



## Support Trust for African Development (STAD)



### FINANCIAL POLICIES

These are the finance policies and procedures to be used by all units of Support Trust for African Development (STAD). STAD believes in complete honesty, transparency and accountability in the use of all funds entrusted to it by donors and other friends. It is difficult to gain a good reputation for responsible financial management and it is very easy to lose such a reputation unless we are constantly aware and working to maintain the highest financial standards. If we lose the trust of our donors in financial matters, we may also lose their overall support to perform well as partners in our mission and programme objectives. The Policies has been developed with the objective of enhancing fair and accurate reporting of STAD financial affairs as well as ensuring prudent financial management. These policies are as explained below:

#### 1.0 Income Management

#### 1.1 DONOR CONTRACT INCOME

##### *Purpose*

- To ensure that all donor contract (grant) income is recognised and properly recorded and reported in the Financial Statements (FS)
- To ensure that sufficient records are maintained to separate different grants by project and presented in the Financial Statement.
- ***Policy***
- Every grant will be applied to the purposes for which it was disbursed, as stated in the project contract.
- Every grant will be accounted to international financial reporting standards and as it will be stated in the donor contract.
- Grants will be used rationally and economically in accordance with the agreed plan,
- Grant income will be recorded in the accounts on cash basis i.e. grants are recorded as income only when cash has been received,

- Grants will usually be classified as restricted funds. If part of a grant is expendable wholly at the discretion of management without restriction, that portion may be classified as unrestricted funds.
- All donors will be requested to send grant funds to Head Office receiving bank account. The only exception to this rule is where it has been agreed by the Executive Director/Board and the donor that funds are deposited elsewhere because of legal or statutory reasons.

## **1.2 CONSULTANCY INCOME**

### ***Purpose***

- To ensure that all consultancy income attributable to STAD is collected,
- To ensure that all consultancy income to STAD has been properly recorded and accounted for,
- To ensure that consultancy income is properly recognised and covers at least the direct costs of providing such consultancies.

### ***Policy***

- Consultancy assignments initiated by STAD or by donors must be within STAD mission and objectives.
- STAD does not consider consultancy to be an income generating function (at least within its organisational mission).
- Authorisation in advance from the Executive Director is required for all consultancy assignments.
- All anticipated costs should be fully covered by the consultancy receipts,
- Consultancy income is accounted on a cash basis.
- Any balance of income remaining after all expenses have been paid should be used to assist in capacity building for carrying out similar work in future.

## **2.0 Expenditure Management**

### **2.1 PROCUREMENT OF GOODS, WORKS & SERVICES**

The policies and procedures described here is used for all procurements by STAD. Procurement is the acquisition of goods and services, and may include, but is not limited to, the following items:

- Stock items such as office, materials, teaching materials, medical supplies, books
- Capital items such as vehicles, computers, furniture
- Travel tickets, accommodation and reservations
- Vehicle running expenditure, maintenance, insurance
- Building materials and construction services
- Printing work
- Professional or technical services
- Transport, clearing and forwarding of goods

### ***Purpose***

To ensure that:

- STAD purchases goods & services that are of adequate quality, fit for purpose and good value for money (VFM).
- There is efficiency and timeliness in the purchase and delivery of goods and services

- There is fairness, transparency and non-discriminatory competitive bidding
- Staff declare conflicts of interest and do not get personal benefit from procurement

**Policy**

1. Project staff will prepare an annual procurement plan, subdivided into monthly requirements, and consistent with its operational work plan and budget.
2. In addition to the direct costs of specified goods and services, the procurement budget shall include all costs of selection, ordering, packaging, inspection and delivery to user site.
3. The procurement unit will collect the projects procurement plans into an aggregate procurement plan, to use as a planning framework for improving the efficiency and effectiveness of procurement throughout the organization
4. For each procurement, the user project department will initiate the purchase requisition. This should be done early enough so that the due processes of selection, ordering and delivery can be done in good time before the item is needed for use at the project site
5. All purchases shall be properly approved and shall conform to the terms of specific cost project plans and budgets. Approval to sign a purchase order or contract with a recommended supplier must be given in writing by an STAD officer with high enough level of delegated authority as approved in the authority levels.
6. The process for invitation and assessment of supplier quotations will depend on the nature of the items and the value of the planned purchase, as follows:

<b>Value of purchase (USD)</b>	<b>Method of inviting quotations</b>	<b>Method of assessment</b>
Zero to \$500	At least one quotation	Prudent shopping
\$501 to \$10,000	At least 3 quotations from pre-qualified suppliers	Evaluation committee
\$10,001 to Above	Tender	Tender committee

7. STAD will only deal with suppliers who have demonstrated their ability to provide goods, services and works in an efficient manner.
8. In the selection process, the most competitive bidder will be selected on pre-determined evaluation criteria, including their capability and performance, quality of goods supplied, competitive pricing, service level and timely delivery
9. STAD will pre-qualify suppliers for requirements in its various areas of activity. The purchasing unit will establish and maintain lists of pre-qualified suppliers, service providers and contractors who have demonstrated their ability to provide goods and services of adequate quality in an efficient manner.
10. The performance of pre-qualified suppliers shall be reviewed at six-monthly intervals by the Procurement Manager in consultation with the user departments, and the list of suppliers shall be updated annually based on stated standards of performance.

11. For supplies that are required on a regular basis and whose prices do not appear to vary much, quotations that are valid for 90 days may be sought, and running quotations and contracts will be maintained and retained within the procurement unit. These shall be referred to for all relevant purchases within the 90 day period.
12. Minor routine purchases of low value can be made from an office imprest account and will not require any documentation other than receipts for items bought and Organisation requisition and payment voucher
13. Creditor accounts shall be maintained for every supplier, and the credit balances shall be properly reflected as STAD liabilities.
14. No goods, works or services shall be received if they do not meet quality standards.
15. All goods shall be received by STAD procurement staff at the relevant store or office. Where it is uneconomical or where goods receiving capacity dictates that materials are delivered on site, then suitable arrangements will be made for goods receipt and inspection based on the prevailing circumstances and approval will be obtained from the Procurement Manager.
16. All goods received shall be inspected by competent and responsible staff to ensure they comply with the quality standards specified in the purchase, including required manuals and documents. If goods are not of the required standard, the inspection team should prepare and sign a written explanation for rejecting the goods, and send it to the procurement unit to notify the supplier and to return the goods to the supplier.
17. For purchases into stock, the requisition should indicate which end-users are expected to use the materials and the quantities they are expected to use in the next coming three months. Re-order quantities for each item should take account of unit cost, current stock balance, re-order level and expected use rates in order to be economical on the total costs of stock-holding. The Procurement Manager will provide suitable guidelines for stock purchase orders.
18. The Procurement Manager shall be responsible to ensure that stock records are properly maintained at stores.
19. The storekeeper shall ensure that physical stocks tally with the stock cards and other records maintained.
20. The storekeeper shall ensure that stock-level reports are prepared and distributed at monthly intervals to all user departments.
21. No import or export is to be processed without following regulations on importation and exportation of the Revenue Authorities of the South Sudan jurisdiction.

### **3.0 STAFF TRAVEL AND FIELD ACTIVITIES IMPREST**

#### ***Purpose***

1. To approve in advance travel and activity plans and all related costs within current work plan and budget limits.

2. To make necessary travel bookings, visas applications and prepayments in good time
3. To equip staff with cash so that they can perform planned activities outside their duty station as per the approved work plans.
4. To allocate responsibility for fund advances to individual members of staff, and to hold them accountable for proper use of the funds
5. To report and approve actual expenditure within allowed limits and with adequate supporting documents
6. To control cash advances to staff , and collect unused balances without delay
7. To account actual expenditures without delay

### ***Policy***

1. All staff who plan to travel must complete the Travel Authorisation and Imprest Request Form in good time so that the responsible supervisors can approve in advance the travel outside the duty station and the full expected costs, and the administration office has enough time to make necessary travel arrangements:
  - Travel office for seat reservations, ticket purchase hotel bookings and visa if overseas Country.
  - Transport office for vehicle reservation if travelling to field site
  - Finance unit for issue of cash and making pre-payments
2. The cost estimates shown on the Travel Authorisation and Imprest Request Form should include all expected costs such as air fares, visas, ground transport hire and fuel, day and overnight allowances, hotel rates, insurance and activity costs for the full period of travel.
3. Imprests issued to STAD Board members shall be approved by the Executive Director.
4. Imprests issued to non-STAD persons, such as consultants and auditors, shall not exceed the outstanding balance of contract fees, except with specific approval from the Executive Director.
5. Persons holding imprest money are personally responsible for it, and must account for all expenditures and return any remaining balance of funds to STAD without delay.
6. Imprest taken shall be used only for STAD work.
7. The amount of imprest issued shall only be enough to cover costs approved by the staff's supervisor in line with the current work plan and budget of the cost centre.
8. All imprests taken shall be accounted for within five (5) working days of returning to one's normal work station, with receipts or other documentary proof of payments.
9. If the imprest is outstanding for more than 5 (five) working days after returning from the journey, the full amount advanced shall be deducted from the individual's salary, at the next month end.
10. Where the imprest holder has misplaced or lost receipts that form part of their accountability, the staff shall be requested to refund the money.

11. When the staff is accounting for the imprest taken, they should attach a copy of the imprest form to the expense statement.
12. Imprests shall normally be taken only from one's named duty station and accounted for at the same place. In case of emergency, written approval must be requested and given by the supervisor and project accountant to permit funds to be taken for a specific purpose from another STAD station.

#### **4.0 VEHICLE USE AND MAINTENANCE**

##### *Purpose*

1. The Policy establishes responsibilities and procedures to ensure proper operation, purchasing, disposal, inventory and maintenance of all organization vehicles.

##### *Policy*

1. The Procurement department oversees the approval of vehicle purchase and the Finance department oversees the vehicle maintenance and vehicle records management.

##### *Procedure*

1. **Vehicle purchasing and acquisitions:** Before purchasing a vehicle the user department head is responsible for assessing the need and the budgetary implications including funds availability.
2. A vehicle purchase FORM is required to purchase a vehicle.
3. Administration department will obtain licenses and registration for all vehicles.
4. All vehicles must be registered to and titled to STAD and all titles shall be maintained at Head offices in Juba and under lock and key for safe custody.
5. All hiring of vehicles must be coordinated by Administration at the Head office or it designed.
6. Replacement of vehicles shall be after a period of 4 years and will have acquired 210,000 km. Replacement will also be considered when written estimates for repairs equal 50% of the retail value of the vehicle. Requests must be approved by the Executive Director.
7. **Reporting excess, obsolete and surplus vehicles:** Juba Office Administration in consultation with project Team leaders will be responsible for notifying the Executive Director the surplus and obsolete vehicles every year.
8. **Vehicle Abuse:** Project team leaders are responsible for ensuring all vehicles are used for the official business only, and that the driver MUST possess a valid driver's license and is authorized to drive the vehicle. Taking vehicles home is prohibited. Accidents should be reported immediately it occurs to the Administration in the Head Office.
9. **Vehicle maintenance:** Project Manager are responsible for ensuring that vehicles are maintained on a routine basis. A vehicle maintenance log must be kept indicating the

date of service, vehicle odometer readings, description of service, and the cost of service. Fuel must be drawn at designed areas and recorded in the vehicle log sheets.

**10. Vehicle transfer:** Vehicle transfers shall be done using assets movement Form and submitted to Administration department of the Head Office in Juba.

**11. Vehicle hiring charges:** Approved hiring of vehicles shall be done by the Administration of the Head Office at agreed rates per km. USD 0.3 per km for a vehicle up to 1500cc, USD 0.5 per km for a vehicle 1501 cc and less than 2000cc, USD 0.75 per km for vehicle 2001 cc and less than 2500 cc- Diesel and 0.85 per km for petrol, and USD 1.0 per km for vehicles exceeding 2500cc.

## 5.0 PETTY CASH

Small payments in cash should be made from a petty cash float held by the cashier in field or Head office, subject to proper approval by the responsible manager.

### *Purpose*

- To ensure that the daily operations in the office run smoothly
- To ensure that all petty cash expenditure is properly approved and authorised
- To ensure there are adequate controls over physical cash in hand

### **1. Size of petty cash float**

1.1. Head office, the petty cash float held for each project shall not exceed US\$1,000 in total or equivalent value if held in national currency.

1.2. The cashier who receives a petty cash float is personally responsible for all funds issued to him, and is liable to pay for any missing amounts.

1.3. No single payment paid from petty cash at the Head office shall exceed US\$ 1,000 or the equivalent value in national currency. Payments above this value should be paid by cheque drawn on the project bank account.

1.4. For field offices, the petty cash limits for total float per project and for maximum value of single payments will be set by the Program Manager and Finance & Administration Manager, in consultation with the Executive & Board. Written authority for the agreed limits will be retained on the files, and notified to the respective site accountants.

## 6.0 PAYROLL ADMINISTRATION

A payroll is a database that contains details of all staff employed, their project costs, their gross salaries, other benefits (taxable and/or non-taxable), statutory deductions, other deductions and finally their net pay for each month.

### *Purpose*

- To ensure that salaries are paid only to genuine STAD staff,
- To ensure that the complete payroll is reviewed and properly approved and authorized before payments are effected,
- To ensure that salaries are paid in accordance with the respective contracts,

- To ensure legal and statutory requirements are correctly adhered to by STAD.

### ***Policy***

1. Salaries for STAD staff with valid contracts should be processed in a separate payroll from programme incentive workers and consultants
2. Payrolls are prepared in a separate project cost template at the Head office and instructions are sent to other offices as necessary for payments to be made. One or more payroll ledgers may be used, as appropriate, for preparation and management of the payroll data
3. Each project accountant shall ensure that adequate funds are available before 25<sup>th</sup> of every month at the designated offices for payment of the salary and related benefits of all staff of the project. In case of cash flow difficulties on a project, the project accountant will consult with the Finance & Administration Manager as to how funds may be sourced short-term so that all salary-related payments are made on or before their due dates for the month.
4. The payroll should be ready for approval and authorization by 25<sup>th</sup> of every month.
5. Salary payment should be made by the 27<sup>th</sup> of every month.
6. All salaries must be paid through the bank, unless this is not physically possible.
7. The final dues to a staff member who is leaving STAD will only be paid after he/she presents an approved and authorized clearance form.
8. If a staff member takes up employment between the 1<sup>st</sup> - 25<sup>th</sup> of the current month, he/she will be included in the payroll of that month.
9. If a staff member takes up employment between the 26<sup>th</sup> - 31<sup>st</sup> of the current month, he/she will not be included in the payroll of that month. The new staff will be paid his/her salary for the days worked in that month by cheque (or in cash if a cheque is not physically possible), and will be included in the payroll in the following month.
10. The HR department will communicate any changes in the payroll to the Finance & Administration Manager by an internal memo. Such changes include new staff, leaving staff and adjustments in salary, benefits or deductions. The HR Manager or department will maintain a file with copies of all such payroll changes.
11. Subject to statutory requirements, overtime worked should be converted to “compensatory” time-off days.

### ***Procedures***

1. The Finance & Administration Manager designates one of the accounting staff to act as Payroll Accountant and to maintain the payroll ledgers within the project Payroll. This person may also have duties for other projects.



2. The Payroll Accountant enters details to the payroll for all new staff who joined in this month, including their payroll and related benefits, and any adjustments for existing staff, as notified by the HR office.
3. The Payroll Accountant prepares a schedule of all payroll related deductions for the month and forwards it to the HR Manager for approval and authorization. Particular attention should be given to recovery of outstanding staff imprests and salary advance that may have been approved HR policy.
4. The HR Manager reviews, amends as necessary and initials the deductions schedule. The schedule is then returned to the Payroll Accountant to enter to this month's payroll.
5. The Payroll Accountant asks the Finance & Administration Manager (FAM) to specify any exchange rates that are to be used in the preparation of this month's payroll (if applicable).
6. The Payroll Accountant checks that enough funds are available to the Projects Payroll Cost from project cost bank account to cover their respective payroll costs. The Project Accountant notifies the Finance & Administration Manager of any shortfalls, and requests the FAM for further instructions.
7. Once the payroll is ready, by 25th of the month, the Payroll Accountant signs and forwards it to the Finance & Administration Manager for review and approval.
8. The Finance & Administration Manager then passes the payroll to the Executive Director for review and authorisation to pay staff.
9. The approved / authorized payroll is returned to the Payroll Accountant for processing, and the payroll entries are captured in the payroll ledger(s) and in respective project ledgers by passing journal entries.

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Executive Director

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Board Chairman