Financial Management and Sustainability Toolkit for Creatives in East Africa

A toolkit by the Resource of Open Minds (R.O.O.M) project at HIVOS
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- Capacity
- Controlling
- Financial Management for Emergencies
- Gender Budgeting
- Global Development Network
- International NGO Training and Research Centre (INTRAC)
- John Cammack
- Accounting and financial resources
- How to Succeed with Planning in Management and Why It’s Important
- Budgeting, planning & forecasting
- Procurement
- Store management
- Payments and cash management
- Recording of payments
- Financial reporting
- Donor funds
- Monitoring and evaluation (M&E)
- Auditing
- Financial sustainability

WEBSITES/FURTHER READING
- British Overseas NGOs for Development (Bond)
- Civicus
- Financial Management for Emergencies
- Gender Budgeting
- Global Development Network
- International NGO Training and Research Centre (INTRAC)
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LIST OF ABBREVIATIONS

GAAP - Generally Accepted Accounting Principles
GOK - Government of Kenya
GRV - Guaranteed Residual Value
HIV - Human Immunodeficiency Virus
HIIDC - Humanist Institute for Development Cooperation
IFRS - International Financial Reporting Standards
IPSAS - International Public Sector Accounting Standards
LPOs - Local Purchase Order
M&E - Monitoring and Evaluation
NGOs - Non-Governmental Organisation
POs - Purchase Order
RFQ - Request for Quotation
ROOM - Resource of Open Minds
SWOT - Strengths, Weaknesses, Opportunities and Threats

INTRODUCTION

R.O.O.M developed this Financial Management and Sustainability Toolkit to support creatives in East Africa in planning for and delivering financially healthy enterprises. This toolkit therefore contains a selection of practical guides and manuals, chosen as examples of good practices and for their global relevance, particularly for creatives. They cover the types of policies required to support an enterprise by a creative, and practice guidance and tools for the delivery of a successful enterprise.

By publishing this toolkit, Hivos supports the development of solutions to deep-seated problems so that creatives can make responsible and equitable choices within economic systems that serve their needs. While we envision a region in which creatives are respected and assets strengthened, communities most living below the entire, right to live in freedom and dignity, to enjoy equal opportunities, and to influence decisions made regarding the changes they want to see in their lives, communities and East Africa. These creative choices are unique and are something to cherish, protect and empower through financial management.

How was the toolkit created?

We developed the toolkit with the input of a broad range of professionals working on entrepreneurship-related issues. We searched extensively for resources that relate directly to the implementation of enterprises and screened each potentially relevant document for technical accuracy.

Specifically, we looked for resources that emphasize best practices, such as planning, controlling, organizing and directing, and decision-making for the individual short and long-term needs of creatives. We also examined the document’s relevance and utility for a broad range of creatives.

This toolkit is considered globally relevant. It describes best practices that are easily adapted to the quality of work or another context and offers a good example of a practice on which another country can base its work to implement enterprise.

Hivos works for a world where people can realize their full potential, unleashing their ingenuity and creativity to build fair, just and life-sustaining societies for themselves and generations to come.
A. FINANCIAL MANAGEMENT

A.1. What is financial management?

Financial management is planning, organizing, directing, and controlling financial activities and enforcing control over financial resources of the enterprise or entrepreneur. It involves financial planning, organizing, directing, and controlling financial activities such as procurement, sales, and production. The main goal of financial management is to achieve the enterprise’s or entrepreneur’s desired objectives and satisfy its financial needs. Financial management requires the application of general management principles in financial management. It involves the application of general management principles and utilization of funds for an enterprise or entrepreneur. It involves the application of general management principles and coordination of financial activities such as procurement, sales, and production.

A.1.1. Planning

Planning is the process of deciding what steps must be taken to achieve a desired outcome. It involves determining what actions must be taken to achieve the desired outcome. Planning involves determining what actions must be taken to achieve the desired outcome.

Figure 1: Financial management summary

Illustration by Brian Ofoeme for The 2021 AU/UN Year of Creative Art Challenge

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A.1. Planning

Financial management is planning, organizing, directing, and controlling financial activities and enforcing control over financial resources of the enterprise or entrepreneur. It involves financial planning, organizing, directing, and controlling financial activities such as procurement, sales, and production. The main goal of financial management is to achieve the enterprise’s or entrepreneur’s desired objectives and satisfy its financial needs. Financial management requires the application of general management principles in financial management. It involves the application of general management principles and utilization of funds for an enterprise or entrepreneur. It involves the application of general management principles and coordination of financial activities such as procurement, sales, and production. The greatest option is to achieve the common goal. Within an enterprise, the enterprise’s or entrepreneur’s aim or mission to be effective and increase in potential. But enterprises and entrepreneurs recognize the importance of having a sound plan in place to facilitate realization and increase in potential. However, the former occasionally forget that a viable plan will give you a competitive advantage and allows you to position yourself strategically. Planning entails gaining a realistic understanding of an enterprise and its environment and helps in identifying competitors and opportunities. Planning helps in identifying competitors and opportunities. Planning entails gaining a realistic understanding of an enterprise and its environment. Planning entails gaining a realistic understanding of an enterprise and its environment. Planning enables identification of emerging vulnerabilities. Acting on this information, rather than relying the same acts provides a significant competitive advantage. Furthermore, planning enables identification of emerging vulnerabilities. Acting on this information, rather than relying the same acts provides a significant competitive advantage.
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14.1.2. Controlling

A.1. Controlling

A.1.3. Organising

A.1.4. Directing

A.1.5. Decision-making

A.2. What are the objectives of financial management?
composition of capital so that a balance is maintained between debt and equity capital.

- For accountability to the Government of Kenya (GoK), donors, financiers and shareholders as they all need to know that funds are being used to gain new experiences and that there is a value for money.
- For internal decision making to ensure that procurement decisions, fundraising decisions and cost control decisions are made in line with relevant laws and regulations.
- To gain the respect and confidence of the funding agencies.
- To prepare for long-term financial sustainability.

A.3. Your Responsibility as a creative in financial management

Creatives have the following basic responsibilities in financial management:

- Overseeing an enterprise’s financial health.
- Creating basic financial reports.
- Directing investment activities.
- Formulating a financial strategy and plans for an enterprise.

In discharging these responsibilities, a creative may choose to delegate. However, this does not reduce their responsibility, since the support extended to creatives does not absolve them from the overall responsibility for errors in the management of resources.

A.4. Key information, summary and takeaway

Creatives should be familiar with financial management, which may be summed up by the below figure of processes in financial management.

![Figure 2: Components of financial management](image-url)
B. PLANNING AND BUDGETING

B.1. Planning, Budgeting and Forecasting

Three steps are identified as being essential to be followed to ensure successful budgeting, planning and forecasting:

1. Planning step - Identifying and outlining an enterprise or an entrepreneur’s financial direction to create a model of expectation for the long and short-term objectives. This step is usually carried out at the beginning of the year and involves examining a period of past/lost cash flow and debt reduction. Budgets are frequently set before the start of a calendar or fiscal year with room for revision as revenues rise or fall. Budgets are compared to real financial statements to monitor the financial performance of an enterprise.

2. Forecasting step - Predicting financial results for future months or years based on past data and market conditions. Forecasts can be changed as future months or years based on past data and new information becomes available with the goal of assisting enterprises’ management teams and entrepreneurs in anticipating results and foresee issues.

3. Budgeting step - Laying out how the plan will be carried out month by month. This usually involves reviewing the historical data and examining a period of past/lost cash flow and debt reduction. Budgets are frequently set before the start of a calendar or fiscal year with room for revision as revenues rise or fall. Budgets are compared to real financial statements to monitor the financial performance of an enterprise.

B.2. Types of budgets

There are four common types of budgets that enterprises or entrepreneurs use:

• Incremental budget – To get the current year’s budget, incremental budgeting takes the previous year’s actual figures and adds or subtracts a percentage. In the case of budgeting for expenses, the percentage is simple. If the key cost changes do not change year to year, incremental budgeting is reasonable. However, there are a few drawbacks to employing this method, namely:
  • Managers are less likely to justify expenses.
  • Managers often are less likely to employ creative methods to cut costs or save money.
• Value proposition budget – The budgeter examines the benefit of each item to customers, employees, or other stakeholders. For example, if a manager wants to increase the budget for a sales support team, the manager will need to determine how the additional budget will help increase revenue and reduce expenses. The goal of value proposition budgeting is to ensure that the item being budgeted has a purpose and will help the enterprise or entrepreneur achieve its goals.
• Activity-based costing (ABC) budget – ABC budgeting approach is a good choice.
• Zero-based budget – Zero-based budgeting, one of the most widely used budgeting systems, assumes that all expenditures are zero and must be reevaluated from the ground up. Managers must be able to justify all expenditures. There is no automatic “taken for granted” baggage. This method is most practical, realistic and useful when there is an immediate need for cost containment, such as when an enterprise is going through a financial restructuring or a big economic or market slump that compels it to drastically lower its budget, or zero-based approach is a good choice.
• Value proposition budgeting involves the following guidelines when preparing a value proposition budget:
  • What is the purpose of including this amount in the budget?
  • Is the item worth more than its cost? Is there another reason for the expenditure to be justified?
  • When there is an immediate need for cost containment, such as when an enterprise is going through a financial restructuring or a big economic or market slump that compels it to drastically lower its budget.

B.3. Creating a budget

The following are the critical steps that should be completed to ensure that an enterprise’s budget is as practical, realistic, useful and as possible:

• Make time for budgeting – Make time in a company’s overall strategic or tactical calendar to make sure a budgeting process is directly managed and done.
• Use historical information as a guide – It is acceptable to defer previous year’s sales and cost data. This will help identify what to expect in terms of sales and costs. However, you must realize your sales plans, how you will employ your sales forecast and
B.4. Key uses of budgets

There can be many uses of budgets within an enterprise. The two key uses mentioned in most academic literature are for planning and controlling. However, there may be other uses it could be put to. Some of the key uses of budgets may include:

- Setting limits — Budgeting enables enterprises or entrepreneurs to set expenditure limits. They can set limits based on financial statements, historical data, market analysis, or any other basis on which they feel the business is performing.
- Track expenses — It is easy to lose track of where one has spent their money. A budget ensures that the spending is tracked and controlled. It can help in checking if the money has been spent on the intended purposes.
- Build reserves (financial sustainability) — Many financial experts agree that paying off debt, investing as much as one can afford, and living within one’s means are the greatest ways to generate wealth and be financially responsible. Budgeting can assist enterprises or entrepreneurs in putting their money to work for them.
- Reach goals — The two key uses mentioned in most academic literature are for planning and controlling. However, there may be other uses it could be put to. In the budgeting process, we want buy-in and acceptance from the entire enterprise as well as a well-defined budget that is not manipulated by people. With goal congruence and involvement, there is always a trade-off.
- Make sure your budgets include enough information on the subject are for planning and controlling. However, these may be other uses it could be put to. In the budgeting process, we want buy-in and acceptance from the entire enterprise as well as a well-defined budget that is not manipulated by people. With goal congruence and involvement, there is always a trade-off.
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B.5. Levels of participation in the budgeting process

In the budgeting process, we want buy-in and acceptance from the entire enterprise as well as a well-defined budget that is not manipulated by people. As budgeting process varies depending on the enterprise’s culture and objectives, it can be beneficial. However, there may be other uses it could be put to. In the budgeting process, we want buy-in and acceptance from the entire enterprise as well as a well-defined budget that is not manipulated by people. With goal congruence and involvement, there is always a trade-off.

B.6. What is budget approval?

Within an enterprise, budgets of projected expenses and revenues for the period must be approved to ensure that they are set in line with projections and priorities. Fraternity will验顕a budget plan only if it is approved by the top management. The budgeting process begins with the formulation of the budget plan. Coordination and controlling of activities will be achieved through the budgeting process. Considering that actions are brought together and reconciled into a common plan, the budgeting process assists with steering towards achievement of enterprises or entrepreneurs’ goals and objectives.

Budgetary controls can be systematic and formalized steps for accomplishing the plan. Coordination and controlling of activities will be achieved through the budgeting process. Considering that actions are brought together and reconciled into a common plan, the budgeting process assists with steering towards achievement of enterprises or entrepreneurs’ goals and objectives.
B.8. Example of a budget and actual statement

The example in Table 1 above shows more budget than actual for ‘income’ items and more actual than budget for ‘expenditure’.

### Table 1: Example budget and actual statement

<table>
<thead>
<tr>
<th>Total Income</th>
<th>Jan-Oct</th>
<th>Budget</th>
<th>Actual</th>
<th>% Difference</th>
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<tr>
<td>Loan charge</td>
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<td>3,510,000</td>
<td>3,012,900</td>
<td>24%</td>
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<tr>
<td>Fees and charges</td>
<td>2,600,000</td>
<td>2,600,000</td>
<td>2,600,000</td>
<td>0%</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>500,000</td>
<td>600,000</td>
<td>600,000</td>
<td>20%</td>
</tr>
<tr>
<td>Miscellaneous income</td>
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<td>0%</td>
</tr>
<tr>
<td>NGO Grant</td>
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<td>200,000</td>
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<tr>
<td>Total Income</td>
<td>3,322,900</td>
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<td>2%</td>
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<table>
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<td>Loan charge</td>
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<td>3,141,700</td>
<td>2,398,400</td>
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<tr>
<td>Fees and charges</td>
<td>1,655,000</td>
<td>1,655,000</td>
<td>1,655,000</td>
<td>0%</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>450,000</td>
<td>550,000</td>
<td>550,000</td>
<td>18%</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>0%</td>
</tr>
<tr>
<td>NGO Grant</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>0%</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>2,543,900</td>
<td>2,806,700</td>
<td>2,543,900</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Grant from Non-Governmental Organization (NGO) has not yet been paid. Situation renewed in February.
2. Market price of supplies temporarily fell affecting charges which were reduced from January onwards.
3. Equipment bought in December 2021 but not yet paid for.
4. One member of staff left in December 2021 and salary was not paid until January.
5. Vehicle needed major repairs in March 2022. Telephone charges which were reduced from January onwards.
6. Balance of loan interest will be paid in January.

B.9. What can a budget and actual statement tell us?

The statement in Table 1 shows the different items in the budget and actual expenditure from January to October. The next column shows the difference between them. The % column shows major differences and the notes explain why items are under or over the budgeted amount. In this example, an enterprise’s management, an entrepreneur’s committee or a manager might ask:

- Why has the NGO grant not been received, and does the grant have an impact (note 2)?
- Are the NGO and Department of Agriculture grants restricted to budget items? What is the longer-term impact of the fall in market prices (note 3)?
- Why has the NGO and Department of Agriculture grants not been received, and does the grant have an impact (note 2)?
- What expenditure could we reduce to stay within the actual income? Who will fund the telephone costs not included in the budget (note 4)?
- Who will pay the 5,000 for equipment bought but not yet paid for (note 5)?
- How much money is in our bank account – can we keep going? (note 1)?
- Why has the NGO grant not been received, and does the grant have an impact (note 2)?
- What expenditure could we reduce to stay within the actual income? Who will fund the telephone costs not included in the budget (note 4)?
- Who will pay the 5,000 for equipment bought but not yet paid for (note 5)?
- How much money is in our bank account – can we keep going? (note 1)?

B.10. Key information, summary and takeaway

Budgeting, planning and forecasting are ongoing processes that can be summarized by the below budget cycle:

- **Budgeting:** determining how much money is needed by the enterprise and allocating funds.
- **Planning:** deciding how the funds will be spent and implementing the plan.
- **Forecasting:** predicting future income and expenditure.
- **Monitoring:** tracking actual income and expenditure to see if the budget is being adhered to.
- **Evaluation:** reviewing the budget to see if it was used efficiently and effectively.

**Figure 1:** Phases of budgeting, planning and forecasting

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting</td>
<td>Determining how much money is needed by the enterprise and allocating funds.</td>
</tr>
<tr>
<td>Planning</td>
<td>Deciding how the funds will be spent and implementing the plan.</td>
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<tr>
<td>Forecasting</td>
<td>Predicting future income and expenditure.</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Tracking actual income and expenditure to see if the budget is being adhered to.</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Reviewing the budget to see if it was used efficiently and effectively.</td>
</tr>
</tbody>
</table>
C. RECEIVING OF FUNDS

An enterprise or entrepreneur may have several sources of funds such as personal investments, venture capital, angel investors, business incubation, government grants, donor grants, and subsidies. Strong internal controls over receipts to prevent mishandling of funds and safeguarding against loss must be in place. Internal controls related to receipts and the practices established to ensure all funds received are deposited in the bank and recorded:

Separation of duties and responsibilities are the key processes used to ensure the safeguarding of receipts.

C.1. Types of funds

In the workshop’s context on Financial Management and Sustainability for Creatives in East Africa supported by HIVOS, R.O.O.M program, the types of funding to be considered are restricted funds, unrestricted funds, designated funds, endowment funds, and general funds:

- **Restricted funds** (also known as earmarked, fixed, or ring-fenced funds) is money that has been set aside for a specific purpose and which must be used solely for that purpose. The sum of money is provided by a contributor for a certain cause and should not be set aside for a rainy day.
- **Unrestricted funds** (sometimes known as “free money” or “general purpose revenue”) are funds that can be used for any purpose. This money is provided to the organization for general use by a donor or investor, to fund the overall operations of the organization to meet its operating expenses, or through membership fees or local fundraising.
- **Designated funds** (unrestricted funds set aside for a specific purpose such as building repairs in the coming year). Later these funds can be “undesignated.”
- **Endowment funds** (for “corpus funds”). Funds contributed in a fiscal year that are invested or not invested to provide the not-for-profit organization with an annual income for operating expenditures with interest. Only the funds (interest) not the fund itself can be used for permanent endowments. **Expendable** endowments are ones that cannot be invested or converted into investments. When these expire, any income earned from them can be restricted or unrestricted.
- **Designated funds** - unrestricted funds set aside for a specific purpose such as building repairs in the coming year. Later these funds can be “undesignated.”
- **Endowment funds** (or ‘corpus funds’) - Funds contributed in a fiscal year that are invested or not invested to provide the not-for-profit organization with an annual income for operating expenditures with interest. Only the fund’s interest portion (not fund itself) can be used for permanent endowments. **Expendable** endowments are ones that cannot be invested or converted into investments. When these expire, any income earned from them can be restricted or unrestricted.
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To maintain records for funds received, an accounting system is supposed to be present. The accounting system is likely to be based on the following:

- **A paper-based system**
- A **paper-based system supported by computer spreadsheets**
- An **off the shelf** computerised accounting package
- A **specialized accounting package for large organisations**

The following records are often kept in whatever system is in place:

- **Cash/book, for each currency.** This gives a daily tally of money coming in and money going out for cash and bank accounts.
- **Bank records (bank statement or bank passbook).**
- A record agreeing on differences between the bank statement/passbook with your bank book, called a ‘bank reconciliation’.
- **Payroll details**
- **Cash advance and cash registers.** These show details about advances, repairs, accounts for and debt outstanding.
- **Records of funds spent for particular purposes, what has been spent and how much is left.**
- **Inventory and materials that exparte expenditure in the previous period.**
- **Inventory of monies owed to you (called debtors or receivables) and what you owe others (called creditors or payables).**

[24]

[25]
D. PROCUREMENT

The methods, organised processes and technologies used to speed up an organisation’s processes of acquiring goods and services to achieve targeted goals while saving money, time and forming win-win supplier partnerships are referred to as procurement. Procurement can be done in a variety of ways, including direct, indirect, reactive and proactive methods.

D.1 The distinction between indirect, direct and service procurement

Direct, indirect and service procurement are all parts of the overall procurement process, although they differ in terms of definition, assignments and other factors. Stakeholders will have an easier time taking suitable measures to meet the demand if they inspect the differences between these processes and understand what they entail.

### Table 2 - Distinction between indirect, direct, and service procurement

<table>
<thead>
<tr>
<th>Direct Procurement</th>
<th>Indirect Procurement</th>
<th>Services Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of goods, materials and/or services for manufacturing.</td>
<td>Sourcing and purchasing of materials, goods, or services for external use.</td>
<td>Procuring and managing the contingent workforce and consulting services.</td>
</tr>
<tr>
<td>Examples: raw materials, machinery and resale items.</td>
<td>Examples: supplies, facilities, management and travel.</td>
<td>Examples: Professional services, software subscriptions, etc.</td>
</tr>
<tr>
<td>Drives external profit and continuous revenue growth.</td>
<td>Takes care of the day-to-day operations.</td>
<td>Used to plug processes and people gaps.</td>
</tr>
<tr>
<td>Comprises stock materials or parts of production.</td>
<td>Used to buy consumables and necessities.</td>
<td>Used to purchase external services and staff.</td>
</tr>
<tr>
<td>Establish long-term, collaborative supplier relationships.</td>
<td>Resort to short-term, transactional relationship with suppliers.</td>
<td>Maintain one-off, contractual relationships with suppliers.</td>
</tr>
</tbody>
</table>

### D.2 What is a procurement process?

It is a series of processes that are necessary to get goods or services from requisition to purchase order and invoice approval. Although we use procurement and purchasing interchangeably, they slightly differ from each other. In procurement, the purchase order is created to acquire necessary goods and services, whereas purchasing is the overarching process of obtaining goods and services. Every procurement management process, regardless of its uniqueness, comprises the three Ps: Process, People and Paperwork.

- **Process** - The set of guidelines to follow while evaluating, ordering, purchasing and paying for products and services. The number of checkpoints or steps increases as the purchase becomes more complicated.
- **People** - These are the stakeholders and their roles in the procurement process. Every stage of the process is initiated or authorised by them. The number of stakeholders/participants is proportionate to the purchase’s risk and value.
- **Paper** - This refers to the paperwork and documentation generated during the procurement process, which is gathered and maintained for future reference and auditing.
D.3. Steps involved in a Procurement Process

The requirements determination, supplier research, value analysis, taking a purchase request, review phase, conversion to purchase order, contract administration, payment fulfillment, record-keeping are all part of the procurement management process.

Step 1: Needs Recognition

The needs recognition stage of a procurement process enables an accurate sketch out of a plan for procuring goods and services promptly and at a reasonable cost. Three-way requisition forms are written or electronic papers requesting the procurement team’s assistance in meeting an existing demand. It contains critical information needed to obtain the requisition package is done and a double-check of whether the funding is available.

Table 4 - Needs recognition

<table>
<thead>
<tr>
<th>Questions</th>
<th>Documents</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Is the good or service requested truly necessary?</td>
<td>Market analysis worksheet, evaluation template, request for information solicitation review, supplier general information template, technical assessment report.</td>
<td>Procurement officers, department heads and functional managers.</td>
</tr>
<tr>
<td>• What is the available or approved budget for this purchase?</td>
<td>Request for Quotation (RFQ) cost negotiation, technical evaluation template, Request for Information (RFI) cost negotiation.</td>
<td>End-users and departmental heads.</td>
</tr>
<tr>
<td>• Can an existing contract or established source be used?</td>
<td>Market analysis report, letter of invitation for suppliers’ request for information.</td>
<td>Procurement officers, department heads and functional managers.</td>
</tr>
<tr>
<td>• Is there a potential conflict of interest situation with any suppliers?</td>
<td>Market analysis report, letter of invitation for suppliers’ request for information.</td>
<td>Procurement officers, end-users and departmental heads.</td>
</tr>
<tr>
<td>• Have we shortlisted compliant/acceptable offers and rejected non-responsive offers?</td>
<td>Market analysis report, letter of invitation for suppliers’ request for information.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
</tbody>
</table>

Step 2: Purchase requisition

Table 5 - Purchase requisition review

<table>
<thead>
<tr>
<th>Questions</th>
<th>Documents</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Is the budget for the requisition adequate?</td>
<td>Request for Information (RFQ), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Does the product/service meet the need?</td>
<td>Request for Information (RFQ), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Will the supplier’s offer be the best fit to meet the existing requirement?</td>
<td>Request for Information (RFQ), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
</tbody>
</table>

Step 3: Solicitation process

Table 6 - Solicitation process

<table>
<thead>
<tr>
<th>Questions</th>
<th>Documents</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Have we received at least two offers?</td>
<td>Letter of invitation, response, Request for Information (RFI), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Was the supplier’s offer in expansion of the solicitation process?</td>
<td>Letter of invitation, response, Request for Information (RFI), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Have we shortlisted compliant/acceptable offers and rejected non-responsive offers?</td>
<td>Letter of invitation, response, Request for Information (RFI), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
</tbody>
</table>

Step 4: Evaluation and contract

Table 7 - Evaluation and contract

<table>
<thead>
<tr>
<th>Questions</th>
<th>Documents</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Does the gaps present confirm the request for contract?</td>
<td>Request for Information (RFQ), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Have we shortlisted compliant/acceptable offers and rejected non-responsive offers?</td>
<td>Request for Information (RFQ), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Is there a potential conflict of interest situation with any suppliers?</td>
<td>Request for Information (RFQ), request for Quotation (RFQ), Technical Assessment Report.</td>
<td>Procurement officers, department heads and functional managers.</td>
</tr>
</tbody>
</table>

Step 5: Order management

The procurement, in collaboration with the evaluation committee, will study and assess supplier quotations once the solicitation process is formally closed to determine which supplier will be the best fit to meet the existing requirement.

Table 8 - Order management

<table>
<thead>
<tr>
<th>Questions</th>
<th>Documents</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Are there any discrepancies in the three-way matching (PO, Guaranteed Residual Value (GRV) cost negotiation, technical evaluation template, solicitation review summary sheet.</td>
<td>Procurement team and evaluation committee.</td>
<td></td>
</tr>
<tr>
<td>• Are there any discrepancies in the three-way matching (PO, GRV, invoice)?</td>
<td>Procurement team and evaluation committee.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Do the product/services meet the need?</td>
<td>Procurement team and evaluation committee.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>• Do the purchased items/services meet the need?</td>
<td>Procurement team and evaluation committee.</td>
<td>Procurement team and evaluation committee.</td>
</tr>
</tbody>
</table>

The following are the eight steps in the procurement process:

Step 1: Needs Recognition

Only until the purchase requisition is authorized and cross-checked for budget availability will the procurement package go on to the next stage. The decision to award the order to the lowest bidder is a hassle and a waste of time, but in competitive tendering, the procurement officer has to take precautions and safeguard the interests of the organization.

Purchasing requests that are approved become Purchase Orders (POs), while those that are rejected are returned to the requisitioner with reasons.

Step 2: Purchase requisition

Table 3 - Steps involved in a procurement process

<table>
<thead>
<tr>
<th>Needs recognition</th>
<th>Purchase requisition</th>
<th>Purchase requisition review</th>
<th>Solicitation process</th>
<th>Evaluation and contract</th>
<th>Order management</th>
<th>Evaluation and contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders</td>
<td>Procurement officers, department heads and functional managers</td>
<td>Procurement officers, department heads and functional managers</td>
<td>Procurement officers, department heads and functional managers</td>
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<td>Procurement officers, department heads and functional managers</td>
</tr>
<tr>
<td>Questions</td>
<td>• What is the available or approved budget for this purchase?</td>
<td>• Is the budget for the requisition adequate?</td>
<td>• Will the supplier’s offer be the best fit to meet the existing requirement?</td>
<td>• Does the gaps present confirm the request for contract?</td>
<td>• Have we shortlisted compliant/acceptable offers and rejected non-responsive offers?</td>
<td>• Are there any discrepancies in the three-way matching (PO, Guaranteed Residual Value (GRV), invoice)?</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Procurement team and evaluation committee.</td>
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</tr>
<tr>
<td>Questions</td>
<td>• Is the good or service requested truly necessary?</td>
<td>• What is the available or approved budget for this purchase?</td>
<td>• Can an existing contract or established source be used?</td>
<td>• Is there a potential conflict of interest situation with any suppliers?</td>
<td>• Have we shortlisted compliant/acceptable offers and rejected non-responsive offers?</td>
<td>• Are there any discrepancies in the three-way matching (PO, Guaranteed Residual Value (GRV), invoice)?</td>
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<td>Procurement team and evaluation committee.</td>
</tr>
<tr>
<td>Questions</td>
<td>• Will it require special approval of any sort?</td>
<td>• Is the good or service requested truly necessary?</td>
<td>• Can an existing contract or established source be used?</td>
<td>• Is there a potential conflict of interest situation with any suppliers?</td>
<td>• Have we shortlisted compliant/acceptable offers and rejected non-responsive offers?</td>
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<td>Are there any discrepancies in the three-way matching (PO, Guaranteed Residual Value (GRV), invoice)?</td>
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</table>
A toolkit by the Resource of Open Minds (R.O.O.M) project at HIVOS.

Step 7: Invoice approvals and disputes

After doing a check-up, the invoice is accepted and forwarded to payment processing.

Questions

- What are the dispute resolution provisions?
- Were the dispute resolution clauses helpful in resolving any conflict?
- How is the dispute resolution conducted?
- Are the settlement receipts kept in one place?
- How are the settlement receipts kept?
- Are purchase orders to invoices that have been approved, kept in one place?
- Are original supplier contracts, invoice approval forms, arbitrator and vendors, kept in one place?
- Are closure reports kept in one place?
- Are arbitration documents, and meeting minutes, kept in one place?
- Are all relevant documents, from purchase orders to invoices that have been approved, kept in one place?
- Are buyers keep track of the payment process for bookkeeping and auditing purposes?
- Are all relevant documents, from purchase orders to invoices that have been approved, kept in one place?
- Are the procurement officers and requisitioners kept track of the payment process for bookkeeping and auditing purposes?
- Are all relevant documents, from purchase orders to invoices that have been approved, kept in one place?
- Are all relevant documents, from purchase orders to invoices that have been approved, kept in one place?
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A toolkit by the Resource of Open Minds (R.O.O.M) project at HIVOS

START
Requisition planning
Pre-qualification of suppliers
Requisition
Invitation to bid
Receiving & Operating bids
Evaluation of bids
Contract Award
Communication of the contract
Signing of the Contract
Contract Management
Receiving, inspection & payment
Store Management
END

Figure 5 - Procurement cycle
E. STORES MANAGEMENT

The efficient handling of resources is referred to as store management. Store management is concerned with ensuring that all storekeeping duties are completed efficiently and inexpensively by those who work there. Stores play a vital role in operations and are required for the proper management of any industrial unit or public entity.

According to Alford and Beatty, “Store management is that aspect of material control concerned with the physical storage of goods.”

According to Maynard, “Store management is to receive materials, to protect them while in storage from damage and unauthorized removal, to issue the materials in the right quantities, at the right time to the right place and to provide these services promptly and at least cost.”

E.1. Objectives of store management

Some of the importance of stores management include:

- Cutting production costs by lowering material costs.
- Maintaining the value of materials.
- Providing services to user departments.
- Forming partnerships with other departments.
- Guiding materials managers.

E.2. Functions of store department

Some functions of store management include:

- Receipting – Receiving and accounting for inventories.
- Storing - Storing and preserving the inventories protecting them from damage, pilferage and deterioration.
- Retrieving - It helps with ease of access to materials and ensures optimum space utilization.
- Issuing - Issuing inventories to internal and external customers, controlling the flow of goods and ensuring that the right materials are issued.
- Housekeeping - Space is kept neat and clean so that material handling, preservation, storage and receipting is done satisfactorily.
- Miscellaneous items or stock - Stores keep an inventory of tools, spare parts and other items to avoid stock-outs.

E.3. Types of stores

There are 4 main types of stores, namely:

- Main or Centralized Stores - These are typically wholesale providers to other units, departments, or sub-stores that function on a retail basis, issuing products to customers directly. One central facility receives and distributes all materials.
- Branch or Decentralized Stores - These are used in large operations where a single main store cannot meet all the plant’s needs without wasting time and causing inconveniences.
- Central store with sub-stores - These are found in large operations with a high number of product lines. It has a primary store that can act as a base as well as sub-stores for each unit positioned as close as possible to the unit. For a set length of time, say a fortnight or a month, the sub-stores get their supplies from the main store. Float or impress refers to a set amount of content delivered to a specific unit. The storekeeper of the sub-store will describe the material consumed and issue the quantity of material equal to the material consumed to replenish after the determined period has expired. This system of issuing and controlling materials is known as a periodic system of store control.
- Warehouses - These are godowns that take on the job of preserving and storing items as well as providing auxiliary services to avoid small and medium-sized operations that may not want to create their own warehouses for economical reasons. These warehouses commit to preserving the commodities scientifically and systematically to preserve their original worth, quality and utility. They charge a certain rent at a predetermined rate.

- Tools and Miscellaneous Stores have all the tools that are required by other units. The tool inventory must be kept up to date to meet the demands of the job. These stores oversee distributing tools, spare parts and other items to sub-stores within the enterprise.
E.4. Receiving goods

All supplies received in the stores by the storekeeper are recorded and evidenced by an official “goods received stamp.” Below is an example of a goods received stamp and its contents:

**GOODS RECEIVED NOTE**

Date: __________________ Order No: __________ Delivery No: ______

We have received the following items:

Signed: Supplier: ____________________

Receiving Officer: ____________________

Date: __________________ Date: __________

Serial No  Item Description  Units  Quantity  Comments

When there are discrepancies during the 3-way match process, the stores unit should prepare a list of goods accepted. The ensuring set is called the “goods received note,” which is signed by the supplier and the receiving officer. Below is an example of a goods received note and its contents:

**Figure 7 - Goods received note**

E.5. Stock taking

This involves counter-checking and verification of stores ledger balances against the physical stocks to determine any discrepancies. A team is appointed to carry out the exercise. After taking stock, a certificate is prepared and signed by the stores manager to indicate that the exercise is done formally. The purpose of stock-taking include:

- To reveal the rate of usage.
- To verify stores records i.e., stores ledger against the physical stock.
- To establish slow, fast-moving and dormant stock, and recommend appropriate measures to be taken e.g., transfer and disposal.

E.6. Disposal of assets

The following methods shall dispose assets that are rendered unserviceable, obsolete, or surplus:

- Transfer to another entity.
- Sale by Public Tender.
- Sale by Public Auction.
- Trade-in.
- Waste disposal management.

The steps involved in the disposal of assets include:

- Identification of qualifying assets - At the end of every financial year, the user and stores unit shall identify disposable assets.
- Disposal plan - An appropriate disposal plan is prepared and approved.
- Disposal committee - A disposal committee is constituted according to the procurement and disposal policy. The committee is charged with deciding on the method of disposal.
- After disposal - The committee issues a certificate of disposal showing the details of assets disposed and the proceeds received.

The proceeds of disposal are received and accounted for in the cash books. In the stores ledger, the storekeeper will make an entry to write off the disposed asset if the asset does not have an appropriate disposal entry that will be made in the fixed assets control register.

E.7. Key information, summary and takeaway

Typically, a store has a few processes and a space(s) for storage. The main processes of a store are to receive incoming material (receiving), to keep the materials for as long as they are required (keeping in custody), and to move them out of the store for use (issuing).

**Figure 8 - Functions of stores management**
A toolkit by the Resource of Open Minds (R.O.O.M) project at The 2021 AU/UN Year of Creative Arts Challenge.

The payment process involves receiving invoices from suppliers, checking the invoice, receiving goods with suppliers, paying suppliers and managing the funds to cover the payments. Funds are transferred from payer to payee following established payment flows that are characteristic of the payments. Funds are transferred from payer to payee following established payment flows that are characteristic of the payments. Funds are transferred from payer to payee following established payment flows that are characteristic of the payments.

F.1. Modes of payment
These include:

- Credit card - This is a card issued by a financial institution that allows the cardholder to make purchases with a credit limit. The cardholder is later charged with the amount spent.
- Bank transfer - Money is transferred from one account to another, usually through a bank.
- Cheque - A written order from the bank account of the payer authorizing a payment.
- Electronic fund transfer (EFT) - Money is transferred electronically from one account to another.
- Automated clearing house (ACH) - A method of transferring money electronically from one account to another.
- Direct debit - Money is deducted from the payer's account at regular intervals.

F.2. Supporting document
Proper supporting documentation (itemized invoice) must be attached to the payment request to support the purchase of goods or services being purchased. The completeness of payment supporting documents must be ensured by the person responsible for approvals.

F.3. Payment system
Payments between enterprises are mostly done through the banking system. The diagram illustrates a typical sequence of payment operations.

Illustration by: Nipaguru for The AIDS Activist's Year of Creative Arts Challenge

F.4. Petty cash payments
Petty cash is a method of providing a selected sum of money to an employee for small purchases without keeping a record of the expenses incurred. Petty cash varies from one enterprise to another.

F.5. Key information, summary, and takeaway
Payments between enterprises are normally done through the banking system.
G. RECORDING OF TRANSACTIONS

Transaction recording is a simple, accounting procedure that involves only a few steps. The first step is to figure out which accounts will be affected by the transaction. The second step is to record the information in the appropriate accounts. When entering numbers into the debit and credit sections, care must be exercised. The transaction is then recorded in a document known as a journal (the primary area of accounting where a transaction is recorded).

G.1. What would you expect to see?

Any accounting system in place to record transactions is likely to be based on one of the following:

- A paper-based system.
- A paper-based system supported by computer spreadsheets.
- An "off the shelf" computerized accounting package.
- A bespoke accounting package, especially in large enterprises.

The following records are often kept in whatever system is in place in an enterprise:

- Cash/bank book, for each currency. This gives a daily listing for money coming in and money going out, for cash and bank separately.
- Bank records (bank statement and other correspondence).
- Payroll details.
- Cash advances and loans register. These show details of sums advanced, repaid, accounted for and still outstanding.
- A record of the details of a particular period, what has been spent and how much is left.
- Records and balances that explain expenditure in the cash/book.
- Details of money owing to you (called 'debtors') and what you owe to others (called 'creditors').

To back up the electronic information, all computerized accounting systems require paper-based information. Auditors review both paper and computerized records. Larger companies, with more complicated accounting needs, require additional records such as:

- A ledger – Shows expenditure by category. The ledger is the foundation of computerized accounting software.
- A journal – A component of the accounting ledger system where modifications to the accounts are recorded.

These 2 documents allow enterprises to produce an income and expenditure account and balance sheet at the end of the year.
G.2. Recording receipts
All funds received must be recorded in a serially numbered cash receipt receipt. This official receipt must provide evidence of receipt of funds. The official receipt should be pre-numbered and the following should be recorded:
- Date of receipt
- Source of funds
- Cheque number when applicable
- Amount in figures and words
- Purpose of the funds
- Mode of payment: Cash/cheque, pay in slip, in-kind
- Income account names
- Signature of receipt

The major sources of cash receipt in an enterprise include:
- Donor funding.
- Loan forgiveness.
- Collection of interest.
- Sale of capital.
- Cash sales.
- Income account name.
- Payment type.
- Date of payment.
- Cheque number.
- Amount paid.
- Purpose.
- Mode of payment.

Payment vouchers together with supporting documents should be filed neatly and sequentially in files. Supporting documents include invoices, delivery notes, copies of LPOs, agreements, letters of instruction amongst other relevant documents.

G.3. Recording payments
All funds paid out must be recorded in a serially numbered official payment voucher and recovered in the cash receipt immediately. The official payment voucher provides evidence of payment of funds. Proof of payment from the sender of funds is called for before the payment is processed. Cash payments from petty cash may be supported by supporting vouchers payable at a pre-approved expense from suppliers. The official payment voucher should be pre-numbered and the following recorded:
- Date of payment
- Payee name
- Payment voucher number
- Cheque number
- Amount paid
- Purpose
- Invoice number
- LPO number

The major sources of cash receipt in an enterprise include:
- Investment of capital by the proprietor or owner.
- Cash sales.
- Sale of an asset for cash.
- Collection from customers.
- Collection of interest, dividends, or rent.
- Rent from an individual, bank, or any other financial source.
- Donor funding.

G.4. Bank Reconciliation
The cash balance on a company's balance sheet is compared to the balance on its bank statement. Any accounting modifications, regular bank reconciliations are performed to guarantee that the company's cash records are accurate. They also aid in the detection of fraud and money laundering. Sometimes there could be a difference between the bank statement balance and the enterprise accounting records. These include:
- Deposits in bank - Cash receipts may have been received and recorded by the enterprise but yet to be deposited in the bank account and therefore not shown on the bank’s statement. The enterprise can only record these deposits once the bank statement is received and recorded by the enterprise but are yet to be deposited in their bank account and therefore not shown on the bank's statement. The enterprise can only record these deposits once the bank statement is received and recorded by the enterprise but are yet to be deposited in their bank account and therefore not shown on the bank's statement.
- Outstanding checks - Cheques may have been issued by the enterprise but have not yet been processed by the enterprise's bank. These checks are not yet shown on the bank’s statement.
- Bank service fees - The enterprise may be charged for services they provide to the enterprise, but these amounts are usually relatively small and only become recorded once the service is used. The enterprise can only record these amounts once the service is used.
- Interest income - Banks may pay interest on some bank accounts. The enterprise can only record these interest incomes once they can verify them on their bank statement.

The below is the bank reconciliation procedure:
- Identify all listed cheques and deposits in transit.
- Using the cash balance shown on the bank statement, deduct any outstanding cheques or deposits as this will provide the adjusted bank cash balance.
- Use the enterprise's retained cash balance, add any interest earned and note the receivable amount.
- Deduct bank service fees, penalties, and other bank charges. This will arrive at the adjusted cash balance.
- After reconciliation, the adjusted balance should match with the enterprise's ending adjusted cash balance.

Many enterprises now employ specialized accounting software for bank reconciliation to cut down on the amount of effort and modifications required, as well as to minimize real-time audits.

G.5 Key information, summary and takeaway
Introducing regular routines ensures that the accounting record keeping capability meets all the organization's requirements. These procedures are completed by a financial person, but the leader/manager verifies them, signs them off and takes any additional action that is required. The actual routines vary depending on the organization's size and complexity, but they may include those illustrated in table 12.

(Illustration by Harrison Chege for the 2023 ActOn! Year of Creation Arts Challenge)
### Example of monthly accounting routines

<table>
<thead>
<tr>
<th>Monthly routine</th>
<th>Possible further action by the leader/manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update the cash/bank book.</td>
<td>• Check that all transactions have supporting documents (for example, invoices or receipts).</td>
</tr>
<tr>
<td>Agree on the cash/bank book (your record) with each bank statement.</td>
<td>• Make sure you see the bank statement; check that the two records agree and that the reasons for any differences are explained.</td>
</tr>
<tr>
<td>Update details of cash advances to staff.</td>
<td>• Follow up on any cause for concern.</td>
</tr>
<tr>
<td>List enterprises that owe you money and those that you owe money to.</td>
<td>• Talk to anyone with a cash advance outstanding for more than a month.</td>
</tr>
<tr>
<td>Update the cash/bank book.</td>
<td>• Contact those who owe you money that have not paid for more than a month.</td>
</tr>
<tr>
<td>Compare actual income and expenditure with the budget from the start of the year to date.</td>
<td>• Check that all transactions have supporting documents (for example, invoices or receipts).</td>
</tr>
<tr>
<td>List income/expenditure committed but not yet received/paid.</td>
<td>• Count the cash and check that it agrees with the cash balance in the cash/bank book.</td>
</tr>
<tr>
<td>List any donor reporting needed over the next three months.</td>
<td>• Make sure you see the bank statement; check that the two records agree and that the reasons for any differences are explained.</td>
</tr>
<tr>
<td>List income/expenditure committed but not yet received/paid.</td>
<td>• Follow up on any cause for concern.</td>
</tr>
</tbody>
</table>

#### Possible further action

- **Check that all transactions have supporting documents (for example, invoices or receipts).**
- **Contact those who owe you money that have not paid for more than a month.**
- **Count the cash and check that it agrees with the cash balance in the cash/bank book.**
- **Make sure you see the bank statement; check that the two records agree and that the reasons for any differences are explained.**
- **Follow up on any cause for concern.**

### Common concerns around account record keeping

#### Possible solutions

- **Insist on receiving the correct paperwork before making any payment.**
- **Have separate files for ‘money coming in’ and ‘money going out’.**
- **Start a cash-advances register to show amounts advanced, repaid, or accounted for and what is outstanding.**
- **A review of this should be done each month and speak to those with unaccounted-for advances.**
- **If you use a paper-based system, start a new book to record restricted funds and make sure this is linked to expenditure.**
- **A computerized accounting system may have a facility for allocating the expenditure to a particular donor.**
- **A separate record of amounts due will record any funding promised or invoices sent out. Keep a file divided into two halves. At the front, file details of money that should be received. When it is received, write the date, the amount received, and reference. Move this information to the back of the file.**
- **If there is a written policy, see if it is understandable. If it is, circulate it. If not, consider writing clearly how things should be done. In the longer term, putting things in writing is good practice for all financial tasks. Arrange some basic training on this procedure for existing staff and make it part of the induction program for new staff.**

### Common concerns around account record keeping are illustrated in table 13.

<table>
<thead>
<tr>
<th>Examples of common concerns</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoices and receipts are not always available to back up our transactions.</td>
<td>• Insist on receiving the correct paperwork before making any payment.</td>
</tr>
<tr>
<td>Cash advances to our staff are not recorded and are out of control.</td>
<td>• Have separate files for ‘money coming in’ and ‘money going out’.</td>
</tr>
<tr>
<td>Our accounts do not show whether ‘restricted’ funds have been used for the purpose given.</td>
<td>• Start a cash-advances register to show amounts advanced, repaid, or accounted for and what is outstanding.</td>
</tr>
<tr>
<td>No one knows what money is due to be received.</td>
<td>• A review of this should be done each month and speak to those with unaccounted-for advances.</td>
</tr>
<tr>
<td>Staff do not know how our organization wants them to claim expenses, approve expenditures and take advances.</td>
<td>• If you use a paper-based system, start a new book to record restricted funds and make sure this is linked to expenditure.</td>
</tr>
</tbody>
</table>

### Examples of common concerns

- Invoices and receipts are not always available to back up our transactions.
- Cash advances to our staff are not recorded and are out of control.
- Our accounts do not show whether ‘restricted’ funds have been used for the purpose given.
- No one knows what money is due to be received.
- Staff do not know how our organization wants them to claim expenses, approve expenditures and take advances.

### Possible solutions

- Insist on receiving the correct paperwork before making any payment.
- Have separate files for ‘money coming in’ and ‘money going out’.
- Start a cash-advances register to show amounts advanced, repaid, or accounted for and what is outstanding.
- A review of this should be done each month and speak to those with unaccounted-for advances.
- If you use a paper-based system, start a new book to record restricted funds and make sure this is linked to expenditure.
- A computerized accounting system may have a facility for allocating the expenditure to a particular donor.
- A separate record of amounts due will record any funding promised or invoices sent out. Keep a file divided into two halves. At the front, file details of money that should be received. When it is received, write the date, the amount received, and reference. Move this information to the back of the file.
- If there is a written policy, see if it is understandable. If it is, circulate it. If not, consider writing clearly how things should be done. In the longer term, putting things in writing is good practice for all financial tasks. Arrange some basic training on this procedure for existing staff and make it part of the induction program for new staff.
H. FINANCIAL REPORTING

Financial reporting is a regular accounting practice in which financial statements are used to present a company’s financial information and performance over a specific period, usually annually or quarterly.

A financial report, in simpler terms, is essential for understanding how much money a company has, where it comes from, and where it needs to go. Financial statements provide a snapshot of the financial health of the enterprise. They offer an overview of the financial status and performance of the enterprise.

H.1. Types of financial reports

There are several financial reports produced by enterprises for their stakeholders. These can be classified as:

- Annual accounting statements
- Donor reports
- Government reports
- Beneficiary reports

Each of these reports poses a challenge for finance professionals. Ideally, financial data is stored in a system that allows for the presentation of reports in a variety of formats to meet the needs of internal and external users.

Illustration by Ian Njuguna for The 2021 AU/UN Year of Creative Arts Challenge.

H.1.1. Annual accounting statements

Enterprises will at the end of each year produce legally required statements to report transactions. These reports include the income statement, balance sheet, and cash flow. For this context, however, we will discuss two presentations of annual accounting statements:

i. Receipts and payments account

The receipts and payments account (sometimes called a ‘cash account’) shows a summary of all cash and bank money coming in (receipts) and going out (payments) over the last year. It is the simplest form of the accounting statement. Items bought for longer-term use, for example, vehicles or computers, are listed alongside the day-to-day items such as rent and salaries. All the information for a receipts and payments account comes from the organization’s records. It shows:

- The amount held in cash and bank at the beginning of the year.
- Money received (receipts).
- Money paid (payments).
- The amount held in cash and bank at the end of the year.

It only shows how much money is left over, not if there was a surplus or deficit. Small groups with a specific goal or activity and fewer employees often produce the receipts and payments account. It is useful for small enterprises that do not have advanced accounting systems and need a quick overview of the financial situation.

ii. Income and expenditure account

Also known as the account of operations, the statement of financial activity or disbursement account is an annual accounting statement to show what has happened over the last year. It includes only revenue items and the balance at the end represents surplus or deficit. This account serves the same purpose as the income statement.

The income and expenditure account is usually presented with a balance sheet, which shows what the enterprise owns (buildings, vehicles, equipment and the amount in the bank account), what it owes (outstanding payments to suppliers and loans), and where the money has come from (usually money built up from surplus in previous years and unspent donor funding). These items are not included in the income and expenditure account.

A full explanation of these annual accounting statements is outside the scope of this toolkit. Useful publications are listed in the ‘Further reading’ list at the back of this toolkit. Table 1 shows the key differences between an income and expenditure account and the receipt and payment account discussed in the earlier module.

Table 1: Key differences between income and expenditure account and receipt and payment account

<table>
<thead>
<tr>
<th>Income and expenditure account</th>
<th>Receipts and payments account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shows only revenue and expenses.</td>
<td>Shows receipts and payments.</td>
</tr>
<tr>
<td>Surplus or deficit at the end.</td>
<td>Income and cash at the end.</td>
</tr>
<tr>
<td>Includes balance sheet.</td>
<td>Contains information on cash.</td>
</tr>
</tbody>
</table>

Table 1 highlights the important distinction between an income and expenditure account and the receipt and payment account discussed in an earlier module.
A toolkit by the Resource of Open Minds (R.O.O.M) project at HIVOS

Table 14 - Distinction between income and expense and receipt and payment accounts

<table>
<thead>
<tr>
<th>Nature</th>
<th>Income &amp; Expenditure</th>
<th>Receipt &amp; Payment Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of Items</td>
<td>Income and expenditure are both of revenue nature.</td>
<td>Receipts and payments may relate to donations and non-revenue sources.</td>
</tr>
<tr>
<td>Period</td>
<td>Income and expenditure items relate only to the current period.</td>
<td>Receipts and payments may relate to preceding and succeeding periods.</td>
</tr>
<tr>
<td>Debit Side</td>
<td>The debit side of this account records expenses and losses.</td>
<td>The debit side of this account records the receipts.</td>
</tr>
<tr>
<td>Credit Side</td>
<td>The credit side of this account records income and gains.</td>
<td>The credit side of this account records the payments.</td>
</tr>
<tr>
<td>Includes depreciation</td>
<td>Includes depreciation. Does not include depreciation.</td>
<td></td>
</tr>
</tbody>
</table>

Table 15 - Difference between financial and management accounting

<table>
<thead>
<tr>
<th>Financial accounting</th>
<th>Management accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples include the budget and the &quot;budget and actual statement&quot;.</td>
<td>Examples include annual accounting statements, e.g., the income budget, actual statement, expenditure account and balance sheet.</td>
</tr>
<tr>
<td>Required internally to allow for decision-making.</td>
<td>Used internally but donors may see it. Shown to all stakeholders/donors.</td>
</tr>
<tr>
<td>Does not have to be audited.</td>
<td>Is usually audited.</td>
</tr>
<tr>
<td>The layout is designed to help users to make decisions.</td>
<td>The layout follows a standard format as per International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS), or Generally Accepted Accounting Principles (GAAP).</td>
</tr>
</tbody>
</table>

H.1.2. Financial reports to donors

Donors frequently request reports on the utilization of monies they have provided. Such statements may be prepared as follows:

- A budget and actual summaries, with comments to explain any adjustments every quarter and at the conclusion of their financial year.
- Annual accounting statements that have been audited such as the income and expenditure account, the profit and loss account, and the balance sheet.
- A report detailing income and spending for the current period.
- Invoices or purchase orders for goods and services.

It is essential that donor reports are sent within the stipulated timeframe. Including this requirement in a workplan ensures deadlines are not missed. Also:

- Ensure that the budget format used by the donor and the budget format used by your accounting systems are the same. Negotiate with the donor to accept your format if your system cannot deliver information in the donor’s format or consider strategies to satisfy the donor while avoiding further burden. This simplifies reporting while also maintaining positive connections with the donor.

- Consider whether your accounting knowledge is adequate. A substantial infusion of fresh donor funds will boost your revenue and activities as well as the systems that support them. Before accepting funds, make sure you have the ability to manage and account appropriately.

H.1.3. Financial reports to the government

The government may require reporting on issues such as:

- Staff taxes deducted from salaries.
- Contributions from international institutions.
- Amounts paid to staff.

Table 15 - Difference between financial and management accounting

Financial accounting: includes annual accounting statements, e.g., the income budget, actual statement, expenditure account and balance sheet. Management accounting: includes the budget and the "budget and actual statement". The layout is designed to help users to make decisions. The layout follows a standard format as per International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS), or Generally Accepted Accounting Principles (GAAP).
I. DONOR FUNDS

Donors contribute free support, especially money to charity organizations. Sources can include donations, project funding, online crowdfunding, field-raising events among others that are usually project-specific. Funding for projects, charity and NGO activities can be difficult. These difficulties are compounded by strict donor constraints, further complicating the situation.

Challenges for projects, charities and NGOs include developing the managerial skills needed to secure and manage financial resources properly. The stringent limits that donor organizations have in disbursing cash for operations or property development can contribute to the long-term financial sustainability of enterprises.].[1]

This necessitates the development of a funding relationship between donors and projects, whereby NGOs which can contribute to the long-term financial sustainability of the organization. It is therefore necessary for projects, charities, and NGOs to develop a “Funding Mix” as a collection of different sources that allow them to generate a consistent stream of income over time.

II. MANAGEMENT AND ACCOUNTING FOR DONOR FUNDS

A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project. A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project. A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project. A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project.

The funding agreement between the donor and the enterprise should stipulate all aspects of the project and include the following:

- Activities to achieve the deliverables.
- Duration of the project.
- Reporting on activities.
- Narrative report.
- Financial report.
- Time line and project accomplishment summary.
- Schedules in the budget regarding how the funding will be utilized.

Report intervals shall be determined by the donor and the enterprise through a formal funding agreement. A narrative report is a financial report that is generally included in reports prepared throughout the reporting period while the financial report highlights all expenses on the course of the agreement.

During the project implementation, it may appear that certain amounts of the funding weren’t used by the project or are available as success at the project level and therefore, certain activities could be achieved in such cases the donor’s permission must be acquired before any changes in the project’s execution. If this necessitates budget changes, the narrative report may include any grant recipient makes to the program.

Grantees are expected to keep their audit readiness up to date, This ensures that all financial and program-related records pertaining to the grant's activities are accessible. If the auditor could result in questioned charges and ultimately bad public relations. An email to the auditor is expected each financial year. A copy of the audited financial statements is given to each donor. Donors frequently demand audited financial reports on the funds they have provided.

A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project. A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project. A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project. A practical accounting system for an enterprise and sound financial management practices will ensure that, when done correctly, the donor will continue to fund the project.

Grantees can also appoint someone from within their enterprises to conduct an internal audit for their own purposes.

The overall responsible officer in the enterprise is accountable for all funding needs to ensure that, when reviewing the audited statement, they can answer the following questions:

- What is the relationship between the income and expenditure statistics and the actual expenditure for the grant?
- How do they compare favourably against the year’s budget?
- Why have there been substantial increases and/or decreases on certain items?
- Has the audit found any instances of misappropriation of funds?
- How does the donor view the year’s budget?
- How should the narrative report be utilized and/or adjusted?
- Is there any deficit in the year being audited cover by the prior year’s budget?
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the invoice is dated before the project’s completion. Accrual of expenses is one approach for avoiding significant under-spending.

- Meet project deadlines while staying within budget - Check that the activities listed in the project proposal correspond to the actual activity and the amount of money spent. It’s no good having 10 seminars in the proposal and just doing five of them because the cost is the same. Inform recipients and project officers about the donor, as well as their terms and conditions. Hold regular meetings with other personnel (e.g., project and administrative staff) to discuss the donor’s conditions and to assess progress against the donor’s project plans.

- Avoid underspending - For a donor, this is just as serious as, if not more serious than, overspending. Donors, too, have goals to fulfill, and they do not want the trouble of having monies returned to them. If you do not utilize up all your donors’ allotments, you risk losing this money from the following year’s allotment.

- Monitor donor-by-donor expenditure - Keep an eye on the specific expenditures given to each donor in multi-donor supported projects to ensure you do not under or overspend for each contributor. The total expenditure may indicate that you are on track overall, but the donor-by-donor status is hidden.

- Spend capital expenditure early - Equipment should be procured in the first phase of the program. Donors rarely allow this to take place in the closing months or in the absence of a no-cost extension. Equipment spent late in the program impacts the donor’s budget, as well as what adjustments the donor has requested and agreed to.

- Avoid surprises - If you cannot meet reporting deadlines or other requirements, notify the donor right away; do not ignore it. You might reach an agreement on unfavourable terms and conditions.

Illustration by Harrison Chege for The 2021 AU/UN Year of Creative Arts Challenge.

3. MONITORING AND EVALUATION

Monitoring is the routine collection and analysis of information to assess progress against set plans and check that goals are being achieved. Monitoring helps identify trends and patterns, adapts strategies, and informs decisions for project/program management.

3.1. Common types of monitoring

- Results monitoring - Tracks effects and impacts. This is where monitoring merges with an evaluation to determine if the project/program is on target towards its intended results, outputs, outcomes and overall goals. Monitoring feeds into the evaluation of impact.

- Process (activity) monitoring - Tracks the use of inputs and resources, the progress of activities, and the delivery of outputs. It examines how activities are delivered – the efficiency in time and resources. It is often conducted with compliance monitoring and feeds into the evaluation of impact.

- Compliance monitoring - Ensures compliance with donor regulations and expected results, grant and contract requirements, local governmental regulations and laws, and ethical standards.

- Context (situation) monitoring - Tracks the setting in which the project/program operates, especially any factors that raise risks and assumptions. It also includes considerations that may affect the project/program.
HIVOS

Timely and reliable M&E provides information to:
• support program design and implementation;
• guide management and decision-making;
• enable project/program performance monitoring;
• improve project/program performance;
• ensure accountability and transparency;
• support learning and improvement.

2.1.3 Project/Program M&E

M&E involves identifying and reflecting upon the findings allow project/program managers, beneficiaries, management and decision-making to guide and improve project/program performance. M&E is a learning strategy by reflecting upon and shaping experience, or by providing information that will help improve the outcomes from what we did and how we did it.

A well-functioning M&E system is a critical part of good organizational monitoring - Tracks the sustainability, organizational development and capacity building. It is often conducted with compliance and process monitoring.

Organizational monitoring - Tracks the sustainability, organizational development and capacity building. It is often done with the monitoring processes of the larger, implementing organization. Evaluations in- volve identifying and reflecting upon the effects of what has been done and outlining their worth. Their findings help organizations reflect on their performance, identify strengths and weaknesses, and learn from the experience and uncover future interventions.

3.2.3 Comparing monitoring and evaluation

The key distinction between monitoring and evaluation is the assessment in time and focus. Monitoring is continual and concentrated on current events. Evaluations, on the other hand, are conducted at a specific point in time. This method can also measure how effectively the project is working, or over what period of time.

3.4.6 M&E methods

• Questionnaires and Survey - Questions and surveys can be used on the monitoring process.

This method can be used to gather information, while the project's objectives can be evaluated with implementation by a. Another evaluation, although they are less common and focus on broader changes (outcomes) that demand more methodological rigor. They are often used in project evaluation, but also in evaluation of specific programs or activities. These methods are less common and focus on broader changes (outcomes) that demand more methodological rigor.

4.5 Financial controls

- Financial and stock records. Financial controls are in place to demonstrate to stakeholders and anyone outside the enterprise that sound financial controls are in place.

Although it is impossible to detect all instances of fraud, there are several ways to guard against it. One way is to implement new methods and re-educating the personnel responsible for fraud. Despite the importance of trust, controls are required in order for trust to be established.

2.6 When things go wrong – fraud

Fraud occurs when deception is used to obtain an unfair advantage, such as increasing one's personal income or financial resources and other resources of the enterprise.

To avoid fraud, the following steps can be taken:

• Implement controls - Systems for managing cash amounts.
• Bank controls - Systems for managing bank statements.
• Credit controls - Systems for managing credit limits.
• Inventory controls - Systems for managing inventory levels.
• Management controls - Systems for managing management.
• Management - Controls for managing management.

4.5.6 Financial controls – is trust enough?

Financial controls are the financial management systems that are in place to protect the enterprise's assets and reduce and or eliminate the risk of error and theft. All enterprises need financial and internal controls. In some instances, it is critical for an enterprise to ensure adequate financial controls are in place.

The cost of fraud can be measured in terms of the cash available to the enterprise. In addition, there is a hidden cost in terms of customer confidence, which is often measured.

3.7 Steps to minimize fraud

• Monitoring and Evaluation

Monitoring and Evaluation is a critical part of good project/program management and accountability. Monitoring and Evaluation require information to support programs/programs implementation with accuracy, evidence-based reporting that informs management and decision-making to guide and improve project/program performance.
A toolkit by the Resource of Open Minds (R.O.O.M) project at HIVOS

K. AUDITING

Auditing is a crucial process in the financial management of any enterprise. It follows financial reporting. Auditors examine the systems and records of an enterprise to assess the effectiveness of internal controls, the performance and financial position of the enterprise at a particular point.

K.1 Definition and legal provision

An audit can be defined as an independent assessment of a system or an enterprise’s procedures to assure stakeholders that the enterprise’s objectives have been met within the laid down policies and procedures. Audits can either be external or internal.

K.1.1 External audit

Audits conducted by third parties can be immensely beneficial in removing any prejudice from an examination of an enterprise’s financial records. Financial audits are conducted to determine whether the financial statements include any material misstatements. A financial statement user can be certain that the financials are accurate and free from material misstatements if the auditor’s view is unqualified, or clean. As a result, external audits enable stakeholders to make better, more informed judgments about the enterprise under audit.

External auditors work to a separate set of criteria than the enterprises themselves to conduct the audit. The most significant distinction between an internal and an external audit is the concept of the external auditor’s independence.

Illustration by Ian Njuguna for The 2021 AU/UN Year of Creative Arts Challenge.
When third parties do audits, the resulting auditor’s view on an enterprise’s financial, internal controls and systems can be candid without influencing everyday work relationships.

K.1.2 Internal audit

Internal audits work for the enterprise they are auditing and the audit report they produce is delivered directly to management and the board of directors. While consultant auditors are not employed by the enterprise they are auditing, they apply the enterprise’s standards rather than their own. These audits are utilized when an enterprise plans out how the resources in-house to audit specific aspects of its operations.

K.1.3 Audit reports

Audit reports are formal documents that express the auditor’s opinion. It may draw attention to limitations (whether internal or external). Audit reports are included with the annual financial statements and distributed to donors and other stakeholders. It can also be offered to potential donors as a tool to assess an enterprise’s financial sustainability.

L. FINANCIAL SUSTAINABILITY

Financial sustainability refers to an enterprise’s ability to build a resource base such that it can maintain its institutional structure and provide benefits to the beneficiaries and intended client population after donor funding ends.

L.1 Moving towards financial sustainability

Three areas to consider include:

L.1.1 Developing financial management

This entails consideration of the below:
- Implementing financial management systems that provide information that enables sound financial and programmatic decisions, improving efficiency.
- Identifying potential cost savings and developing strategies for reducing core costs.
- Improving financial projections/budgeting.

L.1.2 Resource mobilization

This entails consideration of the below:
- Designing a comprehensive resource mobilization strategy.
- Building capacity to develop and market successful project proposals to attract new donors.
- Engaging partnerships with governments and other stakeholders.
entrepreneur to use idle capacity. This entails sharing project costs and capitalizing on economies of scale.

L.1.4 Reserve funds

If there is not enough funding, an enterprise can use some of its savings from previous years.

L.1.5 Income generation/self-financing

This entails consideration of the below:
- Exploring income generation through the sale of products and services.
- Marketing and sale of technical assistance and soft assets.
- Maxing membership dues and hard assets rental fees.

M. BEST PRACTICE PRINCIPLES

M.1. Best practice: “top ten” principles for budgeting

- Always start with the objectives for the organization/activity and involve other people. Ask the person responsible for each activity to prepare a budget.
- Use finance staff to provide technical advice, but let the person responsible decide priorities.
- Be as realistic as possible. Add rules to the budget to show how calculations were made. Show whether income is ‘guaranteed’ or ‘not yet confirmed’.
- Allow plenty of time and get approval from the management committee and/or donors before the start of the period.
- Show the agreed budget and any alterations to group members or staff. Tell them what they must do to keep within the budget.
- If external funding is required, submit the budget (or part of it) to donors.
- Provide detailed budget-monitoring reports for those with day-to-day management responsibility, and a summarized report for the management committee.
- Monitor the budget against actual income and expenditure regularly. Take any necessary action.
- The management committee leader and managers should review these reports regularly.
- Add notes to budget-monitoring reports, to explain major differences between the budget and actual income and expenditure.
M.3. Best practice: "top ten" principles for controlling cash

- Keep copies of all bank statements in a safe place. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure that there are no more than two signatories on any bank account. (Cheques, for example) should be signed by two people. Sometimes it is more practical to require any two of three named individuals (for example, if the expenditure is more than a certain amount.)
- Make sure that the bank account record is kept safe – preferably in a lockable drawer.
- Keep cheque books in a safe, locked cupboard, or keep them in a safe place.
- Register bank accounts in the name of a group or organization – never in the name of an individual.
- Register all cash items received or paid in a cash book. This person should not be the one dealing with other accounting records. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure printed numbered receipts, with the receipt and keep it when money is paid out in cash.
- Pay money into the bank as often as practical, to avoid keeping large amounts of cash.
- Keep all premises locked and safe.
- Keep confidential information locked away.
- Pay all invoices only after receiving goods or services.
- Pay all invoices only after receiving goods or services.
- Record all payments and receipts in the cash book. This person should not be the one dealing with other accounting records. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Keep all premises locked and safe.
- Keep confidential information locked away.

M.4. Best practice: "top ten" principles for controlling bank accounts

- Prepare the budget in line with enterprise objectives. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure that the balance statement is correct. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure that the bank account record is kept safe – preferably in a lockable drawer.
- Keep all premises locked and safe.
- Keep confidential information locked away.

M.5. Best practice: "top ten" principles for purchase and authorization controls

- Make sure that the bank account record is kept safe – preferably in a lockable drawer.
- Keep all premises locked and safe.
- Keep confidential information locked away.
- Prepare the budget in line with enterprise objectives. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure that the balance statement is correct. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure that the bank account record is kept safe – preferably in a lockable drawer.
- Keep all premises locked and safe.
- Keep confidential information locked away.

M.6. Best practice: "top ten" principles for management controls

- Allow only nominated people to place orders. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Ask self-employed individuals to provide adequate evidence of their self-employed status before making a payment. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Check goods and services received for quality before paying for them. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Make sure that the bank account record is kept safe – preferably in a lockable drawer.
- Keep all premises locked and safe.
- Keep confidential information locked away.

M.7. Best practice: "top ten" principles for physical controls

- Allow only authorized staff and volunteers to use premises and equipment. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Keep clear records of money owing and paid to other organizations or individuals. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Crosscheck their references and qualifications. (For example, if the expenditure is more than the budget at any one time, make sure that you keep a copy.)
- Keep all premises locked and safe.
- Keep confidential information locked away.

If you are not performing these physical controls, you are not performing your duty as a charity.
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Decision-making

Store Management

Accounting and Financial Management


Capacity-building

Core costs


Monitoring and evaluation (M&E)


Core facilities


Monitoring and evaluation (M&E)


Violence

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Store Management

Accounting and Financial Management


Capacity-building
Resources for organisational capacity-building and research: (English and French)
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Auditing

Financial sustainability

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Auditing

Financial sustainability

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Auditing

Financial sustainability
### Annex 1: Expense Summary

<table>
<thead>
<tr>
<th>Item Description</th>
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<th>Total</th>
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**Budget period**

- Jan (Ksh)
- Feb (Ksh)
- Mar (Ksh)
- Apr (Ksh)
- May (Ksh)
- Jun (Ksh)

**Exchange rate**

**TOTAL**

### Annex 2: Purchase requisition

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<th>Comments</th>
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<td>7</td>
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**Signature: Requisitioner**

**Signature: Program Manager**
### Annex 3: Purchase order

<table>
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<th>Description</th>
<th>Quantity</th>
<th>Cost</th>
<th>Comments</th>
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Total

Signature: Program Manager
Signature: Executive Director

### Annex 4: Good /Service receipt form

<table>
<thead>
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<th>Item</th>
<th>Description</th>
<th>Quantity</th>
<th>Comments</th>
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<td>7</td>
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</tbody>
</table>

Signature: Supplier
Signature: Store Manager
Annex 5: Income /cash receipt form

Received from: ____________________________________________________________

Purpose: __________________________________________________________________

Date: ___________________________________________________________________

Project: __________________________________________________________________

Amount received: ___________________________________________________________________

_________________________________________  ____________________________
Signature: Finance clerk  Signature: Finance Manager

Annex 6: Payment voucher

Name of payee: __________________________________________________________

Serial number: __________________________________________________________________

Date: ___________________________________________________________________

Project: __________________________________________________________________

PO & Invoice ref: __________________________________________________________________

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
<th>Budget Line</th>
<th>Budget Code</th>
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<tr>
<td>Total</td>
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</tbody>
</table>

_________________________________________  ____________________________
Signature: Finance clerk  Signature: Finance Manager
Annex 6: Attendance register: workshops & seminars

Name of organization: ____________________________________________________________
Theme/Support/Content: __________________________________________________________
Date: ________________________________________________________________________
Project: _____________________________________________________________________
Venue: ______________________________________________________________________

Date: ________________________________________________________________________

Name        Signature  Organization  Email address  Comments
Name  Signature  Organization  Email address  Comments
1     2     3     4     5     6     7     8     9     10     11     12     13     14     15

Signature: Workshop facilitator
Signature: Program Manager

Annex 6: Travel/ daily allowance claim form

Name: ________________________________________________________________________
Position: ____________________________________________________________________
Date: ________________________________________________________________________
Project: _____________________________________________________________________
Reason for travel: ______________________________________________________________

Date

From  To  Description of claim  Amount per period or per rate (days/KM etc)  Total amount

I certify the above to be true and correct

Signature

Approved by: Name, signature & date
### Annex 7: Petty cash requisition

<table>
<thead>
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<th>GL Department</th>
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</tbody>
</table>

Total payments

---

Approved by: ___________________________ Date: ____________

Received by: ___________________________ Date: ____________

Paid out by: ___________________________ Date: ____________

---

### Annex 8: Missing receipt affidavit

<table>
<thead>
<tr>
<th>Donor:</th>
<th>Payable to:</th>
<th>Description:</th>
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</tbody>
</table>

Expense type: ___________________________ Date: ____________

Transaction code: ___________________________ Date: ____________

---

Declaration

I declare that this expense is fully compliant with (organization name), Policies and all other relevant regulations. This expense was fully related to the business of (organization name) ______________________________________________________.

I am not able to obtain proof of purchase for this expense. I will not attempt to reclaim this expense from any other source.

---

Submitted by: ___________________________ Date: ____________

Approved by: ___________________________ Date: ____________