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GHANA RED CROSS SOCIETY

FINANCIAL POLICY AND ADMINISTRATION MANUAL

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GHANA RED CROSS SOCIETY (GRCS)

FINANCIAL POLICY AND ADMINISTRATION MANUAL

2.0 FINANCIAL ADMINISTRATION

INTRODUCTION:

The Society, for purposes of financial administration categorizes its activities as follows:

- a) General Administration and Finance
- b) Youth Programmes
- c) Primary Health Care
- d) Disaster Relief
- e) Fund Raising Activities
- f) Information Dissemination
- g) Development and training
- h) International Relations; and
- i) All other activities

For effective financial administration, necessary form, procedures and practices have been developed for the Society in the manual. Specified operational regulations are outlined to bring out efficiency in the Society's operations.

2.1 FINANCIAL REGULATIONS

The following has been put in place as the regulations guiding the financial operations of the Society.

- a) The Financial Accounting System of the Society is centralized at the Head Office. All Regional Offices would be required to submit Monthly returns to Head Office for consolidation of the Society's Accounts.
- b) The main book of Accounts to be maintained in the Regional Offices is the CASH ANALYSIS BOOK OR EXCEL. In addition would be all the relevant documents and files indicated in the text.
- c) Head Office will maintain one Cash Account of which all cash disbursements will be made.
- d) Head Office will at least one Bank account (current account) in the local currency.
- e) Excess cash not meant for immediate use shall be invested in Government Bonds instead of being allowed to lie idle.
- f) Regional Offices will maintain Bank account only. No cash account will be maintained at the Regional level.
- g) All funds received by the Society for the execution of Specific Projects shall be deposited by Head Office.
- h) Projects in the Regions shall be funded only after a submission of a Project Activity Estimate.

- i) Releases of Funds by Head Office to be disbursed on Projects by the Regions shall be on monthly basis.
 - j) Release of additional funds for any on-going projects in the regions shall be made only after the previous money advanced for the execution of the projects had been accounted for.
 - k) Monthly Cash Report shall be submitted from all the Regional Offices to Head Office for Ledger entries.
 - l) All monies received by the Society shall be covered by the Society's pre-printed receipt.
 - m) All monies collected on behalf of the Society shall be deposited at the Bank intact.
 - n) Any form of Payment made on behalf of the Society shall be supported with a Payment Voucher.
 - o) All Payment Vouchers accompanying Payments must be approved;
 - a. Approval for Head Office Payment is the Secretary General
 - b. Approval for Regional Office Payments is the Regional Chairman
 - p) All Purchase Orders must be approved;
 - a. Head Office approval Officer for Purchases is the Secretary General
 - b. Approval Officer in the Region is the Regional Chairman
17. The custodian for the Society's cheque book are as follows:
- a. Head Office :The Finance Manager
 - b. Regional Office : The Regional Manager
18. Signatories to the Society's cheques shall be as follows:
- a. Head Office :Secretary General
 - b. Regional Office : Regional Chairman
19. The custody of all books of accounts are vested in the following persons:
- a. Head Office :Finance Manager
 - b. Regional Office : Regional Manager

CHAPTER ONE

STAFF PAYMENTS AND PAYROLL

This chapter should be read in conjunction with the Human resources and Administration Section of this Manual which contains guidelines on how GRCS intends to manage Human Resource and Administration issues.

a. Description

1. Staff payments relates to payments by the Society to employees based on how conditions of services and Contract of Employment. They mainly include:
 - a. Salaries
 - b. Advances
 - c. Medical grants
 - d. Funeral grants
 - e. Study grants
2. The procedure governing the payment out of these payment is detailed below:

b. Payroll

1.2.1 Payroll inputs

3. At the beginning of each year, details of the cut off dates for inputs to the payroll will be communicated by the Finance and Administrative Manager to accounting staff through an internal memorandum.
4. The current cut-off dates for payroll input is the 16th of each month. Thus, all inputs processed after the cut off dates (16th of each month) will not be reflected in the payroll for that for that month, but will instead be included in the net month's payroll.

Description

1. Inputs to the payroll will include the following:
 - Inclusion of a new employee
 - Inputs of advances to be deducted from the employee's salary
 - Updating an employee's status, ie., promotion or demotion
 - Termination of an employee
 - Leave communication
 - Leave days taken
 - Study grants
 - Monthly deductions (ie. pension, medical aid, social security, etc.)
2. All payroll inputs are prepared by the Accountants in the finance department as follows:

The source will vary on the types they will be	Adjustment Type	Source Document	Originating Department	1. Source Documents documents depending of input and
	Engagement of new employee	Letter of appointment and Contract of Employment signed by the Humana Resource Officer and the Employee	Human Resources	
	Advances and grants	Copy of the Advances Form and letter from employee authorized by the following official Head of Dept. a. HRM b. Fin. & Admin. Manager c. Secretary General	Relevant Employee's department	
	Promotions/Demotion	Letter of notice or new Contract of Employment authorized by the HRM	Human Resources	
	Termination	Resignation or Termination Letter authorized by HOD and HR Officer	Human Resources	
	Leave Communication	Leave form recommended by HOD	Relevant employee's department	
	Leave days taken	Leave form recommended by HOD	Relevant employee's department	

raised/completed by the department concerned. The following are examples of such documents.

2. Processing

The input source documents will be submitted will be submitted by the officer/employee who completed the source documents, to his relevant head of department or manager for verification. Once the above source documents are complete and authorized according to the Delegation of Authority Framework, they are forwarded to the Accountant in the finance department for processing by the relevant employees or the HR Officer.

3. Input Payroll

The Accountant upon receiving the source documents will scrutinize them to ensure that they have been authorized according to the Delegation of Authority Framework and that there are no errors. Any errors found will be noted on the source documents by the Accountant and will be returned to the relevant

department for correction. Only when this is done, will the Accountant process the source documents on the payroll system.

At the end of each month when the payroll is run, the Finance and Admin. Manager will review the transaction listing to ensure that input to payroll were accurate, complete and timely done and that all processed transactions are valid. Also refer to the printing of reports under the section “1.3 Salaries”.

c. Salaries

- a. Salaries are paid on the 25th of each month. The payroll will include all staff working for the Society on a full time basis. The payroll will be printed by the Accountant by the 18th of each month. All new employees are paid at the end of the month for the first month after they started working at the GRCS and thereafter on the 25th of the month.
- b. The following draft reports will be printed:
 - a. Payroll report/Cost report
 - b. Transaction listing – showing all transactions for the month.
 - The transaction listing is checked by the Finance and Admin. Manager for verification against source documents. After checking and making corrections it is sent to the Accountant to process the correction on the payroll system.
 - The draft payroll report is reviewed by the Finance and Admin. Manager by comparing the current month's payroll report to the previous months and investigating all significant items. This is then sent back to the Accountant by the Finance and Admin. Manager to pass the relevant adjustments for any errors identified during the Finance and Admin. Manager's review.
 - After the corrections have been processed, a corrected transaction listing report will be printed by the Accountant and will be agreed against the corrections, and where they are satisfactory made, he/she will date and sign the report as evidence that he checked it and submitted it to the Finance and Admin. Manager for a final review together with the payroll report of the previous months.
 - The Finance and Admin. Manager will review the final payroll report by comparing the current month's payroll totals to the previous months.
 - If the Finance and Admin. Manager identify any further corrections, they will be noted on the payroll report and forwarded to the Accountant for action. The new payroll report, reflecting the required changes, is sent to the Finance and Admin. Manager for verification. Once verified the Finance and Admin. Manager will authorize the payroll report.
 - The final payroll report will then be run on the 21st of each month. In addition the following summaries will also be printed
 - a. Payment and deduction summary
 - b. Pay slips
 - c. Bank Report Summaries
 - d. Basic pay summary

- e. Payroll report / Cost report by department/Station
- f. Statutory and other deductions report.

- These reports will be printed and checked by the Accountant and forwarded to the Finance and Admin. Manager for verification.
- Once the final payroll is approved, pay slips are printed and enclosed in an envelope according to the pay point. At the respective pay points they are collected by the employees from the Accountant at the Head Office and the Admin. Assistant at the Regional Offices.

i. Salaries Pay Out

- No cash or cheque payments are made to employees. The paying of salaries will only be done through Bank transfer into employees' bank account.
- The Bank summaries generated when printing the payroll, list by bank, the names of all the Society employees to be paid. Thus it will detail the bank name and for each employee's bank account number and their net pay for the month.
- Details of employee bank accounts are obtained either upon engagement or are input as amendments to the system during the course of the employees' engagement with the Society. One letter will be written for each bank and their instructions will specify the total to be transferred to each employee's account.
- The letter will be attached to the bank summaries and sent to the Finance and Admin. Manager for review and approval. Once the Finance and Admin. Manager agrees the amounts to be transferred to the banking summaries, he/she will sign the letter and pass it on to the Secretary General for another signature.

1. Funds Transfer

The transfer of monies from the Society's bank account to all the banks where employees have accounts is performed by way of cheques made out of such banks. Refer to the "Receipts and Payments" section for procedure relating to cheques.

2. Cheques Payments

3. Using the bank summaries the Accountant in the Finance Department will prepare payment vouchers. These vouchers will detail the date, the payee (ie. the bank to which the monies are to be transferred), the total funds to be transferred and a description of the payment. In addition, a cheque for each payment voucher will be prepared.
4. The payment vouchers, bank letters and cheques will then be submitted to the Finance and Admin. Manager together with the bank summaries for his/her review and authorization.
5. The Finance and Admin. Manager will compare the bank letters with payment vouchers, cheques and the bank summaries and ensure they all tally.

6. He/she will then sign the bank letters and the payment vouchers and the cheques. Where they do not tall he/she will raise a query on the documents to be cleared by the Accountant before they can be authorized.
1. The bank summaries, cash payment vouchers, cheques and bank letters are collected from the Finance and Admin. Manager's office, after being approved, the Accountant for onward submission to the Secretary General or any other designated signatory.
1. The second signatory will also agree the bank summaries to the payment vouchers and the cheque letters before authorizing them. The Accountant will then deliver them to the respective bank.
1. The Accountant will obtain the payroll summary. This report will detail the basic pays, allowances and deductions ie. SSF, PAYE, Advances in total for the month.
1. He/she will then reconcile the total as per the payroll summary to the total salaries and wages expenses per the trial balance. The reconciling items will mainly be payments to employees based on their condition of services made outside of the payroll eg. Funeral grants, medical cost, bonuses service awards etc.
1. The reconciliation is checked by the Finance and Admin. Manager who will review it by ensuring all the cost are accurate and verify the reconciling items against their supporting schedules and their source documents. The Finance and Admin. Manager will raise queries on the reconciliation which will have to be cleared by the Accountant before it is approved.

2. The Accountant maintains a copy of the reconciliation.

3. Staff Advances

1. By the end of every month, the Accountant will print the payroll deduction report. This is a report generated when the payroll is printed and it details the total staff deductions for the month by employee.
2. The Accountant will print the Staff Advances Account.
3. If deductions have been effected in the month as per Staff Advance Payments Report and the Payroll Advance Deductions Schedule the Accountant will update the advances reconciliation.

d. Advances

1. Advances are governed by finance regulations within the Society. These stipulate that, if an employee would end up with less than 45% of their gross pay, the loan or advance should not be given unless it is given with express permission of the Secretary General through the Finance and Admin. Manager.

e. Medical Grant

2. A medical grant will not be given unless the application is supported by a medical report(s) from a recognized medical institution. The grant will be given in accordance with entitlement as advised

by the Society from time to time. The general rule is that a ceiling of 10% of basic pay per month shall apply.

f. Educational Grant / Study Grant

3. The grant should only be given on the production of supporting documentation from a recognized educational institution. The amount given will be dependent upon the grade of officer and the course in question.
4. The grant will only be given to employees of the GRCS.

g. Funeral Grant

1. All levels of staff are entitled to certain levels of funeral grants. The grant will be provided on the basis of supporting documentation i.e. death certificate or proof that Finance and Admin. section may deem appropriate.

Authorization

These staff payments (1.4 to 1.7 above) require a written application through their Heads of Department for processing by Finance and Admin. Department. When approved the application form is sent to Accounts section to determine eligibility of the employee i.e. state his/her obligations to date and whether or not the employee is entitled. The approval procedure involving the Finance and Admin. Manager and the Secretary General should be strictly adhered to.

CHAPTER TWO

SOURCE DOCUMENTS

1. Receipt

Is a document prepared by the Cashier on receipt of Payment (cash/cheque). It serves as an evidence of payment. It is designed to show the following:

- : Name and Address of person making payment
- : Date of Receipt
- : Purpose of Receipt
- : Amount paid in Words and Figures
- : Cashiers Signature

It is prepared in two copies and distributed as follows:

1st copy to person making payment

2nd copy to be retained in book

*See Appendix 1 for Layout.

2. Pay-In-Slip

It is a document which the Cashier completes when making payment into a Bank Account. It contains such information as:

- : Name and address of Customer
- : Date
- : Amount being paid in Words and Figures
- : Signature of person making payment

It is prepared in two copies and distributed as follows:

1st copy to Customer (person making payment)

2nd copy to be retained by Bank.

*See Appendix II for Layout

3. Waybill/Delivery Form

It is a document which shows a list of goods that is delivered to the customer (Regional Office). It usually accompanies the goods and gives indications as to the condition of the goods and manner of delivery.

It contains information such as:

- : Reference Number of documents requesting the items
- : Date
- : Waybill Number
- : Particulars of Customer (Regional Office)
- : Description of Items
- : Quality
- : Manner of delivery
- : Destination
- : Name and Signature of Officer delivering the goods
- : Name and Signature of Officer receiving the goods
- : Name and Signature of Officer receiving the goods
- : REMARKS: (This section ask for information of actual quantity of items received and the conditions at which they were received).

It is to be prepared in three copies and distributed as follows:

1st copy goes to Customer/Regional Office for filing

2nd copy goes to Customer/Regional Office. The remarks column having been completed

On receipt of the items, the 2nd copy is returned to the Store/Head Office that issued the stores.

3rd copy is retained in the Waybill book.

*See Appendix III for layout.

4. **Bank Statement**

It is a record sent at agree/periodic intervals by a Bank to its customer setting out all the

Transactions on his account since the date of the previous statement. It is the basis for Preparing Bank reconciliation statement.

5. **Journal Voucher**

In all circumstances recordings into the books of accounts must be supported by the underlying documents. In some business transaction such Source Documents are not available.

Examples are recording of depreciation and adjustments in Cash Account as a result of information contained in the Bank statement which needs to be entered in the cash account. Journal Voucher is used as source document in such situations.

The Journal Voucher is designed to contain the following information:

- : Description
- : Account Number
- : Debit
- : Credit
- : Narration
- : Name and Signature of the official who prepared the document
- : Name and Signature of the official who approves it.

It is prepared in single copy.

*see Appendix IV for layout.

In Ghana Red Cross Society the Journal Book is used instead of the Journal Voucher. We do recommend the continuous use of the Journal Book as a substitute for the Journal Voucher.

6. **Invoice**

It is a document showing a list of goods received or supplied together with their prices to indicate the value of s

ervices or sales with respect to a transaction. It contains information relating to:

- : Particulars of Customer (Regional Office)
- : Particulars of Supplier
- : Description of items
- : Unit Cost
- : Quantity
- : Gross Value
- : Date
- : Invoice Number
- : Signature of Authorizing official

It is prepared in two copies and distributed as follows:

1st copy to Customer (Buyer, Regional Office)

2nd copy to be retained in Invoice Book.

*see Appendix V for layout.

7. **Pro-forma Invoice**

It is a document which provides information on goods and services requested for by a prospective buyer. It contains information relating to the following:

- : Particulars of prospective buyer
- : Particulars of supplier
- : Description of goods and services
- : Unit cost
- : Quantity
- : Date
- : Pro-forma Invoice Number
- : Total value

Two copies are prepared and distributed as follows:

1st copy to the prospective buyer

2nd copy retained as book copy

*see Appendix VI for layout.

8. Bank Advice

It is a document sent by a Bank to its customer informing him of a Payment /Receipt that has been made on his behalf. It is always in the form of a Debit Advice or Credit Advice. It contains information pertaining to the following:

- : Name and address of the Customer
- : Date
- : Particulars of the Transaction
- : Account Number of Customer
- : Amount in words and figures
- : Name of branch of bank

*see Appendix VII for layout.

9. Local Purchasing Order (L.P.O)

It is a document prepared by the Purchasing Department (or whoever is in charge of Purchasing) based on approved stores requisition. LPO should be authorized by the Secretary-General in connection with all purchases at the Head Office and by the Regional Chairman in connection with all Regional Office purchases. Stock of LPO to be used must be kept under lock and key by the Secretary and copies released to the purchasing Officer on receipt. It should contain the following information:

- : Name and address of Supplier

- : Date
- : Name and address of Purchaser
- : Quantity
- : Description
- : Unit Price
- : Total Price
- : LPO Number
- : Name and Signature of employee who prepares it.

Three copies are prepared and distributed as follows:

1st copy to Supplier

2nd copy to Stores

3rd copy to be retained in the LPO booklet.

*see Appendix VIII for layout.

10. **Payment Voucher**

It is a document which authorizes cash or cheque to be paid. It also indicates what sort of payment is being made. It contains information such as:

- : Date
- : Description of payment being made
- : Amount in words and figures
- : Signature and Name of employee preparing it
- : Signature and Name of the authorizing official.

Account Code

It is prepared by the Cashier. It is prepared in two copies 1st copy is attached to the documents relating to the payment transaction

See Appendix IX for layout.

11. **Honor Certificate**

It is a document prepared to cover expenses incurred by employee on behalf of the Society for which no receipt could be obtained. Such expenses should be authorized before they are incurred. It is destined to contain the following:

- : Name and signature of employee who incurred the expense
- : Name and signature of officer who approved of the expenses before it was incurred.
- : Particulars of expenses
- : Amount in figures and words
- : Date

It is prepared in single copy.

*See Appendix X for layout.

12. **Payroll Voucher**

It is a document which list people entitled to received compensation as a result of services rendered to the Society. It is usually prepared on monthly basis by the Account Clerk in charge of payroll.

It contains the following:

- : Date
- : Gross amount each works is entitled
- : Allowances
- : Deductions
- : Net amount

It is prepared in two copies

*see Appendix XI for layout.

13. **Salary Advice**

Also called Payroll Bank Advice. It is a document sent from an organization to a bank where employees of the organization keep their account. It is prepared once every month at the time payroll is prepared. This document is used only when salaries of employees are paid through the bank.

It is designed to show the following:

- : Date
- : Name of employee who bank at the bank
- : Net salary payable to each employee
- : The account numbers of employees
- : Name of the organization advising the bank
- : Name and branch of the bank
- : Name and signature of approving official
- : Name and signature of bank receiving official

It is prepared in two copies and distributed as follows:

1st copy to the bank

2nd copy on payment file

The first copy is always attached to the cheques going to the bank.

*see Appendix XII for layout

14. Stores Receiving Voucher

It is prepared by the store keeper to record particulars of goods actually received into stock. This document is important because it takes account of any difference between waybill quantities and actual physical stock receive. This document is however to be used only at the Head Office until it becomes necessary later to introduce it to the regional offices.

It is designed to contain the following information:

- : Particulars of Supplier
- : Description of items received
- : Quantities of items received
- : Manner of delivery
- : Value of items received
- : Date of delivery
- : Remark: for condition of items received
- : Name and signature of employee who received the goods.

Entries made unto Tally/Bin cards are from the Store Received Voucher. In the Regional offices entries unto a Tally/Bin cards must be from the Waybill that accompanies the goods.

Two copies should be prepared and distributed as follows:

1st copy to Accounts

2nd copy retained in Stores Received Voucher book

*see Appendix XIII for layout.

15. Stores Requisition/Issues Voucher

The Control of issues from the store should be effected by the use of the Store Requisition/Issue Voucher. This document should only be accepted by the Storekeeper if it is properly authorized and approved by responsible officials in the Society who have been delegated the responsibility of authorizing and approving Requisition/Issue Vouchers.

It is designed to contain the following information.

- : Date
- : Department/Region requiring the item
- : Description of the item
- : Quantity issued
- : Unit price
- : Amount
- : Name and signature of approving official
- : Name and signature of officer receiving items from store

It is prepared in two copies and distributed as follows:

1st copy to Accounts

2nd copy retained in Requisition and Issue book

*see Appendix XIV for layout

16. **Overtime Sheet**

It is a document which summarizes overtime hours worked by employees over a period – normally one month.

It is designed to show the following information:

- : Name of employee claiming overtime
- : Overtime rate/per hour
- : Dates and times of each day of the month worked overtime
- : Category
- : Remarks of Supervisor
- : Name and signature of approving authority
- : Name and signature of Authorizing officer
- : Total hours worked/overtime
- : Amount

It is prepared in single copy.

*see Appendix XVI for layout.

17. **Accountable Imp rest Voucher**

It is a document which authorized the cashier to release a specified amount to employees for purposes of incurring expenses in the interest of the Society. This document is used only when the exact amount of expenses to be incurred is not known by the employee at the time of making the request for cash.

Monies advanced to employees under such situations are to be accounted for after the expenses the expenses have been incurred. The Accountable Imprest Voucher is designed to contain the following:

- : Name of employee making request
- : Date
- : Purpose for which money is required
- : Amount in words and figures
- : Name and signature of approving officer
- : Statement authorizing deduction of amount from salary in case of refusal to account for the money
- : Name and signature of the employee who received the money

It is prepared in two copies and distributed as follows:

1st copy to Cashier

2nd copy to employee requesting imprest

*see Appendix XVI for layout.

3.2 Books Used in the System

▪ Filing System

Files do not form part of books of accounts but since they contain the sources of entries into the books of accounts, it is necessary that they are organized and discussed.

Files are folders or boxes for holding papers of related date or information.

Files Kept In Accounts Department

Basically two files are to be used in setting up the Financial Accounting Department. These are:

- : Revenue File and
- : Payments File

All documents relating to revenue or income earning transactions should be kept in the Revenue File; and those relating to expenditure or cost incurring transaction kept in the Payment File.

These two types of files i.e. Revenue and Payment are to be maintained at both Head Office Accounts department and the Regional offices. Additional files recommended for the efficient operation of the accounting activities are:

- : Project Activity Estimate and Project Activity Returns File; and

: Monthly Cash Report File.

These additional files must be kept in the Head Office as well as the Regional office.

In the Head Office, it is recommended that Project activity Estimate and Project Activity Returns File be opened separately for each region. One Monthly Cash Report File is enough for all return that come to the Head Office. Each Regional office should also have a Monthly cash Report File. Project Activity Returns Files will contain copies of Project Estimates and Project Returns for any project that will be undertaken by the regions.

Monthly Cash Report File will contain copies of Monthly returns on cash disbursement within the regions.

Files Kept by Stores Department

Basically two files are required at the store – both Head Office and regional offices stores. These are:

Store Receipt Files and

Store Issue File

The Store Receipt File is to file all documents relating to the receipt of goods into store. The Store issues file is to file all documents relating to the issue of goods out of store.

Organization of Documents in File

Documents in a file must be arranged in sequential order. All documents relating to a particular transaction should be pinned together and placed on top of the last document already resting in the file. Documents in the file must be serially numbered in ascending order. Every individual document in the File must be assigned a serial number.

Identification of Files

Files must be identified by the type of documents kept in them. The volume number of each file must be indicated on the face of the file. The first and the last serial numbers of documents in the file must be indicated on the face of the file (the last serial number is written on the day the file is closed). The date the file is closed is written on the day of closing the file).

2.4.2 The Journal

The Journal is a book of original entry where the essential facts and figures in connection with all transaction are initially recorded – in chronological order. From the book original entry the various accounts are transferred to the Ledger. Source documents are used to make entry into the journal.

The journal is divided into:

- : The General Journal and
- : The Special Journals

1. **The General Journal**

The way the General Journal is used in an organization depends on the design of the accounting system in operation.

For purposes of Ghana Red Cross Society, the General Journal is to be used in the same way the Journal Voucher is used. See item 5 under 2.3.4. The General Journal for the Society will therefore be used for:

- : Correcting errors
- : Passing entries arising from bank reconciliation
- : Passing entries on depreciation of assets

The General Journal is ruled to show the following:

- : Date
- : Account Code
- : Debit Amount Column
- : Credit Amount Column

The General Journal is to be used only at the Head Office. The Regional offices will not use the General Journal.

*see Appendix XVII for layout.

2. **Special Journal**

It is a Journal or a day book designed to record one particular type of transaction only. The sole special journal recommended for use by the Society is the CASH ANALYSIS BOOK.

The CASH ANALYSIS Book would be kept at the Head Office and it is also the only book to be kept at the regional offices.

The Cash Analysis Book is designed to have a receipt column and payment column. The left hand side portion of the Cash Analysis Book is for transactions involving payment of cash. The source of entries into

the receipt portion of the Cash Analysis Book is the Receipt. The source of entries into the payment portion of the Cash Analysis Book is the Payment Voucher.

The Payment portion of the Cash analysis Book is divided into columns with each column representing an expense item.

It is designed to contain the following information:

- : Date Column
- : Particulars column
- : Account Code number column
- : Receipt number column
- : Cash column
- : Cheque number column
- : Payment Voucher column
- : Analysis column

*see Appendix XVIII for layout

2.4.3 The Ledger

It is a book or Computer Print-out containing a number of accounts. It is ruled to contain the following:

- : Name of Account
- : Date
- : Journal Reference Number (Cash Analysis Reference Number)
- : Description
- : Debit
- : Credit
- : Balance

See Appendix XIX for layout.

The Ledger is divided into two:

- : The General Ledger; and
- : The Subsidiary Ledgers

1. The General Ledger

The General Ledger contains accounts of all Assets, Liabilities Owners, Equity, Revenue and Expenses.

2. The Subsidiary Ledger

Subsidiary Ledgers are Ledgers designed to contain a group of accounts with common characteristics assembled together. The group of accounts constitute the details related to a specific account in the General Ledger. A subsidiary ledger is maintained in an organization when there are so many accounts of the same class coming into the books of the company.

Subsidiary ledgers normally maintained include:

- : Creditors
- : Debtors
- : Staff Advances
- : Stocks

For the operations of Ghana Red Cross Society, the only subsidiary ledger that could be maintained is the Staff Advances Ledger. This will contain accounts of staff who have been granted long term loans, (not salary advances).

3.0 ORGANISATION OF THE ACCOUNTS

This portion of the manual outlines the procedures by which the accounting function will be accomplished. It consists of step by step description of the treatment of the accounting transactions.

3.1 Cash Handling Procedures

3.1.1 Cash Analysis Book

The Cash Analysis Book is the only Book of account that is to be maintained at the Regional Offices. Head Office will maintain the Cash Analysis Book in addition to the General Journal and the Ledger. Separate Cash Analysis Books will be kept for Cash Receipts and Cash Payments in both the Regions and Head Office.

A. Receipt Cash Analysis Book

This book is used to record data relating to all cash received. It is designed as follows:

The Analysis Columns represent the various sources of cash. They also represent the Revenue Accounts that need to be opened in the Ledger.

(i) **Entries into the Receipt Cash Analysis Book**

The source of entry into the Receipt Cash Book is a copy of the receipt issued to cover the receipt transaction.

Procedure Involved

As and when monies are received whether cash or cheque it will be entered into the Receipt Cash Analysis Book as follows:

- : The date of recording the transaction is entered in the date column.
- : Name of person from whom money is received is written in the particulars `column
- : The number on the receipt issued to cover the receipt of the money is written under the Receipt number column
- : If the money was received in the form of cheque, the cheque number is quoted under the cheque number column.
- : With Head Office the Bank column is entered only when cash is transferred into the Bank Account of the Society.
- : In the Analysis column, we make entry into the column representing the revenue source with the amount involved in the transaction.

The entry of the transaction into the Analysis column, marks the end of the entry of the transaction into the Receipt Cash Analysis Book.

- (ii) **Posting of Entries from Receipt Cash Analysis Book Into the Ledger** Posting of entries from Cash Book to the Ledger is applicable only to the Head Office. Regional offices do not maintain Ledger accounts.

Procedure Involved

Entries from Cash Book to the Ledger is to be done once every month. The procedure is as follows:

At the end of every month, the entries in all the Analysis columns will be added up to obtain a total for each analysis column.

: These totals are then posted to the Credit Side of the respective account in the ledger.

(a) Payments Cash Analysis Book

This book is used to record data relating to all cash paid. It is designed as follows:

This analysis columns represent the various expense areas the Society incurs cost on. They also represent the expense accounts that need to be opened in the Ledger.

(i) Entries into the Payment Cash Analysis Book

The major activities of the Society have been categorized as follows:

- : General Administration and Finance
- : Youth Programme
- : Photo Laboratory activities
- : Primary Health Care
- : Disaster Relief
- : Fund Raising activities
- : Information Dissemination
- : Development and Training
- : International Relations

Entries into the Payment Cash Analysis Book is to be made to enable information pertaining to:

- : Different types of expenses on each of the various activities listed above to be captured; and
- : Monthly total for each type of expense incurred on the various activities of the Society to be captured.

In view of the type of information required from the Payment Analysis Book, the Analysis columns will represent the different types of expenses. The particulars column will be entered to indicate which of the various activities the expense incurred relates.

Entry Procedure

The Payment Voucher is the source of entry into the Payment Cash Analysis Book.

Steps involved in making entries of Cash Payment transactions into the Payments Cash Analysis Book is outlined below:

- : The date of recording the transaction is entered in the date column.
- : Name of person to whom money is paid and also the type of activity to which the payment relates are written under the particulars column.....i.e. PHC, Disaster Relief, etc.
- : The number on the Payment Voucher prepared to cover the transaction is quoted under the Payment Voucher column.
- : If the money is paid with cheque the cheque number is quoted under the cheque number column.
- : The amount involved is put under cash or Bank column depending on whether the payment was made with cheque or physical cash.
- : In the Analysis column we make entry into the column representing the type of expense for which the payment was made (i.e. stationery, maintenance, etc.) with the amount involved in the transaction.

The entry of the transaction into the analysis column marks the end of entry of the transaction in the Payment Cash Analysis Book.

(ii) Monthly Summary of Expenses for Each Activity

In order that information can readily be obtained on the different types of expenses incurred under each of the activities of the Society, it is recommended that summaries of expenses incurred for each of the activities is made at the end of each month in the Payment Cash Analysis Book.

The summary is designed to show cumulative total for each type of expenses incurred under each of the activities.

A format for the summary is illustrated below:

Information to prepare the summary will be from the Particulars Column and Analysis columns of the Analysis Book.

b) Posting of Entries from Payment Cash Analysis Book to the Ledger

This is applicable only to the Head Office.

Procedure Involved

Entries from the Payments cash book into the Ledger is to be done once every month.

The procedure is outlined as follows:

- : At the end of every month, the entries in all the Analysis columns will be added up to obtain a total for each Analysis column
- : These totals are then posted to the debit side of the respective account in the Ledger.

c) **Treatment of Cash Payments to Regional Officers**

Books of Head Office

(a) **Documents involved:**

The Payment Voucher is the main document

(b) **Ledger Accounts Involved**

The accounts required to effect such transactions are:

- : Bank Account (Payment Cash Analysis Book)
- : Cash Advances to Regions (A General Ledger Account)
- : Cash Advances Account in the name of the particular Region
(A subsidiary Ledger Account)

© **Procedure Involved:**

- : A Payment Voucher is prepared covering the amount to be transferred to the Region
- : Entries are made into the Payment Cash Analysis Book (Analysis column to use is Advances to Regions)
- : Advances to regions Account is debited at the end of the month
- : Cash Advance Account in the name of the Particular Region (a Subsidiary Ledger Account) is also debited.

Illustration 1

Head Office of the Ghana Red Cross Society advanced money to two Regional Offices for Administrative and other expenses other than for Specific Projects during the month of May, 1990.

1. 4/3/90 : An amount of C20000 was advanced to Upper East Region for Administrative expenses
2. 7/3/90 : An amount of C28000 was advanced to the Greater Accra Region for routine expenses.

Book-keeping entries required to record the above transaction are:

- i) Entries in Cash Analysis Book (Payments)
- ii) Ledger Entries (General Ledger)

Advance to Regions

- iii) Ledger Entries (Subsidiary Ledger)
- iv) **Treatment of Receipt of Monthly Cash Report from Regions – Head Office Books**

In order that Head Office can monitor monies advanced to Regions other than for Specific Projects, Monthly Cash Report is required from the Regions

(a) Documents Required:

Monthly Cash Report

Cash Report are prepared by the Regions to Head Office at the end of every month. It contains information indicating sources of cash received by the Region during the month and the utilization of those monies. Other information contained in the Cash Report is: The Balance Brought Forward.

It is prepared by the Regional Secretary and approved by the Regional Chairman. It is prepared in two copies and distributed as follows:

- : 1st copy to Head Office
- : 2nd copy retained by the Region
- : See appendix XXII for layout.

1. Accounting Books Required

- : General journal
- : General Ledger
- : Subsidiary Ledger

(c) Ledger Accounts Required

- : Advances to Regions
- : Expense Accounts (Expenses on which the money was spent)
- : Cash Advance Account in the name of the Region (Subsidiary Ledgers)

4 Procedures Involved

- : Information is monthly cash report is used to pass journal entries
- : Expenses Account are Debited
- : Advances to Regions Account (A general ledger account) is Credited
- : Cash Advance Account in the name of the Region (A subsidiary ledger account) is credited.

Illustration II

Head Office of the Ghana Red Cross advanced money to two Regional Offices for Administrative and other expenses other than for Specific Projects during the month of March, 1990.

Cash Reports detailing out areas on which the monies were spent were also submitted by the two Regions to Head Office at the end of March 1990.

1. 4/3/90 An amount of C20000 was advanced to Upper East for Administrative expenses.
2. 7/3/90 An amount of C28000 was advanced to the Greater Accra Region Routine expenses
- 4 Cash report Submitted by Upper East on 2/4/90 indicated the following expenses::
 - : Stationery for Youth Programmes C5000
 - : Stationery for Information Dissemination C8000
 - : Stationery for Primary Health Care C4000

: Transport Expenses on Youth Programme C7000

Cash Report submitted by Greater Region on 4/4/90 indicated the following:

: Stationery for Photo Laboratory C8000
: Stationery for Primary Health Care C4000
: Transport Expenses on Youth Programme C6000.

Book-keeping entries required to read the above transactions are as follows:

- (i) Entries in Cash Analysis Book (Payments)
- (ii) **General Journal Entries**
- (iii) **Ledger Entries (General Ledger)**
- 4. **Advances to Regions**
- 5. **Stationery Account**
- 6. **Travelling & Transport**

(iv) **Ledger Entries (Subsidiary Ledger)**

- (a) Cash Advances (Upper East Region)

NOTE:

1. The Subsidiary Ledger Accounts do not form part of the double entry.
2. Debit Balances in the Subsidiary Accounts i.e. Cash Advances (Upper East Region)
3. Information in the Cash Reports must be journalized before entry into the Ledger Accounts.

▪ **Cash Receipt Procedure**

i. Use of Receipt Books

All Cash receipts must be received on the Society's Official receipt.

The receipt book should be used for sales revenue and any other source of revenue i.e.

: Subscriptions

- : Admissions Fee
- : Donation
- : Subvention
- : Fund Raising activities etc.

ii. **Cash Sales**

All Cash Sales must be covered with receipts. The total value of Cash Sales for each day must be entered into the receipt cash Analysis Book.

Cash Sales Procedure

- : The customer goes to the clerk in charge of sales with his request.
- : Invoice covering items requested is prepared in two copies and handed over to the Customer
- : Customer goes to cashier with the two copies of the invoice to make payment.
- : Cashier receives documents and cash and issues a receipt covering the amount
- : Cashier stamps both Invoice and Receipt with Paid Stamp.
- : Cashier hands over to customer
 - : 1st copy of receipt; and
 - : the two copies of the Invoice
- : Customer goes to the store with
 - : 1st copy of receipt and
 - : two copies of the Invoice
- : Store assembles items requested as evidenced by documents presented by customer
Waybills is prepared to cover the items in copies
- : Store hands over items together with:
 - : 1st copy of Receipt
 - : 1st copy of Invoice
 - : 1st copy of Waybill to the customer
- : 2nd copy of invoice is sent to Accounts by the Store whiles the 2nd copy of Waybill is retained.

iii. **Receipt from Debtors**

Monies received from Debtors must be covered with receipts. Such monies shall be entered in the Analysis Book individually.

d) **Banking of Takings**

All monies received shall be banked intact.

(d) **Payment of Recurrent Expenditure**

This form of payment represents:

Claims from Staff

Request for accountable imprest

Payment of all other expenses

The procedure is outlined as follows:

The document initiating the claim is completed and submitted for authorization

Payment Voucher together with cheque is prepared

Payment Voucher together with cheque and the supporting documents are sent for approval and signature

Payment is effected

Entries are made in the Payment Cash Analysis Book.

(e) **Payment of Wages and Salaries**

The procedure is as follows:

Payroll vouchers are prepared and submitted for approval and authorization

Payment voucher is prepared

Salary Advice is prepared

Cheques are prepared

Documents with cheque are sent for approval and authorization.

Payment is affected.

Entries are made in cash book.

▪ **Cash Payment Procedure**

(a) **Use of Payment Vouchers**

All cash Payments must be supported by Payment vouchers. All Payment Vouchers must be authorized.

(b) Payment of Suppliers

All Payment Vouchers raised to support Payment to suppliers must have as a supporting document, a copy of the suppliers Invoice and a copy of the Local Purchase Order.

(C) Cash Purchases Procedures

The procedure for cash purchases is summarized below:

- : Collection of Proforma Invoice from suppliers
- : Selection of supplier
- : Preparation for approval of the local purchase order
- : Preparation of Payment voucher
- : Preparation of cheque
- : Submission of payment voucher and cheque for signature
- : Presentation of cheque together with Purchase order to supplier
- : Receipt of items together with supporting documents from supplier
- : Entries of purchase transaction into the payment cash analysis

Book.

o ACCOUNTING FOR PROJECTS

Ghana Red Cross Society receives Funding for Specific Projects or Programmes it undertakes.

The procedure for receiving and disbursing these funds is what this Manual refers to as ACCOUNTING FOR PROJECTS.

The Mechanics involved in receiving the Project Funding into the books of the Society at Head Office is treated under the sub-heading PROJECT FUND ACCOUNTING.

The mechanics involved in disbursing the Project Fund in the Book at Head Office is treated under the sub-heading PROJECT ADMINISTRATION. The procedure for receipts and disbursement of Project Funds in the books of the Regional Offices is treated under the sub-heading REGIONAL ACCOUNTING FOR PROJECTS.

i. Project Fund Accounting

Documents Involved : The Receipt is the main document. All Monies received should be covered with an official Receipt of the Society.

Ledger Accounts Involved: Accounts required whenever money is received for Specific Projects are:

- Bank Account; and
- Account in the name of that particular project.

Procedure Involved : The mechanics for receiving funds for Specific projects in the books of the Head Office is outlined as follows:

- Receipt is issued to cover the receipt of the money
- The amount is deposited in the Society's bank account by an entry into the bank column of the Receipt Side of the CASH ANALYSIS BOOK.
- A Ledger account is opened in the name of the type of project for which the fund was advanced and credited with the amount.

Illustration I

The Ghana Red Cross Society received money for Specific Projects from the following organizations during the month of March, 1990

1. 2/3/90 : An amount of C10000 for Tree Planting Projects from UNAO
2. 5/3/90 : An amount of C50000 for AIDS program was received from UNAQ
3. 10/3/90 : An amount of C2000 for infant Health Program was received from CIMS
4. 12/3/90 : An amount of C8000 for AIDS was received from CIMS.

The Book-keeping entries required to record the above transactions are as follows:

a) **ENTRIES IN CASH ANALYSIS BOOK (RECEIPTS)**

b) **ENTRIES IN THE LEDGER (General Ledger)**

i) **TREE PLANTING PROJECT**

31/3/90 Bank : 10000

ii) **AIDS PROGRAMME**

31/3/90 Bank : 58000

iii) **INFANT HEALTH**

31/3/90 Bank : 2000

The Procedure for receiving money for projects ends when entries of the transaction are made in the Bank account (cash analysis book) and the particular Project Account.

ii. Project Administration

Disbursement of monies from Project Fund is done at two levels.

- Funds disbursed directly by Head Office in connection with projects; and
- Funds advanced to the Regional Offices to be disbursed on Projects a by the Regional Secretariat.

The Accounting Procedure for the two types of disbursement of Project Fund in the books of the Head Office is treated separately.

A). **Direct Disbursement by Head Office**

Documents Involved: The Payment Voucher is the main document that authorizes the payment of money from the Project Fund.

Ledger Accounts Involved: Accounts required whenever expenses are incurred on Projects by Head Office are:

- Bank Account
- Expense Account in the name of the Project.

Procedure Involved: The mechanics for disbursing Project Funds to meet expenses incurred at Head Office on Projects are outlined as follows:

- Payment Voucher is prepared to cover the expenses incurred.
- Bank account (cash analysis book-payment) is credited with the account Involved.
- Expense Account in the name of the Project is debited with the Amount.

Illustration II

Illustration II uses some of the information contained in Illustration I. The following expenses were incurred by Head Office in connection with AIDS Program.

1. 12/4/90 an amount of C1500 was incurred on Advertisement to educate the public on AIDS
2. 10/4/90 an amount of C2000 was spent on Head Office Staff who attended Seminar on AIDS.

The book-keeping entries involved to record the above transactions as follows:

a) **ENTRIES IN CASH ANALYSIS BOOK (PAYMENTS)**

b) **ENTRIES IN THE LEDGER (General Ledger)**

i) **AIDS PROGRAMME EXPENSE**

30/4/90	Bank	3500
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B Disbursement through Regional Secretariat

Monies advanced to the Region for specific projects shall be made on the basis of PROJECT ACTIVITY ESTIAMTE submitted to Head Office by that Region.

Project Activity Estimate gives a detail breakdown of the Project into activities and their cost as well as the time (month) of implementing those activities.

1. **Project Activity Estimate**

Before any Project is implemented or funded in any Region, the Regional Secretary with the assistance of people with Technical Knowledge on the project must break the Project down into activities.

The Project Activity Estimate is the document that shows the detail breakdown of Projects into activities. It is designed to show the following information:

- Type of Project
- List of various activities to perform to accomplish the project
- Estimated cost of each of the activities
- Monthly implementation schedule
- Total cost

Project Activity Estimate should be prepared by the Regional Secretary and approved by the Regional Chairman. It is prepared in two copies and distributed as follows:

- 1st copy to Head Office
- 2nd copy retained by the Region

2. **Project Activity Returns**

Subsequent releases of monies to continue projects already started in the Regions shall be made only after the previous money advanced to the Region in connection with that Project has been accounted for to Head Office. Project Activity Returns is the document used to account for monies spent on Projects in the regions.

It details out which areas of expenses/expenditure the money was used for. Every on-going Project in the Region should have its own Project Activity Return to account for Monies spent on it.

It is designed to show the following information:

- Type of Project
- List of Activities
- Estimated cost of Activity
- Actual cost of implementation
- Cost variance
- Remarks

It is prepared by the Regional Secretary and approved by the Regional Chairman.

It is prepared in two copies and distributed as follows:

- 1st copy sent to Head Office
- 2nd copy retained in the Region
- *see appendix XXIV for layout.

3. **Release of Money to be disbursed by the Regional Offices**

Documents Involved: Payment Voucher is the main document

Ledger Accounts Involved:

- Bank Account
- Advances Account in name of the particular Region. (This is a subsidiary Ledger account that do not form part of the double entry).

Procedure Involved

- Preparation of Payment Voucher
- Bank Account is credited with the amount
- Advances Account in the name of the Project is debited
- Project Account in the name of the particular Region (A subsidiary account) is also debited.

Illustration III

After receiving from UNAO for Tree Planting Project, Head Office on 10/4/90 released C1500 to the Northern Region Office to embark on Tree Planting activities.

The Book-keeping entries to record this transaction are:

- a) ENTRIES IN CASH ANALYSIS BOOK (Payments)
 - ENTRIES IN THE LEDGER (General Ledger)

• **TREE PLANTING ADVANCE ACCOUNT**

30/4/90	Bank	1500
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- c) ENTRIES IN THE LEDGER (Subsidiary Ledger)

i) **NORTHERN REGION TREE PLANTING PROJECT**

10/4/90	1500
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*The Regional Project Account i.e. Northern Region Tree Planting Project Account are Subsidiary Ledger accounts in the books of Head Office to monitor monies advanced to the Regions for Specific Projects. They do not form part of the accounts used to carry out the double entry.

4. **Receipt of Project Activity Returns from Regions**

The Project Activity Returns indicate the actual amount spend on the project. When Head Office receives the Project Activity Returns from the Region, the following steps should be followed.

- Journal entries are to be made using the actual expenses made.
- Expense Account in the name of the Project is with the actual amount spent on Project.
- Advances Account in the name of the Project is credited with actual amount spent.
- Project Account in the name of the Region (a subsidiary Ledger account is Credited with actual amount spent.

5. Treatment of Balance in Regional Project Account

The Regional Project Account in the books of Head Office should close when the Project for which it was opened is completed.

In situation where there is a balance in that account after all returns have reached Head Office, normally a debit balance which presupposes that the actual expense/expenditure on the Project in the Region was smaller than the amount advanced. The Regional Project Account should still be closed.

Documents Involved: The Journal Book will be used to pass a Journal entry using the amount needed to balance the Regional Project Account.

Ledger Accounts Involved:

- Bank Account
- Advances Account in the name of Project
- Regional Project Account (Subsidiary Ledger Account).

Procedure Involved:

- Determine the amount needed to balance the subsidiary Ledger Account – i.e. Regional Project account for that project.
- Use the amount determined to pass a journal entry in the Journal Book
- Debit Bank Account by making entries in the Bank column of the Receipt Cash Analysis Book
- Credit the Advances Account in the name of the Project.

Illustration IV

The following transactions took place within the Ghana Red Cross Society during the month of March, 1990.

1. 2/3/90 an amount of C10000 for Tree Planting Project was received from UNAO
2. 5/3/90 an amount of C50000 was received from UNAO for AIDS Program.
3. 10/3/90 an amount of C2000 was received from CIMS for Tree Planting Project
4. 14/3/90 an amount of C1500 was incurred by Head Office to educate the Public on the importance of Tree Planting.
5. 16/3/90 Head Office released an amount of C2000 to the Northern Region Office for Tree Planting Project.

6. 18/3/90 Head Office released an amount of C1500 to Upper East Region for Tree Planting activities
7. 4/5/90 The Northern Region Secretariat submitted Project Activity Returns indicating C1800 as the actual amount spend on the Tree Planting Project in the Region.
8. 6/5/90 Upper East Region Secretariat submitted Project Activity Returns Which indicated C1500 to be the amount actually spent on the Planting Project in the Region.

The Book-keeping entries for the above transactions and also for the receipt of Project Activity Returns are indicated below:

- a) ENTRIES IN CASH ANALYSIS BOOK (Receipt)
- b) ENTRIES IN CASH ANALYSIS BOOK (Payments)
- c) TREE PLANTING PROJECT ACCOUNT
- d) JOURNAL ENTRIES
- e) ENTRIES IN THE LEDGER (Subsidiary Ledgers)
- i) NORTHERN REGION TREE PLANTING PROJECT
- ii) UPPER EAST REGION TREE PLANTING PROJECT

3.2.3 Treatment of Project Fund and Project Expense Account in Trial Balance

a) Project Fund

Balances standing in every Project Fund account go to the credit of the Trial Balances. These balances are made up of the opening balances plus any additions during the year.

b) Project Expense Account

The balance standing in each project expense account at the end of the year goes to the debit of the Trial balance. Project Expense Account do not have beginning balances.

3.2.4 Treatment of Project Fund and Project Expense Account Income and Expenditure Account

a) Project Expense Account

The Project Expense accounts go to the Income and Expenditure accounts. Balances standing in all the project Fund expenses accounts should therefore be sent to the income and Expenditure accounts.

3.2.5 Treatment of Project Fund and Project Expense Account

In the Balance Sheet

a) **Project Fund**

Balance standing in the various Project Fund accounts at the end of the year go to the Balance Sheet intact.

The beginning balances for these project funds for the subsequent year are however adjusted to reflect portions of the fund expended.

b) **Project Expense Account**

Balances in these account do not go to the Balance Sheet.

3.2.6 **Regional Accounting for Projects**

Treated under this sub-heading are the procedure involved when:

- Regional offices receive Project Funds; and
- Regional offices disburse Project Funds.

Before any Project is funded in any region, the initial money that will get the project started will be on the basis of a PROJECT ACTIVITY ESTIMATE prepared for that project.

See 3.2.2 (b) (i) for information contained in the Project Activity Estimate and Appendix XXIII for layout.

Before an on-going project in a Region gets additional funds to keep it going, the request for additional funding will be accepted by Head Office only when the previous funds advanced to the Region for the project has been accounted for. This is done through the PROJECT ACTIVITY RETURNS prepared for that project.

See 3.2.2 (b) (2) for information contained in the Project Activity Returns and Appendix XXIV for layout.

a) **Receipt of Project Funds**

- **Documents Involved:** The Receipt is the main document. All monies received in the Regions should be covered with official receipt.
- **Accounting Book Involved:** Cash Analysis book is the only book of Accounts to be maintained at Regional offices.
- **Procedure Involved:** The mechanics for receiving Project funds from Head Office is outlined below:

(i) Receipt is issued to cover the receipt of the money

(ii) The amount is deposited in the Regions Bank account by making an entry of the transaction into the Bank column of the Receipt side of the cash Analysis Book (Payment Side)

CHAPTER THREE

4.0 STORES PROCEDURES AND PROCUREMENTS

4.4.1 Stores Administration

The primary objective of the stores function is to provide a service to the departments of the Society. The services provided by the stores of the Society can be analyzed into two parts as follows:

1. To account for all receipts, issues and goods in stock.
2. To make available a lanced flow of goods to meet operational requirements

In the performance of the above services, the stores function has the responsibility for identification, receipts, inspection, issues and dispatch, stock records, stock control, stores accounting, stock taking and storage of goods.

○ Material Receipts

i) Purpose: To outline the procedures to be followed and documentation to be employed in receiving materials and recording such receipts into store.

(ii) Responsibilities: The storekeeper is responsible for the following:

1. Receiving all goods ordered or requested for and for checking that they are in good condition when received.
2. Identifying the type of goods ordered and confirming that the goods received are in exact type and quantity ordered.
3. Proper storage of goods received.

(iii) Form Used: The forms employed in the store receipt operations are Waybills, Invoices, and Goods Received Note.

(iv) Receiving Process: Upon arrival of goods into store the storekeeper proceed as follows:

1. Compares the quantities and specifications set out in the Purchase Order with documents such as packaging list, invoice and Waybill
2. Ensures that the quantities and specifications as compared in

above agrees with the goods received not to be prepared.

- (v) Preparation of Goods Received Note: All deliveries to the stores of the Society should be accompanied by a waybill or a delivery note. The store-keeper uses this to prepare a Goods Received Note. As and when necessary the remarks column must be filled in detail with any non-conformity of the delivery to accompanied documents. Notification of all non-conformity must be noted on the supplier's waybill.

The Goods Received Note is prepared in two copies:

- First copy – Accounts: To be attached to Payment Vouchers together with Invoice
- Second copy – Storekeepers copy, to assist in documenting the goods received.

- (vi) Material documentation: After the Goods Received Note has been prepared the information must be used to update and make entries on the Bin Cards. The Bin Card serves as a ledger card in the store for store items.

a) Bin Cards:

The Bin Card contains the following information:

- Item Number
- Receipts
- Issues
- Balance
- Stock on order
- Minimum Balance level
- Re-order level
- Maximum Balance level

4.3 **Material Issues**

- (i) Purpose: To outline the procedures for authorizing and issuing goods from store.
- (ii) Responsibility: The storekeeper is responsible for recording information on the issue of goods.
- (iii) Forms Used: The forms employed for the issue function is the stores Requisition/Issues Voucher.
- (iv) Issue Procedures:
- (a) Internal Use: No goods will be issued from stores without a properly completed and authorized stores requisition. Any officer requiring goods from store should prepare a

Store Requisition Voucher and get approval from the General Secretary for Head Office and Regional

Chairman for the Regional Offices.

On receipt of an authorized requisition the storekeeper

- ascertain the availability of the item in store.
- completes the stores issues portion of the voucher
- proceed and issues goods
- collects a copy of the voucher for filing and uses it to adjust stock Levels on the bin cards

(b) Issues to Regional Office: Based on an approved Requisition Voucher storekeeper ascertain the availability of the store item. Then after an issue has been made two copies of waybill or delivery note should be completed to accompany the goods. Upon safe delivery of the goods a copy of the waybill or delivery note is retained. The second copy of the waybill or delivery note is filled and signed and returned to the Head Office to acknowledge receipt of goods. The remarks column should express the manner and condition of receipts.

(c) Issue for Sale: If goods are issued for sale but not for either internal consumption or regional use the following procedure be followed:

Upon receipt of a request for purchase from a customer, the storekeeper details out the type of goods that are to be issued on sale:

- Storekeeper selects items for sale
- Storekeeper prepares the waybill or delivery note for items
- Issues out items
- Update the bin cards

a. Materials Returned Into Store

If under any circumstance goods issued out of stores are returned into store, Store Return Note should be prepared by the storekeeper to re-collect the items. The information of the Store Return Note should be used to update the Bin-Cards.

b. Stocktaking Procedures

The responsibility for goods demands that the store performs regular and completed physical check of all the items held and reconciles that count in terms of calculated stock figures contained on the Bin Cards.

- (i) Physical Stocktaking: This is the process of counting, weighing or otherwise measuring all items in stock and recording the results.
- (ii) Objectives:
 - a. To verify accuracy of stock records
 - b. To support the value of stock shown in the balance sheet by physical verification
 - c. To disclose the possibility of fraud, theft or loss.
- (iii) Methods of stocktaking: The three main methods recognized for stocktaking are:
 - Periodic Stocktaking
 - Continuous Stocktaking; and
 - Spot Checking:
 - periodic stocktaking are performed at regular intervals
 - continuous stocktaking is performed through effective control on the bin card balances
 - spot checks are performed as and when needs arises for verification of stock

It is of interest to note only one or a combination of all the methods above could be employed within one store for purposes of stocktaking at different times.

(iv) Stock Movement: As and when stocks are moved around within the Society information on the movement should be recorded on the stock movement card. The stock movement card is a document sent from the Regional Office to the Head Office. It shows a complete account of all bin card transactions within the store for a particular period (monthly) for all items of goods and retained balances.

Two copies of the document is prepared every month and the distribution is as follows:

- 1st copy to Head Office
- 2nd copy retained on file at Regional Office

CHAPTER FOUR

GHANA RED CROSS – TRAVEL POLICY

General and Scope

This statement codifies the policies and procedures governing all travel financed by GRCS regardless of the type of funding utilized. This policy covers temporary duty travel (TDY). TDY travel is travel that is undertaken for the purpose of conducting GRCS business that will be performed while the traveler is “detailed” to a location for a period of less than six (6) months.

It is GRCS’s objective to incur only necessary travel and living expenses and to ensure central control and maintenance of supporting documentation in evidence thereof. In order to aid in preserving sound standards of business conduct with respect to such expenditures, this policy is issued to:

- (b) Formalize the framework within which expenses may be incurred and reimbursed for GRCS purposes.
- (c) Promote consistent and equitable practices throughout the organization with respect to incurrence and reimbursement
- (d) Inform travelers of their authority and responsibilities
- (e) Identify specific practices and areas of expenses which have often given rise to questions and provide guidance toward appropriate courses of action.

Travel Authorization

It is GRCS International’s policy that all TDY travel be limited to that which is directly related and essential to conducting GRCS business. Thus, all such travel is to be fully justified, carefully planned and performed in the most economical and expeditious manner practicable.

All employees and other persons to travel and to have GRCS pay for the associated travel and living costs shall obtain the appropriate authorization prior to their travel. Travel authorization should be prepared when the traveler knows that he/she will be travelling and preferably four to six weeks prior to travel.

The purpose of the advance travel authorization is to provide evidence of management approval based on cost and budget considerations, to ensure that only necessary and essential trips are authorized to ensure settlement by the traveler of prior travel expense vouchers and the submission of trip reports. Failure to obtain appropriate authorization for travel may result in the traveler personally bearing the cost of such travel.

Travel Advance

It may be appropriate for a traveler to obtain a cash advance for expenses to be incurred while travelling on GRCS business. Travel advances are made for the purpose of providing persons authorized to travel at GRCS expense with funds estimated to be sufficient to meet the necessary allowable travel expenses,

excluding those expenses which are paid directly by GRCS. Advances may be made to employees, consultants and other travelling for the convenience of GRCS.

Travel Expenses - General

GRCS will pay the allowable travel and living expenses incurred by an authorized traveler and related to the performance of official business.

Allowable costs are those which GRCS will pay because the costs are ordinary, necessary and business-related. Unallowable costs are those which GRCS will not pay because the costs are unauthorized or personal in nature.

CHAPTER FIVE: BANKING

3.1 Bank Accounts

- a. Authority of the Board is required to establish dealings with any Commercial Bank within Ghana.
- b. The Finance and Admin. Manager should ensure that the necessary documentation (e.g. credit application, specimen signatories, identification documentation, etc.) is provided to the Bank in order to open an account.
- c. Bank accounts can be opened at any reputable commercial bank in Ghana. The Finance and Admin. Manager will recommend the opening of the prospective account to the Board for approval.

3.2 Bank Signatories

- a. All the Society's instructions to the Bank must be authorized by two signatories. For this purpose the Society has a panel of 'A' and 'B' signatories and this panel is approved by the Board on an annual basis or when deemed necessary.
- b. The Finance and Admin. Manager will ensure that the 'A' and 'B' panel of signatories are up to-date and should inform the relevant banks as and when there are changes to the signatories.
- c. The Finance and Admin. Manager should ensure that signing authorities as well as limits (monetary value) are adhered to by the signatories.

3.3 Signing Authorities – Cheques

- a. The approved signatories for signing cheques at Head Office are as follows:

Panel 'A' Designation	Panel 'B' Designation
Secretary General	President
Finance and Admin. Manager	Treasurer

Each cheque must be signed by one panel 'A' and one panel 'B' signatory.

- b. The approved signatories for signing cheques at the Branches are as follows:

Panel 'A' Designation	Panel 'B' Designation
Regional Manager	Regional Chairman
Regional Project Coordination	Regional Treasurer

- c. Cheques should be signed first by a Panel 'A' signatory.
- d. The cheque signatories should ensure, prior to signing any cheque that:
- The payment voucher has been properly authorized according to the Delegation of Authority Framework.
 - The payment voucher has been certified for payment by the authorized persons.
 - The payee's name and amount on the cheque correspond with those on the payment voucher.
- e. 'A' cheque signatories and 'B' cheque signatories should verify the following:
- That the payee's name and amount agree with all relevant supporting documents (e.g. purchase orders, supplier invoices etc.)
 - Supporting documents have been endorsed with the initials of the person approving the payment voucher.

3.5 Payment Instructions to a Bank other than by Cheque

Payment instructions to a bank other than by cheques, for example an instruction letter, should follow the same standing instructions as for cheques. Such transactions however, should be kept to an absolute minimum. The following are examples of transactions that can be initiated with an instruction letter:

- Transfer of funds between bank accounts
- Inter project borrowing

3.6 Letters of Authority – Bank Draft and Letters of Credit

- Issuing of letters of authority to the Banks to issue draft or transfer money for letters of credits require at least two signatories, a Panel 'A' and a Panel 'B' signatory.

3.7 Banking Facilities

The Finance and Admin. Manager will each year review the banking facilities with all the Banks and this will include:

- Overdraft facilities
- Guarantees, Bonds
- Bank Charges
- Interest on short-term deposits etc.

a. Bank Borrowing/Overdraft

- If overdrafts are necessary to meet short-term cash needs, limits will be determined and recommended by the Finance and Admin. Manager and the Secretary General.
- The overdraft limits determined and recommended by the Finance and Admin. Manager and Secretary General are subject to the approval of the Board.
- A copy of the resolution passed by the Board on the approved overdraft limits or minutes of the Board meeting where the overdraft limits were approved should be filed in the banking file of the relevant bank where the overdraft is obtained.

b. Guarantees/Bonds

- All Guarantees and Bonds require the Secretary General's approval, upon the Finance and Admin. Manager's recommendation.
- The Finance and Admin. Manager will administer (maintain records etc.) of all arrangements with the Banks relating to guarantees and bonds.
- The Finance and Admin. Manager should quarterly report to the Board on the bonds and guarantees.

3.8 Bank Statements

- Only persons authorized by the Finance and Admin. Manager are allowed to collect bank statements or bank vouchers/documents.
- When the relevant bank account is opened, the Finance and Admin. Manager will notify the bank in writing of the persons authorized to collect bank statements on behalf of the GRCS. Copies of the identification documents of these persons are also submitted to the bank together with the written notification.
- If a person, other than the authorized persons that the banks are of, needs to collect the bank statements, the Finance and Admin. Manager will prepare a letter, notifying the bank that this person has been authorized to collect the bank statements.
- Once the authorized person collects the Bank Statements from the bank, he must hand them over to the Accountant, who should check that all the bank statements have been received from the bank.
- Immediately on receipt of bank statements, they are to be checked by the Accountant with the cash book entries.

3.9 Bank Reconciliation Statements

- Bank Reconciliation Statements reconciling the bank balances as at the end of each month with the corresponding balances on the bank statements are automatically generated by the system (preferably by the 10th day of the new month) and should be checked and signed by the Accountant.

- The Finance and Admin. Manager will review these bank reconciliation statements and evidence his/her review with a date and signature.

3.10 Stale Cheques Procedure

On completion of each month's Bank Reconciliations, the Accountant will scrutinize all the schedules of outstanding items critically and ensure that they are followed up and cleared before the end of the following month except for unrepresented cheques. The following procedure should be followed in the case of unrepresented cheques:

- The Accountant will write initial follow-up letters to payees whose cheques remain outstanding after two months in the case of payee in Accra and after three months in the case of payees in other towns.
- The Accountant will write second follow-up letters to all payees whose cheques remain outstanding after five months provided that no reply has been received to the initial equity.
- After all follow-up detailed above have been completed and the cheque remains unrepresented, the Accountant will present the matters to the Finance and Admin. Manager for a final decision as to whether the cheque should be written back.

3.11 Handling of Cash

3.11.1 Currency

Only local currency in cash or bank certified cheques will be accepted. However, specified convertible currencies and travelers' cheques will be accepted with specific authority of the Finance and Admin. Manager and the Secretary General.

3.11.2 Receipt of Society Funds

- a. Society funds are receipted by the Accounts Officer designated to do so by the Finance and Admin. Manager.
- b. The Accounts Officer will ensure that all monies received on behalf of the Society are promptly receipted and placed in a relevant cash box/safe.
- c. Unless otherwise authorized by the Finance and Admin. Manager, only the Administrative Assistance (Regional Office) and the Accounts Officer (Head Office) are authorized to receive hard cash upon which a receipt is issued and the original copy handed to the payer.

3.11.3 Safe and Other Keys

- a. The original keys to the safe and Cash box should be held by the Administrative Assistance (Regional Offices) and the Accounts Officer (Head Office) and no other person may have access to these facilities without the authorization of the Finance and Admin. Manager.

3.11.4 Deputy/Relief Cashier

- a. Should the need arise, a Relief Cashier must be nominated and given suitable training to relieve the Admin. Assistance (Regional Offices) and the Accounts Officer (Head Office) of their duties to receive and make cash payments.
- b. When a person other than the Admin. Assistance/Accounts Officer performs the Cashier's duties temporarily, the person must count and check the hard cash and cheques on hand in respect of the imp rest and customer cash collections in the presence of the Admin. Assistance/Accounts Officer and Regional Manager/Finance and Admin. Manager, and a certificate of change-over must be signed by all three parties present during the change-over.

3.11.5 Cancelled Cheques

- a. All cancelled cheques should have double line should be drawn across the cancelled cheque, with the word "CANCELLED" written clearly between the two lines.
- b. The Finance and Admin. Manger/Regional Manager should perform regular checks to ensure that these procedures are adhered to. Non-adherence should be followed-up with the Accounts Officer/Admin. Assistance and where necessary, disciplinary action should be taken.

3.11.6 Petty Cash Imp rest

- Petty Cash Imp rest is to be maintained at stations to meet disbursements.
- The petty cash floats are determined by the Finance and Admin. Manager (Head Office) together with the relevant Regional Managers (Regional Offices).
- The petty cash should be controlled by the Admin. Assistance (Regional Office) and the Accounts Officer (Head Office) and in their absence the appointed persons.
- The petty cash are to be reimbursed as may be necessary.
- All disbursements are to be substantiated by fully documented and receipt payment vouchers, which have been approved and passed for payment in the normal manner i.e. within approval limits.
- The payments are to be recorded on a petty cash list.
- The petty cash at the regional offices are to be checked by the Regional Managers at least twice in each month. Reimbursement requests signed by the Admin. Assistance and approved by the Regional Manager are to be sent to the Finance and Admin. Manager as and when necessary.
- The Head Office Petty Cash is to be checked by the Finance and Admin. Manager at least twice each month.
- An shortage must be refunded immediately by the Admin. Assistance (Regional Offices) and Accounts Officer (Head Office) to bring the total amount to the imprest level.
- Where a Cashier has persistent unexplained shortages/surpluses or when such shortages/surpluses are material, the Finance and Admin. Manager should initiate further disciplinary action.

3.11.7 Accountable Imprest

- All imprest issued to employees must be refunded within 72 hours.
- Every month, the Accountant will circulate a list to imprest holders.

BUDGETING AND BUDGETARY CONTROL SYSTEM

4.1 Introduction

Budgeting and budgetary control entails setting financial plans to achieve certain goals. It is also involves reviewing and analyzing actual performance for the purpose of corrective action or for the purpose of ensuring more appropriate target setting in future. Budgeting and budgetary control will only be effective and useful if analysis and explanation is given for all deviations from plans and corrective action is taken.

4.2 Basis

The GRCS uses the previous year's budget and add a percentage to arrive at the various budgets. The various Branches and Departments also consider the expected expenditure and revenue independently or the previous year's actual costs and corrections.

4.3 Budget Process

- Instructions are dispatched from the Finance and Admin. Manager to all Heads of Department and Regional Manager. Also included in the instructions are budget input forms, budget deadlines etc.
- Before the actual budget assignment begins, the Society would normally hold budget workshop(s) to try and inform all involved on changes and other important aspects relevant to the budgeting process.
- The regions pass on their budgets both revenue and capital to the Finance and Admin. Manager.
- The budget process should take place at three levels i.e. Region, Department and National level. The Regional and Departmental budgets are consolidated into overall Society budget.

4.4 The Budget Activity

- All sectional and departmental heads should hold preliminary discussions with their staff to review and assess expected collections and expenditure requirements for the coming year.
- While the Society does not encourage incremental budgeting, reference to the previous year's expenditure would bring reality to the budget process. Other considerations would be the level of inflation and its impact on prices i.e. affecting stationery, fuel etc. Levels of pay would affect salaries and wages and other staff costs.

4.5 Capture

- Budget from Departments are input into the computer without any adjustments at this stage. The essence is to have an overall budget that is based on the expected collections and expenditure.
- The responsibility to ensure that the initial budget compilation is completed rests with the Accountant stationed at the Head Office in Accra. Once the initial budget is completed, the Accountant should pass it on to the Finance and Admin. Manager.
- The essence of working out the expected expenditure is to afford all staff involved in the budget process a reasonable framework within which they should operate. All budget expenditure both revenue and capital should be within the expected revenue to ensure the Society does not over-stretch itself.

4.6 Budget Review Meeting

The master budget is signed off and approved for submission to the Board. This stage ensures the budget as finalized by the budget committee gets the final approval before submission for Board approval.

4.7 Budget Meeting

First Review

All Heads of Department and their Assistants meet to review the draft budget. With expected revenue worked out, the budget is adjusted accordingly. This is an adjustment stage where the expected revenue is aligned to expenditure, the essence being that the Society should only spend what they have.

Second Review

This meeting is chaired by the Secretary General and attended by the budget stocking team – made up of Heads of Department and Assistant Managers.

The Regional Managers are supposed to be on stand by at this meeting in case there are clarifications required. All necessary corrections and adjustments are advanced for the Finance and Administration Department, which has five working days to finalizing the budget.

Third Review

The master budget is signed off and approved. This stage ensures the budget as finalized by the budget committee gets the final approval before submission for Board approval.

4.8 Approval of the Master Budget

Once the budget has undergone all internal management reviews and amendments it will need to pass two approval stages.

4.8.1 Finance Sub Committee

Board papers are prepared for the Finance Sub Committee to scrutinize and make recommendations for adjustments, if any, and seek clarification and justification where necessary. The Finance Sub Committee includes the Secretary General and the Finance and Administration Manager.

4.8.2 Board

The approved budget will undergo full scrutiny and review by the Board. The Board may require adjustment to be made to the budget and if so, adjustments will be done as requested.

If the Board is satisfied with all aspects of the budget, they will approve it. Once Board approval has been obtained, the budget should then be adopted as the financial benchmark for that fiscal year.

4.9 Timing

The budget period is from September of one year to December of the following year.

4.10 Approval of Non-Budget Expenditure

Where expenditure exceeds the budgeted amount and if it is not possible to cover that over expenditure by transfers within budget headings, the Secretary General's approval must be sought for either budget transfers between headings or for a supplementary budget.

4.11 Closure of Sanction

- When a project has been completed, a completion certificate should be completed by the Project Manager and sent to the Finance and Administration Department. The certificate will allow the Finance and Administration Department to capitalize expenditure so far incurred.
- Towards the end of the financial year i.e. December all Cost Controllers/Functional Managers should advise the Finance and Admin. Manager, which sanctions (expenditure codes) account numbers, should remain open for the following year. The spending departments are to authorize the Finance and Admin. Manager to close or carry forward sanction number.

4.12 Approval of Expenditure

i. Revenue Expenditure

Approval of revenue expenditure is restricted within approved budget and delegated authority limits.

No budget transfers will be allowed between under-spent budgets and over-spent budgets. Any variance must be justified and explained for each budget heading.

ii. Capital Expenditure

Subject to confirmation of the classification of the expenditure by Finance and Admin. Manager, approval of payments for capital expenditure is restricted to approval limits.

CHAPTER SEVEN

MONTHLY FINANCIAL ACCOUNTS

5.1 Accounts Set Up

At the beginning of each financial year the Finance and Admin. Manager will set the deadlines for the Accountant to produce reconciliations on a monthly, quarterly and yearly basis.

It is the responsibility of the Accountant to ensure that the various sections, departments and projects produce reconciled accounts.

5.2 Preparation of Monthly Accounts

The starting point should be the extraction of the trial balance based almost entirely on the day-to-day transactions.

The trial balance once printed out is scrutinized by the Finance and Admin. Manager for unusual or material changes. The review is also to ensure that all entries especially material ones have been posted correctly and were properly authorized.

Where differences are identified, the Finance and Admin. Manager will follow the differences up with the relevant Accountant and ensure that the necessary corrections are done.

5.2.1 Bank Reconciliations

It is imperative that all bank reconciliation including petty cash accounts are prepared before producing the final management accounts. This is in recognition of the fact that the bank reconciliations have a major impact on other account balances.

5.2.2 Other Accounts Reconciliations

Reconciliations of major debtor and creditor accounts should be done. The fixed assets register should be updated to ensure that depreciation could be properly worked out. This will impact on the income and expenditure account and the balance sheet.

5.2.3 Adjustments

All accounts that require corrections should be done after the first trial balance print out.

All adjusting journal vouchers need review by the Accountant and approval by the Finance and Admin. Manager. As part of the adjustment stage, all accruals and provisions should be adjusted for during the month. It is the responsibility of the Accountant to ensure that all historical data is captured by the Accounts Department.

5.2.4 Production of Accounts

After all corrections, adjustments and account reconciliations have been done; the Finance and Admin. Manager should print a final trial balance.

If the trial balance is error free and does not contain any differences, the printing of the management accounts can go ahead. These include the income statement, the balance sheet and cash flows.

5.3 Review and Approval

The Finance and Admin. Manager and the Accountant review the financial statements. Should errors be found at this review stage, adjustment will need to be done via journal vouchers.

If the accounts are passed by the Finance and Admin. Manager, they will be handed over to the Finance Sub Committee for review before submission to the Board for approval.

CHAPTER EIGHT

MANAGEMENT ACCOUNTS

6.1 Level of Preparation

- ❖ The management accounts are prepared by the Accountant on quarterly basis. The following are the type of management accounts prepared:
 - a. Budget versus Actuals
 - b. Balance Sheet
 - c. Income Statement
 - d. Cash Flow Statement
- ❖ The management accounts will be reviewed by the Finance and Admin. Manager and Secretary General before presentation to the Board.
- ❖ The management accounts will be presented by the Finance and Admin. Manager to the Board of Directors during Board meetings and will be discussed during the meeting.

6.2 Codes

A coding system (chart of Accounts) for all accounts used by GRCS is in use.

6.3 Process

- ❖ The quarterly management accounts are prepared and printed from the system by the Accountant and forwarded to the Finance and Admin. Manager together with the Trial Balance.
- ❖ The Finance and Admin. Manager reviews the management accounts by agreeing the amounts on the management accounts to the amounts on the Trial Balance. Differences are investigated and followed with the Accountant, and where necessary, corrections are made.
- ❖ Once the Finance and Admin. Manager is satisfied that the management accounts are accurate and complete, he/she dates and signs the last corrected copy of the management accounts and Trial Balance and inform the Accountant to print the final management accounts to be distributed.

6.4 Approval of Trial Balance

- i. Before finalization, the initial trial balance is scrutinized by the Accountant to ensure it is not carrying wrong figures.

- ii. In addition, all bank reconciliations need to be completed before finalization of management accounts.

6.5 Variance Reports

- Variance analyses are done monthly by the Accountant on all items that are 10% in excess or below budget and in excess or below a fixed monetary amount, to be determined from time to time.
- The variances are followed up with the relevant Heads of Department, Project Coordinators and Regional Managers and the reasons or explanations provided by them are kept on file. Adjustments are made to the reported figures as and when necessary.

CHAPTER NINE

YEAR END ACCOUNTS

8.0 Relationship of Management Accounts to Year-End Accounts

The monthly management accounts have a facility to show 'year-to-date'. Effectively, therefore at the year-end, the year-to-date balances should reflect the year-end accounts.

8.1 Year End Work

- iii. Additional work done at the year includes the preparation of schedules such as accruals and provisions, prepayments, depreciation, insurance and capital work-in-progress.
- iv. Obtaining confirmations for major debtors and creditors balances and ensuring all banks send in their confirmations for external audit review.

8.2 Reconciliations

- All nominal ledger accounts must be reconciled. It is also imperative that all banks reconciliations are done in good time to ensure cash and bank balances, debtors, creditors and other balance sheet and income and expenditure accounts are accurate as possible.
- Particular attention should be paid to reconciliation of major creditors and debtors.
- For yearly closing, both procurements/stores and accounting personnel conduct stock takes in addition the goods in transit schedule is prepared. Strict adherence to cut off procedures and dates on stock movements should be enforced.

8.3 Review

- i. The Accountant should ensure the final draft financial statements with all year-end schedules are ready for review by the Finance and Admin. Manager before they are presented for external audit review.
- ii. The Finance and Admin. Manager together with the Secretary General should review and authorize the draft accounts for external audit review.

8.4 Preparation for Audit

- The Finance and Admin. Manager together with the Secretary General will meet with the auditors at the beginning of the financial year and set dates for the interim review and final audit.
- The Finance and Admin. Manager should ensure that draft year-end accounts are submitted together with schedules to the auditors.

8.5 Audit Review

- Adjustments arising out of the audit review should be passed via duly approved journal vouchers and authorized by the Finance and Admin. Manager.
- The auditors will endeavor to produce draft financial statements for management review and comment by the set date agreed upon between the GRCS and the auditors.
- When management has reviewed and agreed with the draft financial statements the draft financial statements shall be submitted for Board approval.

8.6 Board Approval

- Once approved the chairperson of the board of directors will sign the director's report and the balance sheet.
- Thereafter the auditors will sign the audit report and the financial statements are ready for presentation to relevant authorities.

CHAPTER TEN

BANK RECONCILIATION

a. Background

The society's accounts department operates and maintains bank accounts from which all the society's and different projects' payments and receipts are transacted.

The accounts may include:

- Current account
- Call account
- Fixed deposit account

b. Current accounts

8.2.1 Daily review of bank statement

- a. On a daily basis the assigned driver collects the bank statements of the different bank accounts.
 - b. The bank statement will detail the following:-
 - a. The bank name
 - b. The account name(i.e GRCS/ICRC/IFRC) etc
 - c. The account number
 - d. The statement date
 - e. All the transaction details for each transaction i.e. the value date, the actual dates of the transaction, amount, cheque number (where applicable) and a brief description of the transaction type (this may be abbreviated or specific to each bank)
 - f. The account balance brought forward and its date
 - g. The account balance carried forward and its date
- If the bank statements are not ready, the accountant will have to follow-up with the relevant branch manager or personal/business banker on when the bank statement would be ready. If they are still not received by the said date, a query must be raised.
 - Upon receipts of the bank statements, the assigned Accountant will print the relevant cashbook from the system relating to the specific account. The Accountant will then agree all the credits as per the bank statement to the debits in the cashbook, and all debits as per the bank statement to the credits in the cashbook. This is done by physically ticking all the entries on the cashbook and the bank statement.

At the end of this process all items not ticked will relate to unmatched items, which will be items on the bank statements not in the cashbook and items in the cashbook not on the bank statement. They will mainly relate to errors in the cashbook or the bank statement, and unrepresented cheques.

i. Month-End Bank Reconciliation

By the 15th of each month the accountant should prepare bank reconciliation for the previous month for each current and call account using the following procedures:-

- a. Like items on the bank statement for the last day of the month should be matched against items for the last day of the cashbook.
- b. The ticked bank statement and the cashbooks for all the other days of the month should be retrieved, and all unticked items will be the reconciling items including those for the last day of the current month's bank reconciliation.
- c. The reconciling items should be listed on a paper categorizing them as follows:
 - Bank/service charges
 - Unpresented cheques
 - Unidentified bank debits
 - Unidentified bank credits
 - Any other items which will be described depending on their nature.
- d. The accountant should review the bank/service charges to assess their reasonableness. This may be done by comparing them to prior months' charges. The accountant will raise a journal voucher to post charges to the cash book.

The voucher will deal:

- a. Date
- b. Description of the entries to be made
- c. The account to be debited i.e. bank charges, account number
- d. The account to be credited i.e. the account number of the relevant cashbook for the account being reconciled.
- e. The amounts to be debited and credited. The total debits on the voucher and the total credits should always be equal to ensure that all entries follow the entry concepts.

The voucher should then be signed by the accountant on the “prepared by” space before it is given for approval to the Finance and Admin. Manager together with the bank statements from which the figures were obtained.

The Finance and Admin. Manager will agree the voucher amounts to the bank statements and ensure the correctness of the account codes to be debited and credited and to ensure that the total debits agree to the credits. If satisfied he/she will then sign the voucher in the “authorized by” space. If errors are detected, the originating officer will be requested to correct them before the voucher is finally authorized

The vouchers will then be input into the system and a validation run printed which will have to be verified as correct by the Finance and Admin. Manager before they are finally posted to the cashbook.

- e. Once this is done, the amended cashbook will be printed and the accountant will match and tick the updated cashbook postings against the bank statements. As such these will no longer be reconciling items.
- f. The accountant should cast the reconciliation (i.e. add up all the figures) and if they are correct he should sign and date the reconciliation on the “prepared by” space. If it does not add up all the components of the reconciliation should be revisited until the causes of the errors are found and corrected.

ii. Approval of bank reconciliations

By the 15th of each month the reconciliation should be handed over to the Finance and Admin. Manager together with the bank statement for the month and the cashbook.

The Finance and Admin. Manager will review the reconciliation by checking the casting, agreeing the cashbook and the bank balances to the cashbook and the bank statement. He/she will also review the reconciling items to assess whether any of them are long outstanding. Where these are noted, he/she will query any such items for the Accountant to reply as to the action that has been taken.

The action will be contained in the correspondent files maintained for each bank account. Where no follow up is found to have been made, this should be done immediately as per the procedures detailed below.

Where errors are noted in the reconciliation, the Finance and Admin. Manager will write notes on the reconciliations which the Accountant will have to reply to and correct satisfactorily before the reconciliation is authorized.

Once the Finance and Admin. Manager is satisfied he/she signs the reconciliation an evidence of his/her approval. The reconciliation, cashbook, and bank statement should be filed in the accounts department by the Accountant in month order, in a box file specifically designated for the respective bank accounts.

iii. Bank query letters

A letter to the respective banks seeking clarification for any unidentified items on the bank statements must be prepared by the Accountant in three copies. As much detail as possible regarding the items being queried should be given to enable to speedy resolution of the queries as consideration must be taken of the fact that bank probably deals with numerous such queries every day.

These details should at least include the following; depending on the type of query being made:

- If the query is on an item appearing on the bank statement but not in the cash book:-
 - Date of the transaction
 - Value date of the transaction
 - Amount
 - Description (as given on the bank statement)
- If the query to the items included in the cash book but not appearing on the statements which should have appeared, these will mainly relate to cheques deposits which should be credited to the account within an average of four working days (this may vary from bank to bank depending on their operations):
 - date of the deposit
 - amount deposited
 - a copy of the stamped bank deposit slip
- Any other query e.g. lack of bank statement should be drafted using the above description but always taking into consideration to include as much detail as possible for missing bank statement the date for which the statement are missing should be given.

The letter should be signed by the Finance and Admin. Manager who is also the signatory to the account or by the treasurer of the regional executive committee.

The first copy of the letter will be dispatched to the bank.

The second copy should be filed in a correspondence file relating to the particular bank. The Finance and Admin. Manager should monitor the bank's action on the queries through this review of the monthly bank reconciliations to ensure that queries do not remain outstanding for long periods of time.

Where it is noted that the bank has not taken any action on amounts previously queried, reminder letters must be sent making reference to the fact that an earlier letter on the same issue has already been sent and quoting the date and reference number of this earlier letter.

The reminder should be approved as above and dispatched and filed as described above for the first letter.

Failure to resolve such queries, the Finance and Admin. Manager should make efforts to meet with a person in authority at the bank to discuss the queries and agree on their resolution. Minutes of such meetings should be filed in the bank's correspondence file.

To expedite the bank's clearance of queries, when GRCS opens an account with a bank, they should insist on having a personal/business banker assigned to them, to whom all such queries can be channeled and who shall be responsible for any complaints.

b. Call accounts

Call accounts operate in the same way as current accounts with the only difference being that they are interest-bearing accounts from which withdrawals can only be made after giving the bank a specified notice period. This period is agreed before the account is opened.

i. Monthly Bank Reconciliations

These are performed as detailed above under current accounts.

8.4 Fixed Deposit Accounts

These are used by GRCS for the investment of excess funds. They are a preferred method of investment as they are of a low risk.

Once the Finance and Admin. Manager identifies a bank account with a large balance for which there is no immediate need (this is usually after receiving funding from donors) he/she will communicate this information to the Secretary General and together they will decide on the most beneficial way of utilizing the funds. This will be supported by a cash flow forecast for at least the next quarter, taking into account:

- a. Payments to be made (e.g. salaries, creditors, capital expenditure)
- b. Current account balances
- c. Investment that will mature
- d. Other anticipated income

The Finance and Admin. Manager will enter into negotiations with several major banks. These negotiations will be an effort to gain the best return on the investments. Generally the longer the period of deposit the higher the amount of interest to be received.

Feedback on these negotiations will be given to the Secretary General and he/she will make a decision as to where to invest and how much to invest.

The Secretary General will write a letter of instruction to the bank. This letter will be addressed to the bank manager instructing him to place the amount to be invested into a fixed deposit account, the agreed rate of interest and the total number of days (the rate and the number of days should be specified)

Where it is necessary to transfer funds from one account to another, an instruction letter will be issued to the relevant bank instructing them to make the transfer.

The Secretary General will sign the letter and it will be taken to the bank by an accounts personnel.

i. Bank reconciliation

No reconciliation is performed on fixed deposit accounts as the only movements on the account should be:

- a. Initial depositing of the operating house;
- b. Crediting of interest at the end of the period of investment;
- c. Closing the fixed deposit account, thus transferring the balance of the account; and
- d. Rolling over the account balance for another period of investment.

As a result, the monitoring of this account is the responsibility of the Accountant. He/she will maintain a schedule of all fixed deposits held at any one time and every month a calculation of the expected interest should be made based on the information contained in the account's correspondence file i.e. the deposit amount, interest rate and the period of investment

This computation will be entered to the general ledger via a journal voucher which will be raised by the Accountant.

Once the voucher is authorized by the Finance and Admin. Manager it is sent for data entry for input to the general ledger via the following postings:-

Debit	interest received account number
Credit	interest income account number

The Finance and Admin. Manager will review the validation report to ensure that it agrees to the journal voucher.

Any corrections will be made on the validation report which will be sent back for data entry.

At the end of each month, an assigned officer will collect the bank statement relating to the fixed deposits from the accounts department. The Accountant will raise a journal voucher to adjust the entry for the computed interest to reflect the actual interest received as per the bank statement. The voucher will be authorized by the Finance and Admin. Manager and posted for data entry. The Accountant will compare the actual interest credited on the bank statement against that which was input to the general ledger based on his/her computations. Thus he/she will ensure that the interest as credited on the deposit maturity dates is accurate.

Any significant differences between his computation and the bank statement will be personally followed up with the bank in question for immediate rectification.

At the end of the investment period, the Accountant will communicate to the Finance and Admin. Manager in order to obtain instructions as to whether the accounts should be closed or rolled over for another investment period.

These instructions will be written to the bank in a letter authorized by the secretary genera

b. Account opening procedures

In the society's policy to bank with indigenous local banks unless an account is required in a location where these banks do not have branches (especially for imprest accounts maintained by the society's branches)

In case of current and imprest accounts, once a need is identified this will be notified to the Finance and Admin. Manager in writing who will then assess the request. Where it is deemed acceptable he will draft a letter to the relevant bank informing them of their intention to open an account. In addition all documents necessary to open the account will be required from the bank and collected. This will generally include:-

a. Specimen signatures

The letter to the bank will be authorized by the Finance and Admin. Manager or the Secretary General and this will be reported to the Board.

If the account to be opened is with a bank with which the GRCS has never had dealings with, approval from the board of directors will have to be obtained.

This is by the Secretary General, presenting this request to the Board with reason why that bank has been deemed suitable to handle the society's finances.

Once the board's approval is obtained, the Secretary General communicates this to the Finance and Admin. Manager who will ensure that all documentation required to open an account is presented to the bank.

The signatories for society's accounts are selected based on their designation.

The letter with its attachment is signed by the Secretary General and the Finance and Admin. Manager and dispatched to the bank.

A copy of the letter should be filed in a correspondence file that should have been opened specifically for that account. All future correspondence regarding the same account will be filed in this file.

Once the account is opened the Finance and Admin. Manager will instruct the Accountant to make an amendment to the general ledger chart of accounts to include the new account.

8.6 Account Closing Procedures

A bank account will be closed when the society identifies such an account as being dormant i.e. where there are minimal or no transactions passing through the account. This will usually happen in instances when the society's activities are shifted from one bank to another or when a fixed deposit reaches maturity or is terminated or when a fixed deposit is terminated prematurely.

A letter will be prepared by the accountant informing the bank of the society's intention to close their account. The letter should specify the account to be closed i.e. its name and number, the

effective date of closure and it should also contain instructions as to how the bank is to dispose of any balance still on the account. These instructions will usually be to transfer any such residual funds to another account name, number and bank to which the funds are to be transferred in order to avoid any breakdown of communication.

The letter will then be approved by the Secretary General and the Finance and Admin. Manager. The Secretary General's office will dispatch one copy of the letter to the bank. The second copy of the letter will be given to the officer who is in charge of the closed account in the accounts department. He/she will ensure the letter is filed in the relevant correspondent file relating to the bank. The closure of the account will be reported to the board.

The bank statement for the closed account should still be followed up from the bank in order to verify that the instructed funds transfer has been done and no funds are still lying in the accounts.

8.7 Head office reconciliation

Bank Reconciliation for all accounts maintained by the society countrywide fall under the Accountant.

As part of the reconciliation review, the Account Department must follow up long outstanding items with various banks and letters and visits. Follow up action must be a continuous exercise to ensure that the bank reconciliations only contain current items.

a. Reconciliation

On a periodic basis i.e. quarterly the Secretary General and the Finance and Admin. Manager will review the bank reconciliations.

Follow up should be done on long outstanding items by letters and visits to the banks. It is imperative that all bank reconciliations are cleared up on a regular basis.

In this respect therefore, all bank statement must be collected from the bank on the last day of the month or at the latest, the following working day. Similarly all cashbooks must be made up to date by the month end.

CHAPTER ELEVEN

RECEIPTS AND PAYMENTS

9.1 Receipts

9.1.1 Background

- The main types of funds received by the finance department, Regional Offices and projects include the following
 - o Donor Funding including IFRC
 - o Rental Income
 - o Sales of First Aid Kits
 - o First Aid Training
 - o Governmental Support
 - o Project Activities
 - o Investment funds from Regions to Head Office
- The system for accounting for receipts are detailed below will apply to the above mentioned receipts and any other receipts not specifically mentioned.
- For IFRC funding, a cheque will be drawn at IFRC and be deposited in the GRCS bank account after a cash request has been made. Other Donors transfer monies directly to GRCS bank accounts.
- All receipts (cash or cheques) are received by the Admin. Assist. at regional office and by the Accounts Officer in the finance department at the Head Office.

9.1.2 Receipting of monies

- The administration assistant/accountant will count the cash presented to him/her to ensure that it agrees with the amount said to be paid by the person making the payment. Any differences in the cash actually received and that said to be paid should be communicated to the payer who may take all the money back or who may agree for the administration assistant/accountant to issue a manual receipt for the actual amount received. If the sum is correct he/she will proceed to issue a manual receipt.
- If payment is by cheque, the administration assistant/accountant must scrutinize the cheque to ensure that the details (i.e. date, amount in value and words, payee etc) recorded on the cheque are correct. This will reduce the chances of the cheque being rejected by the bank. Errors to look out for include wrong date, (the bank should not accept post dated cheques) wrong payee, the amount in words and the amount in figures not agreeing. If errors are noted on the cheque, it should be returned to the payer.

- The following information must be recorded on the manual receipt by the administration assistant/accountant.
 - Date
 - Payers name
 - Amount received in figures
 - Amount received in words
 - Cheque number (where applicable)
 - Form of payment i.e. cash or cheque

- The amount as per the receipt should agree with the cash or the cheques actually received. The administration assistant/accountant will then sign the receipt on the “received by” space and distribute them as follows:
 - Original copy to the person making the payment
 - Copy remains in the manual receipt book.(this copy is used to process the receipt on the system.

- The cash/cheque received will immediately be placed in a safe or money box for which only the administration assistant/accountant knows the combination or has the key.

- The manual receipts are pre-numbered and issued from a pre-printed manual receipt book. Each manual receipt books normally contains 100 receipts.

- The administration assistant/accountant must keep the manual receipt books in a safe or locked cabinet/drawer for which only he/she knows the combination (if safe) or is a holder of the key (if a safe , cabinet or drawer) When the current manual receipt book in use is depleted a new receipt book must be obtained from the society’s stores.(see chapter 11 on custody of security of documents for more details)

i. Depositing of monies

- 2 At day end , the administration assistant/accountant closes his/her office for business at a specified time earlier than normal working hours in order to give him/her time to complete all the work required before the days end as detailed below.

- 3 The administration assistant/accountant will total up all the cash and cheques received and prepare bank deposit slips in two copies.
 - The Administration Assistant/accountant will give the deposit slips, manual receipts and the cash and cheques for the day to the Finance and Administration Manager (Head Office) or Regional Manager (regional offices). The Finance and Admin. Manager/Regional Manager will count the cash and total up the cheques to ensure they agree with the deposit slips and Manual Receipt Book in the presence of the Administration Assistant/Accountant.

- If they all agree the regional Manager/Finance and Administration Manager will raise a Receipt Voucher in two copies. The Receipt Voucher is a pre-printed and pre-numbered form obtained from the Society's stores. The vouchers are bound in a book whose sequence range covers 100 vouchers. The receipt Voucher will detail the following:
 - Date
 - Total cash and cheques received in figure
 - Total cash and cheques received in words
 - Range of manual receipts issued, representing the cash and cheques.
- a. The Regional Manager/finance and Administration Manager will then sign the Receipt voucher together with the Administration Assistant/Accountant and distribute them as follows:
 - Book copy
 - Accountant (to be used together with manual receipts to process payments received on the Navision system)
- b. Should the Regional Manager/Finance and Administration Manager find that the cash and cheque presented by the Administration Assistant/ Accountant do not agree with the deposit slips, the Administration Assistant/Accountant will have to correct the deposit slip to ensure they agree. Under no circumstances should the Regional Manager/ Finance and Administration Manager approved cash and cheques with mismatched deposit slip.

9.1.4 Banking of Monies

- a. The Administration Assistant/Accountant will keep the cash, cheques and deposit slips overnight in a locked cashbox. The receipt voucher is also kept in the same safe.
- b. The next morning the Administration Assistant/Accountant who will be provided with transport to the bank will bank the cash and the cheques.
- a. All the core receipts of the GRCS are banked into the current accounts maintained with commercial banks while receipts relating to project are banked into the bank account opened for that project.
- a. The stamped deposit slips are forwarded to the Regional Manager/Finance and Administration to check that all deposit slips have been returned from the bank as stamped.
 - The banking as day's collection should always be done the next day unless this falls on a weekend or public holidays. In this case banking should be on the earliest working day after the holiday.

9.1.5 Cashbook processing and General Ledger Posting

- The Administration/Accountant will collect the bank stamped deposit slip from the regional manager/ finance and administration manager after he/she checked that it was

stamped by the Bank after which the administration assistant/accountant will attach it to the corresponding receipt voucher for the day.

- The Administration Assistant/Accountant will then use the receipt voucher, manual receipts and deposits slip to process the daily receipts and monies banked in the cashbook and file the copies of the bank stamped deposit slip and receipt voucher.
- The Administration Assistant/Accountant will print the cashbook for the day and ensure that the deposit slips, receipts voucher, manual receipts and cashbook printout all agree before signing and dating the cashbook printout as reviewed. He/she will also ensure the coding of the receipts processed as indicated on the cashbook printout is correct.
- A monthly back reconciliation is performed by the accountant and reviewed by the Finance and Administration Manager.

9.2 Payments

9.2.1 Background

- Payments by the GRCS include payments to suppliers for goods and services and employee payments based on their conditions of service/contract of employment (employee payments are detailed under chapter one)
- These payments are either made by cash or cheque depending on their nature, but generally it is preferable to make payments by cheques to save on payments made out of petty cash.
- The procurement of goods and services is centralized at Head Office and payments, except payments made from petty cash, are done from Head Office only.

9.2.2 Cheque payments

Supporting documents

- a. Payments will be based on supporting documents (i.e. requisitions purchase orders, supplier invoice etc.) received from the departments where the items to be paid for has been procured and used.
- b. the Accountant will receive the relevant supporting documents – (i.e. requisition, purchase order and supplier invoice) from the user department and will check that the details on the supporting documents agree before forwarding all copies of the supporting documents to the head of department where the expense was incurred.
- c. The head of department will authorize the supporting documents by signing the supporting documented as proof that he approves the proposed payment. If the head of department does not approve of the expense he will not sign the supporting documents and they should be

amended as per the department heads recommendation and then approved. If they are rejected out rightly, they should be communicated to the supplier for corrective action.

- d. Once the head of department approved the supporting documents, he /she returns all such approved supporting documented to the Accountant. The Accountant will send the supporting document approved by the relevant head of department to the Finance and Administration Manager.
- e. The Finance and Administration Manager will review them to ensure that they are genuine and that GRCS has the necessary funds to cover the expense. Any queries he/she may have will have to be written on the documents while those that he/she approves for payment will be certified by signing them and pass it for final approval from the Secretary General.
- f. The certified documents will be passed on to the Accountant who will prepare a payment voucher in three copies. This should be a pre-printed form obtained from the society's stores. The payment vouchers are completed by the Accountant using the information on the supporting documents. these details will include:
 - Date
 - Payee
 - Amount in Numbers
 - Description of the Payment
 - Account Code to Be Detailed With the Expense
- a. The Accountant will sign the payment voucher on the "prepared by" space and attach it to the relevant supporting documents.
- b. The payment voucher, checklist and supporting document will be passed on to the signatory depending on their authority limit. These limits are set at the beginning of each year by the Finance Committee and are circulated to all accounts department staff and the relevant signatories by memoranda.
- a. The signatories will review the vouchers and the supporting documents to ensue that they agree before signing under the "authorized by" and "approved by" captioned of the payment voucher.
- b. Once signed, the Accountant will retrieve the document and prepare the cheque.

Cheque processing

- (B) The Accountant will prepare a cheque based on the information on the authorized payment voucher. The Accountant will enter the following details on the Cheque:-
 - Date
 - Payee
 - Amount in words
 - Amount in figures

- (C) The cheques will be placed in a Cheque folder when they are being passed around the signatories.
- (D) The Cashier/Assistant Accountant will also enter the Cheque number onto the payment voucher.
- (E) The Accountant will also enter all the cheque details into a cheque register that he/she maintains. These details are entered in cheque sequence number and any cancelled cheques will have “cancelled” written against their number. The register will detail:-
- The cheque number
 - Payee
 - Amount
 - Date
- iii) A space is provided for against each entry for the person collecting the cheque to sign against it and enter his/her name, and identity.
- iv) The cashier/assistant accountant will send the cheque to any two signatories. To the cheque will be attached the 1st and 3rd copies of the payment vouchers.
- v) Once the cheques are signed, the Accountant will remove the first copy of the payment vouchers and the supporting document and file them in cheque sequence order. The cheque will now only remain with the third copy of its payment voucher, which will be distributed to the payee. While waiting collection, the cheques are stored in a locked safe for which only the Accountant knows the combination or key. The cheques should remain there until they are collected under signature of the payee or the known agent.
- vi) The Accountant does not make an effort to follow up unless for large suppliers with whom the society has a good relationship. In this case, the Accountant will contact such suppliers to notify them that their cheque is ready. In addition suppliers will usually call on the Accountant in order to follow up on their payments.
- vii) Where a cheque remains uncollected after a period of a week, efforts should be made to follow up with the payees so that they may collect them to avoid the Accountant having a large stock of uncollected authorized cheques.
- viii) When the payee or their representative collects the cheque they must present an identification card which may be their national registration card, passport or company identification cards, or driver's licenses. For a personal cheque only the payee may receive the cheque or an employee of the society, on their behalf. For company cheques the collector must have identification from the same company. If the cashier feels he needs further evidence of the person's authenticity he may phone the company for confirmation.

Petty cash payment

- The Accountant maintains a petty cash float, which limit is set at the beginning of cash year. The float is supposed to be utilized for payment of small payment. The limit for any individual petty cash payment is set by the Finance and Admin. Manager.
- When employees wish to draw petty cash, the Accountant will prepare a manual Petty Cash Voucher. These vouchers are pre-printed and maintained by the Accountant and can be obtained from him/her. The Accountant will obtain the following details from the employee requesting the petty cash and record them on the petty cash voucher:-

-Date

- Name of employee drawing the money

-Description of the expenses to be incurred using the money

-Total amount in figures

-Total amount in words

- The employees requesting the petty cash takes the Petty Cash Voucher to their Head of Department who will authorize it by signing on the 'authorized by' space of the Petty Cash Voucher, should he approves of the proposed expenditure.
- The account number/code for the expense incurred is recorded by the Accountant on the petty cash voucher and the relevant receipt/invoice is attached to the copy of the petty cash voucher.
- These are sent to the Finance and Administration Manager who will check the authorized petty cash voucher to ensure that the account coding, and the totals are correct, that they agree to the attached receipt/invoice and that he is satisfied with the expenditure. If satisfied, he/she will then sign the petty Cash Voucher, as evidence that he/she reviewed it.
- If it does not receive approval of the expenses the petty cash will not be signed and they should be amended as per the department heads recommendation and then approved.
- If they are rejected outrightly, the relevant head of department should clearly indicate on the voucher that he did not approve of the expense. The Accountant must ensure that petty cash is only paid out where an approved petty cash voucher is received.
- When the Accountant receives the approved petty cash voucher, he/she will hand the money to the employee who requested the petty cash and the employee must sign together with the Accountant on the petty cash voucher for the money received.
- After the expenses is incurred, the relevant employee must return the change, if any, together with a receipt/invoice to the Accountant should change be returned, the Accountant will record the actual cost of the expenses and the change received on the petty cash voucher.

- The cash in hand should equate the physical cash in the petty Cash Box.
- The reimbursement is a payment voucher which is prepared by the Accountant. This voucher is the same as that detailed above and so are its details. To the voucher will be attached all the Petty Cash Vouchers. This is sent to the Finance and Administration Manager who will review the voucher to ensure their total agrees with the amount on the Payment Voucher.

CHAPTER TWELVE

SECURITY OF ACCOUNTING DOCUMENTS

3 Definition

Accounting documents include:

- a. Cash receipts documents (e.g. manual receipt books, receipt vouchers, etc)
- b. Commitment documents (e.g. requisitions, purchase orders, works orders etc.)
- c. Authorization and posting documents (e.g. journal vouchers, payment vouchers, etc.)
- d. Other face value documents (e.g. blank and used cheques)

10.1 Printing of Accountable Documents

- As and when necessary, the Finance and Admin. Manager in liaison with the Secretary General decide on whether a document to be used should be pre-printed and pre-numbered.
- The Finance and Admin. Manager is responsible for the printing, storage and issue of accountable documents. He/she will ensure that:
- Metal plates where documents are internally printed are securely kept and those no longer required are destroyed in the presence of the Secretary General.
- There is adequate security over printing, numbering and storage of the documents.
- Registers are maintained to record the movements of accountable documents which should include evidence of receipt of issued documents.
- Accountable documents are only issued at the request of an authorized user.

10.2 Numbering of Accountable Documents

- The allocation of numbers shall be done the Finance and Admin. Manager in consultation with users, the Information System Manager (if necessary) and the Secretary General. When allocating numbers the following factors must be taken into account:
- No serial number should be repeated.
- Where possible the numbering should ease the identification of the user i.e. the range of numbers assigned for each location should be distinct.

- It is the responsibility of the Finance and Admin. Manager to ensure that the numbering and binding of documents are correctly done. Where the user discovers any errors in numbering i.e. a missing number, duplicate numbers etc., the matter should be brought to the attention of the relevant Head of Department, the Secretary General, Finance and Admin. Manager and the use of that pad should be discontinued until clearance is obtained from the Secretary General or Finance and Admin. Manager.
- The Accountant should record serial or range numbers of accountable documents received from the printers, issued to each region and received from each region in a register.

10.3 User and Custody of Accountable Documents

- A register of accountable documents must be kept by the Accountant at Head Office and the Admin. Assistant at Regional Offices and should contain the following details:
 - Description/name of the documents.
 - Serial numbers of documents
 - Date received
 - Date issued to the final user
 - Date returned
 - Signatures of issuing and receiving officials.
- The relevant Finance and Admin. Manager (Head Office) and Regional Managers (Regional Offices) should check the Registers of accountable documents periodically (at least twice a year) and should agree the detail (quantity on hand, serial range numbers, etc.) in the register to the physical documents and follow-up on differences. The Finance and Admin. Manager and Regional Managers should date and sign the registers to evidence their review.
- All accountable documents not in use (including all cheques returned from the bank) should be securely locked away in a safe, cabinet or drawer and access to such storage should be restricted to officials authorized to use these documents.
- All accountable documents must be used (issued) in strict numerical sequence.
- It is the responsibility of Finance and Admin. Manager and Head of Department at Head Office and Regional Managers at Regional Offices to ensure that documents are correctly used and accounted for.
- The Accountant will check and ensure that accountable documents have been used sequentially and will follow up on any missing documents and where necessary seek the assistance of Head of Department (Head Office) or Regional Managers (Regional Offices).
- New accountable documents will not be issued if the current documents have not been fully used.

- The relevant Head of Department or Regional Manager should periodically (at least twice a year) review the filing to check that:
- Documents are attached to the request for a new accountable document and are promptly filed in numerical order.
- There is adequate follow up for missing documents.

10.4 Lost Accountable Documents

- Where any accountable document is lost, the matter should promptly be reported to the Accountant who in turn will report it to the Finance and Admin. Manager who should give instructions on what should be done.
- The Finance and Admin. Manager should launch an investigation into the missing accountable documents and should initiate disciplinary action against the guilty parties.
- Should the missing accountable documents be face value documents, the Finance and Admin. Manager should inform the public through a public announcement (e.g. advertisement) that the relevant accountable documents, including their number ranges, have gone missing and that the GRCS will not be responsible to honor these documents.

10.5 Policy on Retention of Documents

10.5.1 General Guide on Retention Periods

- The minimum retention period of various documents is a legal requirement in most cases, the principal Act being the Ghana Red Cross Society Act 10 of 1958 as well as other legislation relevant in Ghana Income Tax Act etc.
- The minimum retention period as specified here below is only for general guidance. Therefore the Accountant (Head Office) and Regional Managers (Regional Offices) must ensure that documents for which there are outstanding queries are retained until all issues thereon are resolved and it is incumbent upon them to ensure the necessary extra copies of such documents are retained elsewhere, i.e. correspondence file.
- The custody of documents may be as indicated here below but if there is need for any document to be kept elsewhere, a photocopy should be retained.

10.5.2 General Documents

▪ Statutory Records

Description	Custodian	Retention Period
Companies/Societies Act	Original – Board Secretary Copy – Fin. & Admin. Manager	Permanent Permanent

Certificate of Registration/Act of Parliament	Original – Board Secretary Copy – Fin. & Admin. Mgr	Permanent Permanent
Minutes Books	Original – Board Secretary Copy – Fin. & Admin. Mgr	Permanent Permanent
Register of Directors & Secretaries	Original – Board Secretary Copy – Fin. & Admin. Mgr	Permanent Permanent

▪ **Title Deeds, Leases**

Title Deed etc.	Fin. & Admin. Mgr	Until disposal
Title Deeds related correspondence	Fin. & Admin. Mgr	6 years after disposal (if under seal 12 years)
Leases	Secretary General	6 years after disposal (if under seal 12 years)
Transport/Contracts /Agreements	Fin. & Admin. Mgr	6 years after disposal (if under seal 12 years)
Other business contracts/agreements	Fin. & Admin. Mgr Relevant Functional Mgr	6 years after disposal (if under seal 12 years)

▪ **Others**

Motor Vehicles	Original – Fin. & Admin. Mgr. Certified Copy – User	Until disposal
General Correspondence File	Subject review of Head of Department	3 years
Customer/Supply agreement	Fin. & Admin. Mgr	6 years after disposal (if under seal 12 years)

10.5.3 Financial Accounts and Accounting Records

▪ **Accounts**

Description	Custodian	Retention Period
Published signed statutory accounts and Board Papers	Secretary General Fin. & Admin. Mgr	Permanent Permanent
General Ledger	Accountant	12 years

Fixed Assets Register	Accountant	Permanent
Payroll printout	Accountant	25 years
Journal Vouchers	Accountant	3 years

▪ **Taxation, Customs & Tolls**

Income Tax	Fin. & Admin. Mgr	20 years
Computation, returns, assessments and related correspondence	Fin. & Admin. Mgr	5 years

▪ **Supporting Documents**

Cash receipts, general receipts, posting slips, cash collection, summary, bank paying in slip	Accountant	1 year
Payment vouchers, payment notification form	Filing copies – Accountant	6 years
Bank Statements	Accountant	6 years

10.5.4 Personnel Records

Employees' Personal File	Human Resources Officer/Fin. & Admin.	20 years after termination
Employees' personal payroll files	Accountant	10 years after termination

10.5.5 Computer files/records

All files for payment. Backup daily	IT Manager/Fin. & Admin. On or off premises	3 years
General ledger file. Backup monthly	IT Manager/Fin. & Admin. On or off premises	12 Generations
Payroll master. Backup after update	IT Manager/Fin & Admin	12 Generations

CHAPTER THIRTEEN

INSURANCE

4 Policy on Insurance

The Society takes out policies on all insurable assets and activities deemed to require cover to ensure they are cushioned against major losses.

The Board of Directors should review the insurance policy on an annual basis to determine whether the policy is still relevant and adequate in ensuring that all necessary assets and potential liabilities are insured at an appropriate value. The review should also serve to identify which assets should be insured, and to what extent they will be insured by external or internal sources. Prior insurance history and statistics of prior losses should be used, in combination with proposals from brokers, during this review.

11.1 Basis

- The insurance cover on all physical asset policies is based on current replacement cost values. This is in order to reduce the expected additional monies that would be required in order to replace the insured assets. For property values, the value for their insurance may be adjusted in accordance with the increase of property prices. This is to take into consideration the fact that it would not be cost effective for the GRCS to undertake annual property valuation exercises.
- Other policies such as Group Personal Accident are based on how much the management deems fit.

11.2 Selecting an Insurer

The GRCS manages its insurance policies through insurance brokers to benefit from industry expertise, knowledge and resources. It is the responsibility of the Finance and Admin. Manager to obtain the best service at the most reasonable price available. The benefits of either course of action need to be assessed by the Finance and Admin. Manager taking into consideration the performance of the brokers and the performance of the policies before a decision is taken. The use of a broker does not cost the Society anything extra on the premium as brokers' commissions are paid by the insurance companies.

Procedure

- Three months before the financial year end the Finance and Admin. Manager and the Secretary General should meet to evaluate the level of service received from the existing insurance

broker. The terms and conditions of the Service Level Agreement (SLA) between GRCS and the broker will form the basis for this evaluation.

- Where the LSA of the existing provider has been satisfactory, the Finance and Admin. Manager informs the broker in writing (letter or e-mail) that his/her services will be retained and instruct the broker to obtain competitive quotes from various insurers.
- Should it be decided by the Finance and Admin. Manager and the Secretary General that the LSA provided by the existing broker has not been exemplary, the Finance and Admin. Manager places invitations to tender in the newspapers with a personal invite to the current broker. If the prior year's broker is not re-selected, the Finance and Admin. Manager notifies him/her in writing to this effect.

11.3 Tender for Brokerage Services

- The Finance and Admin. Manager will, at the end of each year place advert in the major newspapers in the country for tender for brokerage services.
- These adverts will run between one to two weeks and will be placed at the end of the year, inviting insurance brokers to submit proposals.
- The brokers must also obtain quotes from insurance companies aiming at obtaining the most beneficial coverage and submit these together with their proposals to the Finance and Admin. Manager. This is to take advantages of the broking firms bargaining power, which is higher than that of the insured.
- The Finance and Admin. Manager summarizes the proposals and quotes received from the prospective brokers and present them to the Secretary General.
- The bids received from prospective brokers by the Finance and Admin. Manager will only be opened on the closing date.
- Bidders will be invited to the bid opening ceremony where all bidders' names and quotations will be read. This is to ensure transparency and reduce the chances of rigging the bids.
- The Finance and Admin. Manager and Secretary General will meet to review the bids. The review will be based on price, coverage and the type of service offered. The Finance and Admin. Manager and Secretary General may also call on their past experience with the bidders and information they may have had in making their evaluations.
- The Finance and Admin. Manager will then schedule interview for the bidders in order to assess their suitability. During the interview, the Finance and Admin. Manager and Secretary General will have pre-printed forms on which each member will rank the bidders during the interviews. Questions will be put across to the bidders on generally why the broker feels they can provide the best service to the Society.
- The Finance and Admin. Manager will recommend the selected broker to the Board of Directors, who will be responsible to approve the selected broker and quotations from the selected insurance

companies. The approval should be evidenced in the minutes of the board meeting or in a board resolution.

- Once the relevant broker has been approved by the Board, the Finance and Admin. Manager will notify them in a letter.
- The broker will be requested to furnish the GRCS with the original policy documents after effecting the insurance policies and the mode of payment i.e. whether in installment or lump sum.
- The broker will also be notified in the abovementioned letter of his responsibility to draft a SLA.

11.4 Contract/Service Level Agreement with Broker

- A contract/Service Level Agreement must be drawn up between the broker and the GRCS. The SLA should include the following:
 - The responsibilities of GRCS (e.g. fees, timely supply of information);
 - The responsibilities of the broker (e.g. quotations from insurers, insurance contracts, claim assessment etc.)
 - The broker will review the contract before signing it and returning all copies to the Finance and Admin. Manager who will sign them in the presence of two witnesses i.e. Secretary General and the Accountant. The witnesses will also sign the contract.
 - Four copies of the SLA will be required from the broker and distributed to:
 - The Insurer
 - The broker
 - Accountant, with the payment plan
 - FAM file
 - The Finance and Admin. Manager should file his/her copy of the SLA for future reference as this is a legally binding document that specifies the duties and responsibilities of the Society and the broker. In case of any party not fulfilling their duties, the signed SLA can form the basis of seeking legal redress.

11.5 Payment

- a. When the Finance and Admin. Manager receives a copy of the signed and approved insurance cover (which contains the annual premium amount and date due), compared it with the relevant quotation received from the insurance company.
- b. The GRCS pays the insurance premiums with a debit order.

- c. Debit notes issued by the insurance companies are directed to the Finance and Admin. Manager for verification i.e. calculations should be re-performed, details of the insurance policy checked, insurable sums reconfirmed etc.
- d. The Finance and Admin. Manager monitors the policies and payment due dates and instruct the Accountant for the payment process.
- e. The broker must inform the Finance and Admin. Manager of any additional premiums or changes in the current premium resulting from ad hoc projects.
- f. The broker should prepare a premium reconciliation with every change in cover resulting from additions or disposal of assets and forwards it to the Finance and Admin. Manager.

11.6 Insurable Assets

- The Board shall decide at the recommendation of the Finance and Admin. Manager and Secretary General which assets to insure.
- Where in the opinion of the Finance and Admin. Manager and the Secretary General the risk of loss or the value involved is not considered to justify the likely premiums, those assets will not be insured.

11.7 Register of Insured Assets

- The Finance and Admin. Manager shall maintain a register of all insured assets.
- On a quarterly basis, the Finance and Admin. Manager should review the insurance register against the fixed assets register to ensure that all recent acquisitions have been insured where necessary.
- The insurance register contains details regarding insurance values, cover details, date insured, portion of premium allocated to this asset and details of risks against which the asset is insured. The fixed asset register in turn contains details regarding date purchased, cost, depreciation rate, depreciation charged, accumulated depreciation, taxation value and wear and tear claimed.

12.8 Claim Processing – Assets

- 8 All claims are initiated by the Finance and Admin. Manager upon loss notice from the relevant custodian of the asset. All loss notices should be in writing and should, at minimum, include the following:
 - 8 The date of the incident;
 - 9 A detailed description of the incident;
 - 10 Procedures followed to limit immediate losses;
 - 11 The person responsible or in charge;
 - 12 Asset involved (including specific identification);
 - 13 Particulars of police report.

- 9 The Secretary General will review all claims before lodging them with the insurer. The Finance and Admin. Manager will also record the claims in an incident register, which should be maintained electronically (e.g. excel spreadsheet) to facilitate queries.
- 10 The incident register should contain, at minimum, the following:
 - 8 The asset involved;
 - 9 Incident category (e.g. theft, damage, etc);
 - 10 Reference to a detailed incident report;
 - 11 Date when incident happened;
 - 12 When was it reported;
 - 13 Responsible person/party;
 - 14 Whether the asset was insured, and if so for which risks was it insured;
 - 15 Whether the loss can be claimed;
 - 16 Amount of excess;
 - 17 Date when claim was made;
 - 18 Claim details;
 - 19 Date when payment was received.
- 11 The Finance and Admin. Manager will prepare a claims status report to the Secretary General every quarterly.
- 12 The Finance and Admin. Manager will follow-up all claims outstanding for longer than three months with the relevant insurer.

11.9 Claim Processing – Group Life Assurance Claims

- 9 These are initiated by the Human Resource Officer, by filling in a claim form attaching:
 - 10.0 Medical certificate
 - 11.0 Death certificate
 - 12.0 National registration card; or

In the event of accident death:

- 12 Police report
- 13 National registration card
- 10 The Secretary General will review all claims before lodging them with the insurer. The Finance and Admin. Manager will also record the claims in an incident register, which should be maintained electronically to facilitate queries.
- 11 The incident register should contain, at minimum, the following:
 2. The person involved;
 3. Incident category;
 4. Reference to a detailed incident report;
 5. Date when incident happened;
 6. When was it reported;
 7. Responsible person
 8. Whether the person was insured;
 9. Whether the loss can be claimed;

10. Date when claim was made;
 11. Claim details;
 12. Date when payment was received.
-
- 12 The Finance and Admin. Manager will prepare a claims status report to the Secretary General every quarterly.
 - 13 The Finance and Admin. Manager will follow-up all claims outstanding for longer than three months with relevant insurer.

CHAPTER FOURTEEN

FIXED ASSETS AND REGISTER

12.0 Fixed Assets Register

12.1 Policy of Fixed Assets and Register

- a. The GRCS shall cause a fixed asset register to be maintained. The register shall contain all fixed assets owned by the society and is maintained on an excel spreadsheet.

12.2 Definition

- b. Fixed assets are items of a permanent nature by means of which work is carried on or assets acquired for the purpose of improving the earning capacity of a business

12.3 Maintenance

- c. The responsibility for maintenance of fixed assets register rests with the Accountant.
- d. The finance and administration manager shall review the fixed assets register on a periodic basis to ensure it is properly maintained. the register, whether manually maintained on the computer, must contain the following details-
 - Asset category i.e. furniture and fittings
 - Asset number
 - Description
 - Location
 - Department
 - Date of acquisition/valuation
 - Asset cost/valuation
 - Depreciation for the year/period
 - Accumulated Depreciation and Asset Net Book Value
- The detail in the fixed register should be such that all items should be identifiable physically from the fixed asset register and all physically identified assets should be in the fixed assets register.

- Only the accountant and finance and administration manager should have access to the fixed assets register to process fixed asset movements and for review purposes.

a. Procedure on Fixed Assets Register Update

On Acquisition

- A capex authorization and approval form is completed with the purchase of all fixed assets.
- The capex authorization and approval form is completed by the Accountant and reviewed by the Finance and Administration Manager, who will also perform a budget check to see whether the fixed asset has been budgeted for. The Finance and Administration Manager dates and signs the capex authorization and approval form before forwarding to the Secretary General.
- The Secretary General will review the capex authorization and approval form and approve the purchase if it is within the approval limit. Should the purchase price of the asset be more than the approval limit of the Secretary General, approval should be obtained from the board. The capex authorization and approval form is signed by the Secretary General and a copy of the board resolution should be attached, if approved by the board.

The purchasing of the fixed assets will be done through the normal procurement process. Refer to the cheque on “Purchasing”.

- The Accountant will process the fixed asset purchased and update the fixed asset register maintained on the excel spreadsheet. The Accountant must compare all details of these assets to the supporting documents to ensure details are correctly recorded in the register.

On Disposal

- All disposals of fixed assets should be done via an approval form signed by the relevant functional manager and counter approved by the Finance and Administration Manager.
- Disposals can only be done after board approval has been obtained.
- The Accountant will only remove the assets from the fixed asset register on the basis of a duly approved form which is backed up by Board resolution or the Finance Committee if so authorized by the Board.
- Authority as decided above needs to be obtained even in cases where the disposal of assets is by way of cannibalization. In the case of cannibalization the asset involved will be taken out of the register.
- Disposal of assets should be done by tender or invitation, either restricted (i.e. to employees only) or open (i.e. including members of the public).

A memo will be written by the relevant functional manager to the finance and administration manager detailing items to be disposed of and mode of disposal

- After approval for disposal has been obtained.
- The accountant will ensure the disposal form for company assets is completed in triplicate and approved by functional manager, finance administration manager and the secretary general.
- On receipt of the copy of the approval form, the secretary general if necessary, in liaison with thee with the functional manager and finance and administration manager will invite tenders. Tenders will be received in envelopes marked “tender for purchase of (relevant items)” by the finance and administration manager and deposited (folded) in the locked tender box.
- Tenders will be opened in the presence of the management tender committee a committee appointed by management to oversee the disposal. Tenders will be detailed on a tender schedule and signed by at least to members of the tender committee normally the highest bidder should be accepted.

TRANSFERS

- Asset transfers from one location to another and from one department to another must be duly authorized and approved by the relevant functional managers within the delegated authorities.
- All asset transfers must be supported by a duly approved asset transfer form. The asset transfer form shall be approved by the functional manager responsible and must be signed by the person receiving the asset at the new location/department who should be a senior official at head of department level.
- The asset transfer form is an Accountable document and will be used by the Accountant to update the fixed assets register.

Reconciliation

- Reconciliation should be performed on a monthly basis between the fixed assets control account in the general ledger maintained on a system and the fixed asset register maintained on excel by the Accountant.
- The Finance and Administration Manager must follow-up reconciling items with the account and must ensure that the necessary corrections are made by Accountant, where necessary.
- The Finance and Administration Manager must date and sign the reconciliation as evidence of performance and forward it to the Secretary General.
- The Secretary General should review the reconciliation and date and sign it as evidence of review

- The reconciliation should be filed by the Finance and Administration Manager for future reference.

Physical verification

- All fixed assets of the GRCS should be allocated a fixed asset number, which should be recorded on the physical asset in a clear manner.
- An inventory list, listing the fixed asset for each specific location i.e. office, branch etc, should be maintained at that location and should be regularly updated.
- Physical verification of fixed assets should be performed on an annual basis and the fixed assets register and fixed assets control account and the general ledger should be updated accordingly.
- The physical verification documentation should be filed for future reference
- The results of the physical verification, and any corrective actions will be reported to the board meeting immediately, following the manual verification

Safeguarding

- 8 Access to physical assets of the GRCS should be restricted to authorized personnel only.
- 9 Offices and storerooms should be kept locked when absent and during office hours.
- 10 An asset removal form must be completed and approved by the relevant head of department or manager. Where an asset is removed from premises of the GRCS.
- 11 The relevant department head/manager must follow-up on a monthly basis on all removed assets to ensure that they are in good condition.