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**Society for Behavioural Therapy & Health (SBTH)**

**Financial Policies & Procedures**

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**About Us**

Society for Behavioural Therapy and Health (SBTH) is a public non-denominational Christian non-governmental, not-for-profit making indigenous organization based in Abuja, Federal Capital Territory, North Central, Nigeria. It was established in 2016 registered with the Corporate Affairs Commission of the Federal Republic of Nigeria; registration number is CAC/IT/NO 89634.SBTH’s vision is to envisions stable communities that can develop effective institutions to provide for their people, enabling them to overcome hardship and live peaceful and fulfilling lives and its mission is to assist and support impoverished and disadvantage people – children, youth, men, woman and older person in a holistic manner by ensuring the right of all people to development, security and enhanced quality life.

SBTH is register with SCUMUL department of the Economic & Financial Crime Commission and Federal Inland Revenue Service. The process of registration with other relevant agencies and networks such as FCT Social Secretariat, Federal Ministries of Women Affairs, Education and Justice, Association of OVC NGOs in Nigeria (AONN), National Network of People Living with HIV/AIDS in Nigeria (NEPWHAN), Civil Society in HIV/ AIDS (CiSHAN), Civil Society in Malaria Control Immunization and Nutrition (ACOMIN). Civil Society on the Eradication of Tuberculosis is going. On the international level, SBTH is registered with Word Federation against Drugs (WFAD) and International Substance Abuse & Addiction Coalition (ISAAC).

We are motivated by the example of Jesus Christ to cherish, preserve and uphold the sacredness and dignity of all human life, foster charity and justice through His teaching as we act to promote human development by responding to major emergencies, fighting disease and poverty, and nurturing peaceful and just societies. We reach out in care and love to those who are poor and disadvantage, children, youth, men, woman, families and elderly person the in various aspects of:Emergency Response and Recovery; Education; Health; Nutrition & Agriculture; Water and Sanitation; Poverty Alleviation & Microfinance; Drug Prevention &Treatment; Social and Behavior Change Communication; Capacity Developments and Research

We are one family that are committed to the pursuant of our vision and mission statement, while taking pride in our core value system. Society for Behavioural Therapy & Health’s core values are guiding principles and tenets that describe how the organisation strives to operate. These includes: Passion for God (Deut 6:5); Faith (Heb 11:1); Love and solidarity (Col 3:12); Dignity and respect; Justice and equality; Cooperation and partnership; Accountability and stewardship

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INTRODUCTION

The Financial Policies and Procedures Manual with the laid down internal controls is intended to assist management to control her operations, to ensure procedures are known, and to effectively meet her objectives. Internal controls serve both the interest of SBTH as an organization, its management, governance and donors.

This manual describes general financial management policies and procedures, the laid down internal controls, and the accounting procedures that should be followed to maintain accurate records, which thereafter faithfully reflects the financial status of SBTH, while upholding transparency and accountability.

It should be noted that SBTH reserves the right as an autonomous organization to source for funds both locally in Nigeria and internationally. In addition to the general policies and procedures outlined in this manual, agreements with individual donors may include specific provisions, which govern the utilization of their contributions. The Executive Director is the Principal Accounting Officer and is responsible for ensuring that SBTH complies with all provisions of agreements with its donors. It should further be noted that these provisions might vary between donors, or change from year to year – as approved by SBTH’s Board of Trustees.

GENERAL

## Currency

SBTH may transact and maintain its records in the local or foreign currency i.e. Naira (N), US Dollars, Pounds Sterling, etc.

### Fiscal year

The fiscal year of SBTH runs from 1st March to 31st of the following year.

### Book-keeping System

SBTH had been maintaining its books of accounts using Excel and any other accounting software that may better aid her accounting record keeping and generate financial information for management and other stakeholders’ use.

### Retention of documents

Except where a specific donor enters into a different agreement with SBTH, all financial records, receipts, vouchers and documents, shall be preserved by SBTH for at least 3 years after audit exercise before disposal.

### Fund raising

SBTH’s funding depends on donation from local and foreign donors and donations from individuals – nationally or internationally. SBTH shall continually endeavour to raise additional funds through both national and international fund-raising activities.

### Budget

A budget is an estimated amount of money an organization plans to raise and spend for a set purpose over a given period of time. Through the Memorandum of Understanding (MOU) SBTH makes a contract with its donors and thereafter expends funds within the budget line items not exceeding the percentage of the total budget line item as stipulated by individual donor. If expenses are forecast to exceed the stated percentage, SBTH will need to obtain prior donor approval for budget re-allocation.

Budget preparation, implementation and control

Budget is prepared in line with activities in project work plan worked down to the budget limit approved for the project by donors. Budget is prepared as part of requirements for project proposal processes. Explanations are made on the budget to provide necessary information on how different figures were arrived at.

Approved budget is implemented in line with program activities. We ensure that expenses do not exceed approved ceiling. Requests for fund by individuals for purchases or by partners for project activities are first analyzed then checked against budget line by the Accountant so designated to ascertain if they can be accommodated before recommendation is made to the Executive Director for approval. Separation of accounting duties is employed to ensure accountability and internal control. The above procedure is to ensure proper budget monitoring and control.

### Financial Support to Beneficiaries

Beneficiaries could be the Partners, NGOs and CBOs and or individuals that receive financial and technical support from SBTH.

Disbursement to partners

The disbursement schedule for funding is defined in the partner agreement. Disbursements of advances to partners are generally made quarterly or monthly upon submission and approval of a cash requirement form. The cash requirement form must be verified by the responsible programme and /or finance officers for consistency with the project’s workplan and budget, reasonableness of anticipated expenses and arithmetic accuracy.

The cash requirement form or letter is approved by the Executive Director and submitted to the finance unit for preparation of a payment voucher. No disbursements may be made to partners prior to the signing of a funding agreement. A copy of the signed partner agreement must be attached to the voucher for the first disbursement under a new agreement. Financial reports with supporting documentation for the prior reporting period must also be submitted before additional funds can be released.Disbursements of advances are recorded as partner advances.

Partner financial reports

Financial reporting requirements are also defined in the partner agreement. In most cases, partners are required to submit quarterly or monthly financial reports on standard calendar quarters (i.e. January to March, April to June, etc.) or at the end of every month. Reports are due by the 7th day of the month following the end of a quarter, or the 7th of the following month (if monthly). The agreement will also include formats for financial reporting as an attachment.

The programme and finance officers review partner financial reports. The review by the Programme Officer should focus on monitoring the implementation of activities as reflected in spending patterns. The Finance Officer’s review should focus on the allocation of expenses to budget categories, reasonableness of expenses and accuracy of calculations. Partners receiving funding on an advance basis must also submit original receipts and vouchers for all expenses. These are also reviewed by the Accountant for completeness and reasonableness. Partner expenses from advances are entered into SBTH’s accounting records on a General Journal Voucher – recording the expenses and clearing the advance by the amount of the recorded expenses. An advance status report is also prepared which summarises the obligations, disbursements and reported expenses for each partner agreement.

**Signatories to Bank Accounts:**

### All cheques and/or bank instructions are signed by two signatories. The current signatories are the Executive Director (principal) and either the Finance and Administration Manager or a Board member. The Board of Trustees approves the signatories to the accounts of SBTH.

On Executive Director’s recommendation to the Board, a member of the Board could be appointed as an alternate signatory to him/herself in case he/she is not available. The ceiling of expenditure in such an arrangement should not exceed N250,000 (two hundred and fifty thousand Naira only).

3. FINANCIAL SYSTEM

The key elements of SBTH’s financial system are shown in the graphical overview below. This reflects the general flow of funds, financial management, book-keeping, and donor reporting and auditing.

FINANCIAL SYSTEM OVERVIEW

Donor Funding

Bank A/C 1

**Operation & Technical Support**

Bank A/C 2

**Grant**

Chequs to NGOs/CBOs

Petty Cash = **N50,000.**

**(for transactions below N10,000 per unit of transaction)**

# **Bank**

**Cheque Payments only (for transactions from N10,000 and above).**

# Advances to

Small Grants **(One-off)**

**Up to 90% initial. Bal**

**(10%) after submission of report.**

Implementation Grant

**On monthly or quarterly basis as per projection/ budget**

Accounting System

By

* **Cost Code**
* **Activity Code**
* **Donor**

1. AUTHORIZATION

To safeguard the interest of the organization, SBTH ensures adequate control over the financial transactions with an efficient and effective internal control system. Therefore, the internal control system is organised in such a way that the work of one person is automatically checked by another officer (immediate senior) and thus ensuring that the possibility of irregularities is minimised. The officer assigned to internal control operations will not be involved in the handling of cash or authorization process.

|  |  |  |  |
| --- | --- | --- | --- |
| Transactions | Proposed by | Checked by | Authorization |
| Payroll | Accountant | Snr. Acct. | ED |
| Local consultants | PD/FAM/PM | Snr. Acct. | ED |
| Running costs | Accountant/AO | Snr. Acct. | ED |
| Programme costs | PO/PM/PD | Snr. Acct. | ED |
| Workshops/training | PO/Accountant | Snr. Acct. | ED |
| Travel (local) | Concerned staff | Snr. Acct. | ED |
| Travel (international) | Concerned staff | Snr. Acct. | ED/Donor |
| NGO beneficiaries’  Expenses and remittance | PO/Accountant | Snr. Acct. | ED |
| Fund raising | PD/PM/FAM | ED | ED/  Board of Trustees |

5. BANK ACCOUNTS

The Board of Trustees determines which bank SBTH uses. However, SBTH will adapt to banking requirements and operation of accounts according to specific needs of donor agencies. This implies that at the time SBTH directly receives funds from other donors, SBTH shall open new bank accounts to keep and monitor such funding while a retroactive approval is obtained from the Board.

6. FIXING OF FUND

If not specifically disallowed by a donor, SBTH may be authorised by the Board of Trustees to fix, on short term basis, any sum of money that is lying in current account and not in immediate use. The interest accrued in such fixed deposit must be reported to the donor and used on the project.

7. PETTY CASH OPERATION

The Book-keeper keeps a petty cash of N50,000 for settling expenses not exceeding that amount. A maximum of N50,000 is withdrawn from Bank to replenish this account.

Operation and Procedure:

Preamble

Types of Expenditure to be incurred with Petty Cash

It is acknowledged that given the location of SBTH, certain facilities as they obtain in large commercial cities but not easily available in the office location may make an iron-cast procedure in standard procedure for petty cash utilization difficult. However, a general guideline is hereby provided to ensure accountability and sound financial system, which should be operated and adhered with as much as possible. Exception to this policy will be given if the need arises, but this must be justified, documented and approved by the responsible officer(s).

1. Types of Expenditure to be incurred with Petty Cash

Any expenditure as long as the total cost - either singly or in multiples - is less than N 10,000, could be incurred using the petty cash.

Examples of such items as listed below are items SBTH as an organization has found almost impossible to obtain without the use of cash.

i. Petrol/Diesel or petroleum products, Courier Services, phone-cards, Electricity utilities, Gas, minor car repairs under emergency circumstances, materials needed for support services - e.g. cleaning materials, payment of services rendered by artisans, minor plumbing repairs, minor repairs on office equipment, cash support for short-stay clients, emergency drugs for patients, purchase of snacks and meals for meetings held in the office, minor repairs in office structures, minor repairs on computer and office maintenance.

ii. However, SBTH will always strive to purchase office material in bulk not only to save cost, but also to reduce use of cash in the transaction of such business.

To this effect, the officer in charge of purchases, must put in place a process to purchase office needs in bulk, either using reputable vendors that can accept cheques or through an arrangement with big stores to supply office needs and accepting cheques for payment.

Internal Control Procedures for Petty Cash.

Safe custody measures:

* Petty cash balance must at the end of each day be deposited in the safe.
* The amount deposited each day must be the opening account for the following date.
* The petty cashier is the custodian of the safe key and code to open the safe each morning.
* The Internal Auditor shall conduct on-the-spot check of the petty cash book and balances periodically and report findings to the ED.

2. Procedures for Replenishment of Petty Cash.

The following procedure must be observed by the book-keeper when applying for the replenishment of petty cash expenses:

* Request for replenishment must be backed up with vouchers for all expenses
* The request for cash replenishment must be cross-checked by the Internal Auditor and approved as checked before presenting to the ED for approval.
* Cheques for petty cash replenishment shall be written in the name of the book-keeper requesting for petty cash advance.

3. Authorization for the Requirement of Money from the Petty Cash.

* + 1. The office requesting for cash from the petty cash account initiates the request by filling the cash advance form. He/She must also sign the voucher.
    2. The request for cash must be approved by the accountant/or any other designated office.
    3. Any cash request up to N5,000 will be approved by the Finance Manager or the Senior Accountant in the event that the F/A Manager is not available.
    4. Any cash request from the petty cash account from

N 5,000 and above must be approved by the ED before money is paid out to the requesting officer. However, in the event of an emergency or situations where the ED is not available, either the Project Director or the Finance Manager may approve. Such approval must however be countersigned by the time the ED is available.

* + 1. The officer that obtained the cash must retire with receipt and the balance (where necessary) to the book- keeper within 24 hours of obtaining the cash. However, in exceptional cases where the retirement of petty cash could not be effected within the stipulated period of time, a reason must be provided.
    2. No single expenditure item with petty cash shall be more than N10,000.
    3. Petty cash must be kept in a secured place (safe).
    4. Periodic and unscheduled spot checks must be carried out by an authorised officer and findings documented.
    5. Petty Cash fund must not be co-mingled with other project funds.
    6. Each petty cash replenishment vouchers must contain the necessary supporting documentation.
    7. Replenishment vouchers and related supporting documents must be filed together.

#### 8. CASH ADVANCES

Apart from petty cash, a larger cash float may be taken by staff in the form of Travel Advance or Cash Advance to meet workshop/training expenses like purchase of workshop/training materials, payment of participants’ per-diems, transport allowance, and such other costs that may be considered necessary during the workshop/training.

Advances are expected to be retired within 7 working days after completion of the assignment for which the advance was taken. The retirement must be detailed enough, and with supporting documents to justify expenditure. In the event of inability to retire an advance within the stipulated 7 working days, circumstances surrounding the delay must be presented in writing to the Executive Director (ED) for approval.

Unspent money due for repayment to the bank shall be expected to be done not later than 7 days after the Accounts must have reviewed the papers submitted and the concerned officer has been informed accordingly.

Circumstances that may be considered reasonable by the ED may include the following, among others:

1. Ill-health;
2. approved emergency leave which circumstances may not permit such an officer to wait to process cash advance retirement;
3. approved holidays;
4. death;
5. accidents;
6. and such other excuses that the ED may adjudge reasonable enough to warrant delay in meeting up with the Advance settlement deadline.

No staff shall be entitled to receive a new advance until the previous one has been fully settled.

However, the above may be waived by the Executive Director where circumstances surrounding another advance require such an urgency or immediacy that may not allow settlement of the previous advance. Such circumstances must however be documented by the Finance Manager and approved by the Executive Director.

1. Travel Advance Documentation Procedure and Documentation
2. The officer travelling must make a request for travel in writing stating PURPOSE, DURATION, PLACE and other necessary information. If available, an invitation letter must be attached.
3. The supervising head of the unit will approve the request before it is passed to the ED for approval.
4. The letter is passed to the ED for approval.
5. A travel authorization form is completed. (The traveler may receive a copy).
6. The traveler may travel with his/her money and present receipts later for reimbursement.
7. If the traveler is taking money from the office, a Request for Advance form is completed, approved and processed by Finance. Payment is made by cheque after approval. Cheque is drawn in the name of the traveler.
8. Every proposed expenditure item must be clearly stated for approval. (*Logistics* or *Miscellaneous* must be avoided).
9. Upon return, the advance is settled not later than 7 working days after completing the journey.
10. Unspent cash must be paid into the bank and teller attached to other documents for retirement. This must be done not later than 7 days after the Accounts must have reviewed the submitted documents and has advised the officer concerned accordingly.
11. In the event of any delay in retirement within the stipulated period, a written explanation must be presented to the ED for approval.
12. Hotel accommodation receipts must be accompanied with a bill. Where this becomes impossible, a reason must be given and approved by the Executive Director.
13. The designated accountant reviews the travel documents for final approval.
14. No joint advance/settlement is allowed.
15. Cash Advance Procedure and Documentation
16. The responsible officer initiates the processes in writing, stating purpose for which the cash advance is required e.g. workshop perdiem, transport fare, purchases, etc. and with justification. A budget is prepared and attached.
17. The letter with budget is passed to the Executive Director for approval.
18. A fund request form is filled and approved.
19. Finance completes this first leg by raising cheque in the name of the officer making the request to take care of expenditure items that cannot be settled by cheque e.g. per-diem, transport fare, workshop/training materials, photographs, fueling of official car, phone cards, etc.
20. Upon completion of work for which the advance was taken, retirement is done not later than 7 working days thereafter.
21. Unspent cash must be paid into the bank and teller attached to other documents for retirement. This must be done not later than 7 days after the Accounts must have reviewed the submitted documents and has advised the officer concerned accordingly.
22. In the event of any delay in retirement within the stipulated period, a written explanation must be presented to the ED for approval.
23. The sanctions applicable to Travel Advance defaulters shall also apply to Cash Advance.

Sanctions:

Failure to adhere to the above regulation may attract sanctions which could be any of the following:

1. Payment of compound interest of 2% per day on the balance due for payment. Such interest would be paid to the project account.
2. Stoppage of salary until such a time the refund is made with the interest element.
3. In the event that the amount involved with the interest element accumulates up to the officer’s salary by the time salary is due for payment, such an officer will forfeit his salary and such forfeited salary will be used to pay off the outstanding advance against him/her.
4. In the event that (c) above becomes applicable to an officer, such an officer may have his appointment determined.

9. Procedures to be followed for the organization and implementation of workshops, trainings and meetings.

1. When any workshop/seminar, meeting or training is already on the approved workplan and budget:
2. The Program Manager (PM) summons a meeting of the Workshop Planning Committee, which includes all the program team, the Finance Manager, the Admin. Manager, the Admin. or Procurement Officer and the Accountant.
3. During the planning meeting, the following will be decided:

i. The venue of the workshop.

ii. Number of participants. It is the policy of SBTH that usually two participants per NGO/CBO are selected in a thematic training workshop, including financial management and reporting or project design workshop.

This policy however is subject to variation. A case could be made for an increase in the number of participants as long as the budget can contain it. The approval of the ED must however be obtained.

iii. Workshop content and time-table: The program team plans all programmatic content. e.g. training modules, duration and daily activities of the workshop. Responsibilities are allotted to program officers to cover the period of the training and facilitation.

Engagement of Consultants

* External consultants could be employed to assist in the training in special circumstances. However, justification for the employment of consultants for any training workshop must be provided.
* Remuneration for external consultants is determined by seniority/experience of the consultant and core area of need.

Generally, consultants will be paid between N10, 000 and N20, 000 per day (excluding accommodation, per-diem and transport costs). Consultants are paid according to their qualification and experience in their respective subject areas.

No SBTH official on full time-employment will be appointed as a consultant.

* The management team makes recommendation to the Executive Director as to the appropriate fee to be paid to the consultant(s) based on the above criteria.
* The engagement of a consultant must be approved by the ED or the PD (in the absence of the ED).
* Budget allocation must have been made on the approved budget for the payment of consultant.

Workshop Expenses Guideline

* Workshop participants arrive on the day before the workshop starts and departs a day after the workshop ends.
* Total Accommodation cost for all participants is paid directly by SBTH to the hotel.
* Training workshops are residential and no monetization for accommodation is allowed.
* During workshop/training one tea-break is allowed.
* Group lunch is compulsory and paid in advance together with the accommodation cost.
* The cost of group lunch is deducted from the per-diem of participants.
* Transportation allowance is paid according to the policy of SBTH on transportation (see Administrative Policies and Procedures Manual for details).
* SBTH’s policy encourages travelling by road to the workshop, meeting or seminar venue. However, special consideration could be made on difficult circumstances e.g. physical disabilities, health, or when journey by road could take more than 10 hours to complete.
* Workshop participants will be paid their per-diem on the first day of the workshop.
* Participants are paid individually and must sign personally for per-diem received.
* When it is approved that a participant travels by air, the first leg flight ticket must be produced. The return leg ticket would not be available at the time of calculating transport cost due to the participant. It shall therefore be assumed that such a participant would travel back by air and, as such, full travel cost by air (to/fro) shall be paid, but first-leg flight ticket shall suffice as backing documents for the travel claims.
* In the event that a participant travelled by road to a workshop but due to some unforeseen circumstances (e.g. ill-health) has to travel back by air, the cost of the air ticket shall be paid with the understanding that the affected participant shall fly as expected. In such a case, the flight-ticket shall not be required as supporting document to justify such a payment.
* The Accountant/Book-keeper will be responsible for the payment of transportation and per-diem to the participants.
* The book-keeper will be in charge of cash expenses for the workshop and returns must be made to the accountant latest 24 hours after the workshop had been concluded.
* Unspent cash must be accounted for and paid back to the bank following the same procedure for travelling expenses i.e. such payment must be done not later than 7 days after necessary review and reconciliations must have been concluded.
* The Administrative Officer will be responsible for the purchase of workshop materials along the approved budget for such purchases.
* At the beginning of every training cycle, the Officer in charge of procurement will endeavour to buy workshop material in bulk to avoid cash payment, where possible. Materials to be used for the workshop will be signed for by the officer in charge of workshop/training.
* No SBTH staff would be paid facilitator’s fee during training workshop/seminars and meetings.
* Hotel bills must be paid by cheque only and in the name of the hotel.
* If hotel deposit has to be paid in the name of the hotel manager for any reason, there must be proper documentation (letter) from the hotel manager stating convincing reasons, and duly approved by the Executive Director.
* The Accounts officer must monitor hotel bills and ensure that only those who actually lodged are billed.
* Every participant must have hotel bill.
* Upon completion of the training/workshop, reconciliation is done by the Accounts officer with the hotel and necessary outstanding is settled.
* The officer taking the advance retires, not later than 7 working days after the program has been finalized, with necessary reviews and reconciliations concluded.
* Unspent cash must be paid into the bank and teller attached to other documents for retirement.
* A review of submitted papers for retirement is done by Finance.
* Treatment bills/medications for participants needing urgent medical attention during a training workshop or meetings connected to a project shall be taken care of within a reasonable limit of not more than N10,000 (ten thousand Naira only).

Retirement of Cash Advance from Training Workshop

The book-keeper/accountant in whose name cheque had been raised for the disbursement of per-diem, and transportation allowances for workshop participants must retire all the expenses latest 7 working days after at the end of the workshop and after all necessary reviews and reconciliations must have been done by the designated officer.

The Internal Auditor must check the correctness of the report before presenting same to the ED for final signing off of the workshop account.

1. Workshop/seminars or meeting not in the approved workplan.

* Justification for the need to hold a workshop not initially budgeted for, must be provided before it is approved to take place.
* If necessary, the donor agency contact person would be contacted and his/her approval sought for such workshop to hold especially if budget for it cannot be contained within the allowable cost for other overheads.
* Once approved, the same procedure as in A shall apply.

10. LIABILITY ACCOUNTS

###### Income tax

NGOs, being non-profit making, do not pay tax. However, PAYE is applicable to staff. Tax forms are filled by each staff and processed at the Tax Office. Deductions on monthly basis shall be remitted monthly to the Tax Office not later than 10th day of the following month.

###### Donors’ fund balance

Adjusting the year’s expenditures with remittances received from donors arrives at the donors’ fund balance. This is also generated on a quarterly basis during submissions of quarterly or half-yearly reports.

Provisions to NGO/CBO Beneficiaries (where applicable)

This is the amount, which is to be paid to the NGOs/CBOs during the year but is not yet paid at the date of generating the balance sheet.

11. DOCUMENTATION OF TRANSACTIONS

Vouchers are used to record all financial transactions of the organization. SBTH uses three types of vouchers:

i. Receipts

ii. Cash payment voucher

1. Cheque payment voucher.

Each type of voucher is pre-numbered sequentially. Supporting documentation for each transaction is attached to the voucher. Once a voucher is approved, the transaction is recorded in the accounting system. Vouchers are filed and kept on monthly basis together with each month’s bank statement and bank reconciliation statement. Each organization (CBO/NGO) shall have its records kept following the arrangement indicated above.

1. Receipts

Funds received from donors are deposited into the bank accounts. A receipt is prepared indicating the source of funds and account to which the funds have been deposited. The full amount of the fund should be recorded as a receipt. Any arising bank charges/commission is recorded as an expenditure.

1. Cash/Cheque Payment Vouchers

All requests for payment need to be supported with evidence of prior approval of the expenditure before funds can be disbursed. Such is documented in an approved Travel Request or Cash Advance Request forms.

In the case of routine office expenses such as utility or phone charges, this approval is implicit from the time the service is initiated; approval of invoices therefore recognizes that the services would be rendered.

All other disbursements must be approved in advance. Once payments are made, vouchers should be duly signed to clearly reflect status and thereby avoid any possibilities of double payments.

1. Note of Expense

This is used as receipt for unreceiptable expenses e.g. local transport fare.

12. PROCESSING PAYMENTS

Disbursements are generally made upon presentation of invoices.

Finance Staff prepare a payment voucher and attach the relevant supporting documentation for review and approval of the payment by the ED. Appropriate supporting documentation and responsibilities for review and approval of the voucher for various types of payments are as follows:

|  |  |  |
| --- | --- | --- |
| *Type of payment* | *Supporting documentation* | *Review of Voucher and documentation* |
| Routine payments | \*Service provider’s invoice | Check to make sure the amount is reasonable compared with prior months, and that previous payments made are correctly reflected on the bill. |
| Materials and supplies | \*Approved purchase request.  \*Vendor’s invoice or cash receipt. | Make sure that all items were properly approved prior to purchase. |
| Special services | \*Signed contract or approved purchase request.  \*Service provider’s invoice.  \*Verification of receipt of services. | Make sure that all items were properly approved in advance. |
| Major purchases | \*Approved purchase request.  \*Quotations from three supplies.  \*Verification of budget provisions.  \*Verification of receipt of goods. | Make sure that all items were properly approved in advance. If it has not been possible to obtain three quotations, the reason must be clearly explained. |
| Payroll | \*Approved payroll schedule.  \*Copies of contracts for any new staff.  \*Individual time sheet. | Make sure salaries are consistent with the employment contracts and reflect any salary adjustments that have been approved. |
| Travel advances | \*Approved travel form | Check that calculations for accommodation, per diem and other expenses are consistent with SBTH policies and that the numbers add up correctly. |
| *Type of payment* | *Supporting documentation* | *Review of Voucher and documentation* |
| Reimbursement of travel expenses | \*Hotel receipts  \*Receipts for local transportation and other miscellaneous expenses.  \*Ticket stub + boarding pass of Economy Class if by air. | Check that calculations for accommodation, per diem and other expenses are reasonable and consistent with SBTH policies and that the numbers add up correctly. |
| Payments to NGO/CBO Partners where applicable | \*Signed NGO/CBO Partner Agreement.  \*NGO/CBO financial report for the previous reporting period (or the final report for a previous grant, if it is a renewed grant).  \*Reviewed and approved quarterly remittance request form. | Make sure request is consistent with the budget and planned activities for the next quarterly period. |
| All expenses |  | Make sure allocations to activities and funding source are correct. |

### Allocation of Expenses

### Each expense is assigned to an expense account, activity code or programme activity and donor. Individual payments will frequently involve more than one funding source and/or activity. It is the responsibility of the individual initiating a payment request to ensure that the activity is clearly identified.

Any type of advance made, no matter how temporary in nature, should be assigned to an advance account. When returns on an advance is made, the account should be adjusted accordingly, and the resulting expenses be appropriately allocated to an account code, activity code and donor.

The staff member initiating the payment request signs the appropriate space on the form; the Internal Auditor reviews/checks the voucher; the Executive Director or the Finance Manager (as the case may be) must approve all payments.

### Bank Reconciliation

The bank reconciliation should be prepared monthly by the Accountant upon receipt of the bank statements. A voucher is prepared for any miscellaneous bank charges and recorded in the Ledger/Accounting system. Any differences between the balance shown on the bank statement and the bank book balance must be explained.

13. FINANCIAL REPORT

### Internal Expense Report

The Accountant prepares monthly expense reports by activity and by donor. The Internal Auditor reviews/checks the reports to ensure that expenses have been properly allocated, and to monitor the financial status of the organization. Monthly expense report is submitted to the ED.

### Financial Reports to Donors

The Finance Manager is responsible for the preparation of Financial Reports which are submitted to the Executive Director for review and approval before submitting same to the respective Donors.

Financial reports are submitted to donors in accordance with the reporting schedule and possibly reporting format defined in the grant agreement document.

### 14. INTERNAL FINANCIAL CONTROL PROCEDURE

1. Any staff needing money for official purpose(s) other than travels fills a Cash Requisition form, checked by the Senior Accountant and presented for approval by either the Finance Manager (FM) or the Executive Director (ED) depending on the volume involved.
2. If the request is for travel advance, a travel authorization form must have been completed and approved before a travel advance request form is obtained for completion.
3. The Accountant ensures that the request can be accommodated within the budget line before presenting it for vetting and approval.
4. An expense from N1–5,000 is approved by the Finance Manager (FM) after it must have been checked by the Internal Auditor. (In the absence of the FM the Executive Director (ED) may approve. In the absence of both, the Senior Accountant may approve but must be countersigned by FM on arrival).
5. Expenses from N5,000 and above is approved by the ED after it has been checked by the Internal Auditor. In the event of ED’s absence, PD may approve or FM (in the absence of both ED and PD) if the urgency of the need suggests immediate attention and therefore cannot wait but the ED must countersign on arrival.
6. Upon approval, the Accountant ensures that a cash requisition form (CRF) is filled by the requisitioner before money is released.
7. The CRF is settled within 24 hrs. after the completion of assignment for which the CRF was obtained with appropriate receipt(s) and where no receipts are available, Note of Expense must be completed.
8. Cash Payment Voucher is raised to back up all receipt(s) and/or Note(s) of Expense. Approval is as stated in (3) and (4) above.
9. The Accountant fills the Request for Fund form, the form is checked by the Internal Auditor; recommendation for approval is made by the FM and approval is by the ED before Cheque Payment Voucher(s) and cheque(s) are prepared for any drawings from the bank.
10. The Internal Auditor must check all vouchers before it is presented for approval.
11. The book-keeper keeps petty cash (Imprest) of N50,000 from where individual expense item below N10,000 is catered for.
12. Payment Vouchers/receipts values are entered into the system by the Accountant daily.
13. Financial position showing balances on the various bank accounts of the organization is prepared on daily basis and checked by the Internal Auditor for Management information purpose.

15. AUDIT

### External Audit

SBTH has the responsibility to its donor(s) for the proper financial management of all funds received, which can be evidenced by the audits of the annual financial statement. In its constitution, the accounts of SBTH are required to be audited annually by a firm of Auditors duly appointed by the Board and the results circulated to all Board members.

The financial audit, which should be carried out in accordance with internationally accepted auditing standards, involves examination of the relevant books and records of SBTH, and preparation of a management letter. The auditor’s report and management letter (which is both donor-specific and SBTH-specific) should be signed by the Executive Director and submitted to the respective donor by the end of the first quarter of the following financial year.

Management Evaluation

The Board can call for an internal audit/management evaluation of the organization. This will involve the examination and evaluation of SBTH’s activities as a service to the organization, with the objective of assisting SBTH with the effective discharge of its responsibilities.