responsibilities relating to authorization of appointments, payments and recording of these payments shall not be performed by the same person.

7.60 As a general rule, salaries shall be paid through banks. Every member of staff shall therefore furnish the Organization with his/her bank account particulars for this purpose.

7.61 Staff shall be advised of payment of their salaries by means of salary advisory or pay slips.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: PAYMENTS	Section: 7	8

- 7.62 In the event that a member of staff has been convicted for misappropriation of funds or theft of property or dismissed or whose appointment has been terminated leaving sums due to the organization, no salary or allowance due shall be paid to such staff without prior authority of the E/D.
- 7.63 Any unpaid salaries/wages shall be re-banked and only be paid after written explanation has been obtained from the staff concerned and on the authorization of the E/D or an officer designated by him/her to do so.
- 7.64 The amounts payable to the employee for a contract of service shall be net of the statutory deductions which shall include but not limited to PAYE, and NSSF. Deductions shall be made in accordance with the provisions of the applicable law or regulation.
- 7.65 The payroll shall be approved by F/D before payment vouchers are prepared. Payment vouchers shall be approved by E/D after being certified by F/D before cheques and pay slips are written.
- 7.66 Salaries and wages shall be paid not later than the 26th day of each month. Should this day fall on a weekend, payment shall be made on the working day before the 26th.
- 7.67 After payment of salaries, the payment vouchers shall be filed in the normal manner, i.e. in chronological sequence of cheque numbers.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: MOTOR VEHICLE OPERATION	Section: 8	<i>1</i>

MANAGEMENT OF MOTOR VEHICLES

8.1. The management of the Organization's vehicles shall be vested in the Head of Human Resources and Administration Department. Vehicle management shall include insurance, repairs and maintenance, fuelling, control of movement, boarding and disposals, etc.

Maintenance

8.2 Vehicles shall be kept in good state of repair at all times. Repairs shall be carried out by designated Workshops or Garages. Prior to any repairs being undertaken, quotations shall be solicited for. The decision as to which Workshop/Garage to execute the repairs shall be arrived at in accordance with procurement guidelines regarding tendered procurements.

8.3 Where vehicles are damaged as a result of accidents and the insurance firms assumed responsibility, the Head of Human Resources and Administration shall satisfy himself or herself that garages chosen by the insurance firms are of good repute and capable of executing the repairs in a proper manner.

8.4 Drivers and other officers using official vehicles shall be responsible for ensuring that such vehicles are taken for regular service as recommended by the manufacturers; ensuring that vehicles are parked overnight in safe and secure places free of pilferage of accessories like spare wheels, jacks, windscreens, etc.; ensuring that the vehicle devices are in good operational order; ensuring that the tools, first aid kits and fire extinguishers are in good working order; checking oil and water adequacy and; cleanliness of the vehicle.

Insurance

8.5 The Organization's vehicles shall be insured as directed by the BOD. The type of vehicle insurance (third party or comprehensive) shall depend on the state of a particular vehicle.

Fuelling

8.6 Whenever possible, the Organization shall arrange with a Petrol/Gas Station to have official vehicle get fuel on credit. Where this is not possible, drivers may obtain advances for purchase of fuel, which they shall promptly account for by presenting receipts.

8.7 Where fuel is supplied by a designated Petrol Station, the driver shall

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: MOTOR VEHICLE OPERATION	Section: 8	2

record the mileage at the time of fuelling the vehicle and sign the fuel filling sheets appropriately. This procedure shall serve as a control when invoices are submitted for payment. It shall also assist in assessing whether fuel is being utilized effectively.

CONTROL OF THE USE OF VEHICLES

- 8.8 In addition to the Vehicle asset register each vehicle shall have a Log Sheets recording its history, performance, servicing, overheads, repairs, etc. in sufficient detail for periodic assessments to be made of its performance compared with its cost of upkeep.
- 8.9 All vehicles shall have Log Movement Sheets (LMSs) recording among other things the following particulars: Driver's name, Department, Vehicle registration number, Journey being undertaken, reason for the journey, signature of driver undertaking the journey, signature of authorizing officer for the journey being undertaken, record of mileage at the start and end of the journey, record of fuels and lubricants being procured for the journey, etc.
- 8.10 Periodically the Head of Human Resource and Administration shall conduct spot-checks of LMSs to ensure that they are being used properly.
- 8.11 Where the use of an official vehicle for official purposes is required, an official vehicle requisition form shall be used to apply for transport. This official vehicle requisition form shall be applicable to pool cars. The official transport requisition form shall be signed by the respective Head of Department and forwarded to the Head of Human Resource and Administration for authorization and arrangements for release of the required vehicle.
- 8.12 Two weeks' notice shall be required for up-country journeys that usually require overnight stay. However, the two (2) weeks notice shall not be applicable for emergency cases. The Head of Human and Administration may delegate the activities of authorization of official vehicle use within Kampala to the Transport Coordinator.
- 8.13 Before authorization, the official transport request form shall be forwarded to the Head driver/Transport Coordinator who shall advise the head of human resource on availability and movement of vehicles.
- 8.14 With the head driver's comments, the Head of Administration shall authorize use of vehicle.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: MOTOR VEHICLE OPERATION	Section: 8	3

8.15 Private use of the Organization's vehicles shall be restricted to the basic minimum. Where, however, this is absolutely necessary, the application shall be authorized by the E/D. Circumstances where such use can be tolerated include emergencies, funerals of members of the inner family, etc. In such cases staff shall contribute 50% of the costs of fuelling the vehicle. The vehicles shall be driven by an authorized driver of the Organization.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: MOTOR VEHICLE OPERATION	Section: 8	4

FRIENDS IN NEED INTEGRATED DEVELOPMENT PROJECT

**TRANSPORT REQUEST FORM FOR
OFFICIAL USE ONLY**

TO:

THRU:.....

FROM:

DATE:

DESTINATION:.....

DATE/TIME OF DEPARTURE:

EXPECTED RETURN DATE/TIME:

REASON FOR TRAVEL:

.....

.....

.....

DRIVER/VEHICLE ASSIGNED:

COMMENTS BY TRANSPORT SECTION:

.....

.....

.....

DATE/TIME OF ACTUAL RETURN

N.B: Head of Department's approval not required for Kampala.
Two weeks' notice required for up-country trips of more than 1 day.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: MOTOR VEHICLE OPERATION	Section: 8	5

FRIENDS IN NEED INTEGRATED DEVELOPMENT PROJECT

**TRANSPORT REQUEST FORM FOR
PERSONAL USE ONLY**

TO:

THRU:.....

FROM:

DATE:

DESTINATION:.....

DATE/TIME OF DEPARTURE:

EXPECTED RETURN DATE/TIME:

REASON FOR TRAVEL:

.....

.....

.....

DRIVER/VEHICLE ASSIGNED:

COMMENTS BY TRANSPORT SECTION:

.....

.....

.....

DATE/TIME OF ACTUAL RETURN

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: NON CURRENT ASSETS	Section: 9	<i>1</i>

NON CURRENT ASSETS

- 9.1 The term Non Current Assets shall comprise among others Land & Buildings, Vehicles, Machinery and Equipment, Furniture and Fittings, and other similar articles required in connection with the Organization's operations, which do not become temporarily or permanently a part of the work or building for which they are used.
- 9.2 Land & Buildings shall include empty undeveloped land, office buildings, warehouse and industrial buildings, commercial buildings, Laboratories, Residential buildings including mobile homes, etc.
- 9.3 Vehicles shall comprise motor vehicles, trailers and semi trailers, ships, railway locomotives, aircrafts, motorcycles, bicycles, etc.
- 9.4 Machinery and Equipment shall include general and special purpose machinery: office, accounting, printing, and computing equipment; electrical machinery; communication equipment; medical (including laboratory) appliances; precision and optical instruments; sports equipment, etc.
- 9.5 Furniture and Fittings shall comprise all office and residential furniture such as desks, chairs, cabinets, beds, sofa sets, kitchen fittings, and curtains. It also includes paintings, sculptures, and other works of art or antiques, and other collections of considerable value.

CARE AND CUSTODY OF NON CURRENT ASSETS

- 9.6 Purchases of Non Current Assets shall be executed in accordance with the provisions of the organization's Procurement and Disposal of assets policy and procedures.
- 9.7 All documents proving ownership of Non Current Assets like Title Deeds, Logbooks, Licenses, etc., shall be kept under the custody of the Legal Officer. A safe shall be maintained for these documents and the keys shall be kept by said officer.
- 9.8 All Non Current Assets shall be recorded in Non Current Assets ledgers,

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: NON CURRENT ASSETS	Section: 9	2

the entries being supported by procurement documents and store issue vouchers, which shall bear references to the folios of the Non Current Assets Ledger. Non Current Assets shall remain recorded in the ledgers until they are sold or destroyed after condemnation, or written off with due organization.

- 9.9 A Non Current Assets register shall be maintained to show record pertinent information of each asset including date of purchase, cost (and subsequent valuation), serial numbers where appropriate, depreciation policy and rates, location, movement, etc. This register shall show the articles in the custody of each officer.
- 9.10 When the occupant of an office, staff quarter or location, or other person having charge or use of the equipment or furniture changes, the goods or equipment in their custody shall be physically checked a designated officer and the check acknowledged by the incoming officer as evidence of his or her having taken over the goods or equipment.
- 9.11 Once in a while, at least once a year, arrangements shall be made for all Non Current Assets in the inventory ledgers to be physically checked against ledger records. As far as possible, the check shall be carried out by officers having no responsibility for the maintenance of the Non Current Assets records. Any deficiencies or damage not caused by fair wear and tear shall be treated as a loss and shall be brought to the attention of the E/D.
- 9.12 Movement of Non Current Assets shall be recorded by completion of an Asset Movement Form duly authorized and approved by the E/D or his delegated officer. This form shall be used to update the Non Current Assets Ledger and Non Current Assets Register.

Identification and security

- 9.13 All Non Current Assets of the Organization shall be distinctly engraved with inscriptions to expressly identify them as the property of the Organization. When Assets are ordered to be sold the Organization's inscriptions shall be obliterated.

Inspection

- 9.14 Once a year, the F/D shall make arrangements for all the Organization's Non Current Assets to be inspected to verify their existence and assess their condition. A report of findings shall be written for submission to the E/D.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: NON CURRENT ASSETS	Section: 9	3

VALUATION OF NON CURRENT ASSETS

9.15 When deemed necessary, Non Current Assets shall be revalued to ensure that the carrying amount of the Non Current Assets does not differ materially from that which is determined using the fair values at the balance sheet date.

9.16 On revaluation, the accumulated depreciation on the revalued assets shall be restated proportionately with the change in the gross carrying amount of the assets so that the carrying amount of the asset after revaluation is equal to the revalued amounts.

DISPOSAL OF NON CURRENT ASSETS

10.17 Non Current Assets no longer required by Organization shall be disposed of in best interest of the organization. Bids shall be invited and the assets shall be sold to the highest bidder.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: BUDGETING	Section: 10	<i>1</i>

DEFINITIONS:

- 10.1 A budget is a plan for the future course of action presented in financial terms.
- 10.2 Budgetary control is a system of controlling costs which includes the preparation of budgets, coordinating the departments and establishing responsibilities, comparing actual performance with that budgeted and acting upon results to achieve maximum efficiency.

BUDGETING PROCESSES

- 10.3 The budget shall be based on the FINIDP Strategic plan as agreed and documented in the Departmental work plans. The departmental work plans give an outline of the project design, major components and implementation program.
- 10.4 The total department cost shall be based on the individual component's Work Plans, which shall be translated into a budget and presented as a component's budget for consolidation into the whole FINIDP budget.
- 10.5 The budget for a particular year shall be finalised three (3) months before the beginning of the Financial Year (by the end of March). For internal reporting purposes, the budget shall be divided into 12 months to produce monthly budgetary control reports.
- 10.6 A Budget Committee composed of the Senior Management team shall be responsible for reviewing the Organization's before they are submitted to the BOD and Board for approval. The composition of the Budget Committee shall be as follows: Chairman - E/D, Coordinator - F/D, Members: Project coordinators, and Head of Human Resource and Administration, and Head of the procurement Unit.
- 10.7 F/D shall issue the guidelines to the departments. Budget guidelines shall be issued at the beginning of the month of July for the budget for the financial year starting the following January.
- 10.8 Budget preparation shall start by the F/D sending out budget guidelines to the various departments/units. The guidelines shall address the following, among others:
- a. Detailed outline of how the budget preparation exercise shall be initiated conducted and co-coordinated including the role of Senior Management Committee.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: BUDGETING	Section: 10	2

- b. Outline of the methodologies for consolidating the individual departmental and component budgets into the total master budget for the whole FINIDP, particularly emphasizing the participatory nature of the exercise, i.e. involving everyone in the department as far as possible.
- c. Indicate the time-table for the preparation exercise.
- d. Request departments and components to identify activities in the previous budget year, which were not executed but must be handled in the current financial year.
- e. Departments and components to indicate activities in the Work Plans for the current budget period with indications of who is best suited to prepare certain aspects of the budgets.
- g. Guidelines for identifying procurement items planned for the year and how costing shall be done, breaking them up into goods, services, Non Current Assets, and consultants.
- h. The Heads of departments shall enter their respective budget estimates in value terms against the detailed code combination level comprising all the segments in the Chart of Accounts.
- i. All the department estimates shall be collated and aggregated by the F/D. These shall then be put forward for discussion in a budget committee meeting chaired by the F/D. After the budget committee has agreed on the budget estimates, the F/D shall submit the budget for approval by the BOD.

Budgetary Control

- 10.9 Monthly Budgetary Control Reports shall be produced for each component comparing actual against budgeted performance in terms of quantities and values.
- 10.10 A Performance Evaluation Report or Variance Analysis Report shall be produced as part of the Monthly Budgetary Control Reports with detailed explanations of variances between the budgeted and actual amounts with strategies for corrective actions.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: FINANCE AND REPORTING	Section: 11	<i>1</i>

ORGANIZATION FOR ACCOUNTING AND REPORTING

11.1 The NGO Act, governs the FINIDP accounting and reporting requirements. Reporting is in general designed to allow management and other users to monitor, control and evaluate all activities of the Organization.

ACCOUNTING REPORTING POLICIES

Revenue earned through operations.

11.2 Revenue shall be the aggregate invoice value of goods supplied and services rendered exclusive of value added tax.

Expenses

11.3 Expenses shall be brought to account when incurred and recognized in the period to which they relate. Employee costs shall be recorded when a service is rendered. Gratuity liabilities computed in accordance with the provisions of the pertinent guidelines shall be accrued in the financial statements at the end of the financial year.

Non Current Assets (Capital Expenditure)

11.4 Non Current Assets shall be capitalised and the carrying amount shall be reduced to reflect the amount of economic benefit consumed by charging an expense for depreciation.

Inventories

11.5 Inventories or stores shall be stated at the lower of cost and net realizable value, where, cost includes transport and handling costs and net realizable value is the sales value of materials, less any further costs of disposal. Office stationery and supplies shall be stated at cost. A system of first in first out (FIFO) shall be applied on all inventories.

Loan receipts and repayments.

11.6 Loan receipts shall be recorded and reflected in the Balance sheet until they are repaid. Borrowing costs shall be recognized as an expense in the period in which they are incurred regardless of how borrowings are applied.

Foreign Currencies

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: FINANCE AND REPORTING	Section: 11	2

11.7 All assets and liabilities denominated in foreign currencies at the year-end shall be translated at exchange rates ruling at the balance sheet date. Transactions during the year shall be converted at exchange rates applicable at the dates of the transactions. All exchange differences shall be dealt with in the income and expenditure statement.

Journal Vouchers

11.8 Whenever it is necessary to make adjustments in the financial records, which does not entail the receipts or payment of cash, Journal Vouchers (JV) shall be used. The JV shall show the reason for the adjustment. Journal vouchers shall be numbered serially and shall be checked before authorization by a senior and responsible official designated for the purpose.

Monthly Reconciliation of Accounts

11.9 The objective of reconciling accounts monthly is to ensure the arithmetic accuracy of the accounts.

11.10 The F/D shall verify the accuracy of Accounting Records at the end of each month by comparing the balances of the control or main accounts in the ledgers with the total balances of the relevant subsidiary accounts, and by extracting a trial balance at the close of each month's accounts.

11.11 If the trial balance does not balance, the ledgers and posted journals for the month shall be checked against the source documents with the aim of detecting any posting mistakes and correcting them by passing appropriate journal entries. Such items shall be subsequently posted and a new trial balance for the month prepared.

11.12 These trial balances shall be filed for reference and audit.

FINANCIAL REPORTS

Monthly financial reports

11.13 At the completion of each month, and not later than the 15th day of the following month, the F/D shall prepare and review of the following Statements for submission to the senior management committee:

- (i) Monthly Trial Balance.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: FINANCE AND REPORTING	Section: 11	3

- (ii) Budget performance analysis
- (iii) Income and Expenditure Statement
- (iv) Balance Sheet
- (v) Debtors' and Creditors Reconciled Statements

Annual Financial Statements

- 11.4 Within 4 months after the end of the financial year, F/D shall present audited financial statements to the board. Financial statements shall include;
- (a) A statement of income and expenditure showing the amounts received as revenue and amounts expended for the period.
 - (b) A balance sheet that shall show the financial position of the Organization at the end of the accounting period.
 - (c) A statement of cash flow generated and utilised during the period.
 - (d) A statement outlining the accounting policies and explanatory notes.
 - (e) Any other information in respect of the financial affairs of the Organization as the BOD may require.

STATUTORY AUDIT

- 11.5 The reputable audit firm registered with the ICPAU shall be appointed to audit the financial statements of the organisation.
- 11.6 The auditors shall be allowed access to all books of account, vouchers and other financial records of organisation and the F/D shall provide all the necessary information and explanations pertaining to those records.
- 11.7 The appointed auditor shall within two (2) months after receipt of the financial statements audit the statements deliver to the organisation a copy of the audited financial statements.
- 11.8 The appointed auditors shall be rotated after every three years.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: AMENDMENTS TO FMM	Section: 12	<i>1</i>

General

- 12.1 The FMM is a practical guide, which must at all times reflect what is actually on the ground. Consequently, the FMM is a dynamic document.
- 12.2 Whenever there are changes in policy and/or procedures, the FMM shall be revised immediately to reflect such changes.
- 12.3 The F/D shall be responsible for documenting and communicating amendments to the FMM to all members of staff.

Procedures

- 12.4 Whenever there is a new policy or procedure, which must be documented as part of the FMM, the E/D shall write to F/D informing the latter of such new policy and shall cite the organization responsible for approving such policy or procedure.
- 12.5 The F/D shall document the new policy or procedure, or the amended policy or procedure in the relevant Section of the FMM.
- 12.6 F/D shall then reproduce the whole Section, which has been the subject of the new policy, procedure or amendment for distribution to all members of staff holding a copy of the FMM.
- 12.7 A Memorandum advising staff to substitute the old Section with the new one and indicating the effective date of the policy, procedure or amendment shall accompany the reproduced Section.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	I

Human Resources

1.1 Human resources is the most important resource in an organization. FINIDP should ensure that it attracts and retains staff with the right skills, experience at the right time and in the right places. The following policies and procedures shall govern the recruitment, remuneration and termination of employees.

1.2 Staff Recruitment Policy

- The board shall approve the level of positions into which recruitment may be made. Recruitment shall only be initiated to fill vacant positions in the organization chart.
- All persons seeking employment with the company shall be considered on the basis of a written application. The recruitment and selection process shall be competitive and transparent to keep abreast with the best corporate and modern management practices.
- The organization may use a combination of two or all these recruitment methods.
 - a) Direct recruitment by the company through advertisements.
 - b) Recruitment through consultants
 - c) Head hunting
 - d) Filling vacant positions from within the organization

Where advertisement is used, an advert shall be placed in at least two newspapers. The advert shall have the following;

- a) The job title
- b) Job description and specification
- c) Number of vacancies
- d) Closing date of receiving applications
- e) Appropriate referees required
- f) Authority to address the applications to.

1.3 Selection process

Applications shall be analyzed, screened and a short list of candidates for interviews prepared.

Applicants may be required to sit for written or oral interviews or both depending on the nature of the job and number of applicants.

Issued: July 2007

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	2

1.4 **Salary payments**

All employees shall be remunerated basing on the organization's salary scale.

All salaries shall be paid by cheque into staff's bank accounts.

The following statutory and non-statutory deductions shall be made on staff salaries where appropriate;

- Repayment of advances and loan
- Pay As You Earn
- National Social Security Fund deductions

1.5 **Termination Of Services**

Except in cases of gross misconduct or as otherwise decided by management, employees may have their appointments terminated by the organization with in two month's notice for departmental heads and one month's notice for their subordinates.

1.6 **Dismissals & suspension**

An employee who is dismissed shall not be entitled to a salary for the period unpaid. An employee whose conduct appears to necessitate an investigation may be suspended from the service of the organization and salary may be wholly or partly paid to withheld during the suspension period.

1.7 **Resignation**

An officer may resign from his appointment with FINIDP but shall give a two month's notice for heads of departments and a one month's notice for their subordinates in writing or pay two month's gross salary for the heads and one month's the juniors notice in lieu of notice.

Code Of Ethics For Employees

- 1.1 Employees shall never use the organization or office for personal gain and shall seek to uphold and enhance the reputation of the organization by:

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	3

- a. Maintaining an unimpeachable standard of integrity in all business relationships both inside and outside the organization;
- b. Fostering the highest possible standards of competence optimizing the use of resources for which they are responsible to provide the maximum benefit to FINIDP;
- c. Complying both with the letter and the spirit of:
 - i. FINIDP rules and regulations.
 - ii. Accepted business practices in commercial markets.
 - iii. Contractual conditions.

1.2 **Ethical Practices**

Declaration of Interest

- 1.3 Employees shall reveal any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's business dealings with industry.

Confidentiality and Accuracy of Information

- 1.4 Employees shall respect the confidentiality of information received in the course of business dealings and shall not use such information for personnel gain. Information given by employees in the course of business dealings shall be true and fair and not designed to mislead.

Competition

- 1.5 Employees shall avoid any business arrangement that might, in the long term, prevent the effective operation of fair competition.

Business Gifts

- 1.6 Employees shall not accept business gifts from current or potential Government suppliers unless such gifts are of very small intrinsic value such as a calendar or a pen.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	4

Hospitality

- 1.7 Employees shall refrain from any business hospitality that might be viewed by others as having an influence in making a government business decision as result of accepting that hospitality.

OBJECTIVE

- 2.1 A chart of accounts:
- a. Classifies accounting data in a way that promotes the use of such data, leads to better management and achieves more meaningful accountability.
 - b. Forms a useful basis for reports of income and expenditure to produce meaningful comparisons of planned and actual performance.

FEATURES

- 2.2 A well-designed chart of accounts shall have the following essential properties:
- a. The accounts included embrace sufficient detail to enable management to control material items of income and expenditure.
 - b. The accounts included do not contain too much detail to necessitate more effort in accounts and report preparation than the benefits derived from their use.
 - c. Accounts are grouped together to reflect responsibility for their control and/or management.
 - d. Accounts are numbered, coded, identified, and grouped consistently throughout the chart of accounts to facilitate both functional and operational analysis and comparison.
 - e. Accounts are grouped together to show the financial contribution to the entity by its discrete operational units.
 - f. The structures of the chart of accounts allow new and additional accounts to be included without major change or the consistent nature described above being compromised.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	5

THE CODING AND COST CENTER REGIME

- 3.3 Coding systems enhance the power to manipulate the chart of accounts to achieve multipurpose objectives.
- 3.4 The coding regime of FINIDP embraces a multitude of digits each representing a unique purpose (See chart below).
- 3.5 The coding regime is designed to satisfy reporting requirements of various stakeholders including Donors, GOU, management, the ministry and the public at large.

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	I

CHART OF ACCOUNTS - CODES

No.	Name
10000	INCOME
10010	Funds from O.A.A
10020	Funds from RSSF
10030	Other sources
10040	Interest on bank balances
10050	Exchange Diff. Gain/Loss
10060	Interest on fixed deposit
20000	EXPENSES
20110	Auth. & Other Comm. Meeting
20120	Salaries & wages
20130	Staff training expenses
20140	Resource Safaris
20150	Workshop & Seminars
20160	Office expenses
20170	Publication & Printing
20180	Motor Vehicle Repairs & Maintenance
20190	Office Renovation & Maintenance
20210	Stationery
20220	Telephone/Fax/internet/postage
20230	Audit Fees
20240	Staff expenses
20250	Donations
20260	Legal fees
20270	Fuel
20280	Medical Expenses
20290	Security Expenses
20310	Interest Paid
20320	Staff Welfare
20330	Rent & Rates
20340	Insurance
20350	General Administration Expenses
20360	N.S.S.F – Employer’s contribution
20370	Leave Allowance

Issued: July 2007

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	2

20380	Water & Electricity
20390	Bad debts
20410	Maintenance-land & building
20420	Gratuity expenses
20430	Professional & consult fees
20440	Depreciation Provision Land & Buildings
20450	Depreciation Provision Computer Equipment
20460	Depreciation Provision Office Equipment General
20470	Depreciation Provision Motor Vehicles
20480	Depreciation Provision Motor Cycles
20490	Depreciation Provision Furniture & Fittings
20510	Bank Charges
20520	Prior year adjustments
20530	BOD expenses
20540	Professional subscription
20550	Advertising
20560	Staff recruitment
20570	Entertainment
20580	National celebrations
20590	Directors' allowance & expenses
20610	Planning & research
20620	Exchange gain / loss
20630	Staff bonus
20640	Overseas travel
20650	Traveling & subsistence allowance
20660	Staff transport expenses
30000	ASSETS
30110	Non Current Assets
30120	Vehicles
30130	Motorcycle
30140	Computer Equipment

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	3

30150	Communication Equipment
30160	Land & Building
30170	Office Furniture & Fittings
30200	Current Assets
30210	Prepayments
30220	Advances – Staff
30230	Staff Loans
30240	VAT Refund
30250	Stanbic bank A/C
30260	Petty cash
30270	Fixed Deposit
30280	Debtors
30290	Stationery & Office Supplies
30215	Others
40000	LIABILITIES
40110	Accumulated Fund
40120	Accruals
40130	Provision Audit Fees
40140	Taxation, W.H.T
40151	Accumulated Depreciation Land & Building
40152	Accumulated Depreciation Computer Equipment
40153	Accumulated Depreciation Other Equipment General
40154	Accumulated Depreciation Comm. Equipment
40155	Accumulated Depreciation Motor vehicle
40156	Accumulated Depreciation Motor Cycle
40157	Accumulated Depreciation Furniture & Fittings
40160	Provision for bad debts
40170	Other creditors
40210	P.A.Y.E
40220	N.S.S.F Employees' Contribution
40230	Gratuity funds
40240	Unpaid Salaries
40250	Provision for Loans
40310	VAT

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	4

Other Structure Codes

DEPARTMENT	
FINIDP	
LIST OF DEPARTMENTS	
CODE	NAME
100	Executive Director
200	Finance
300	Projects
301	Health Project
302	Education Project
303	Hygiene Project
304	Animal Revolving Project
400	Legal
500	Internal Audit
600	Human Resource & Administration
700	Operation

Issued: July 2007

FINIDP	FINANCIAL MANAGEMENT MANUAL	
Subject: APPENDICES	Appendix: 1	9

**FRIENDS IN NEED INTEGRATED DEVELOPMENT PROJECT
(FINIDP)**

0772636253
0772573573
0752867253

P.O.Box 31470 Kampala
Web:www.finidp.org
Email:info@finidp.org

RECIEPT

No..... Date.....
Received with thanks from
.....
The sum of Shillings.....
.....
.....
Being Payment of.....
.....
Cash / Cheque No..... *Balance*.....
Shs..... *Signature*.....
With thanks FOR: FINIDP

Issued: July 2007
