

## Sudan Office Financial Policy

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## I. Philosophy

The purpose of this financial policy is to fulfill the organization's mission in the most effective and efficient manner and to remain transparent and accountable to stakeholders, including clients, partners, funders, employees, and the community. SAMA commits to providing accurate and complete financial data for internal and external use by the Country Director (aka the Sudan Office Director), the Executive Director and the Board of Directors (BOD).

## II. Authority

1. The BOD is responsible for the financial management of all activities. The Treasurer (or whom they deputize) is authorized to act on the BOD's behalf on financial matters when action is required, except in extraordinary circumstances.
2. The Country Director (aka the Sudan office director) is responsible for the day-to-day financial management of Sudan Office activities. The Board authorizes the Country Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.
3. The Country Director is authorized to enter into contracts for activities that have been approved by the BOD as a part of budgets or plans.
4. The Country Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the BOD (or whom they deputize) on variances and the reason for these variances.

## III. Responsibilities

- A. The Country Director (or whom they deputize) shall:
  1. Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
  2. Report the financial results of SAMA operations according to the schedule established by BOD (or whom they deputize) at least quarterly.
  3. Pay all obligations and file required reports in a timely manner.
  4. Make no contractual commitment for bank loans, corporate credit cards, or for real estate purchases without specific approval of the BOD (or whom they deputize).
  5. Limit vendor credit accounts to prudent and necessary levels.
  6. Obtain competitive bids (whenever possible) for items or services costing in excess of SDG 500,000 per unit. Selection will be based on cost, service, and other elements of the contract.
  7. SAMA may award the bid to any provider and is not required to accept the lowest cost proposal.
  8. The Treasurer (or whom they deputize) shall review financial reports at regular intervals.

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## IV. Financial Transactions with Insiders

### 1. Cash Advances:

- a. A cash advance is provided to employees for incurring expenses such as travel or expenses on projects on behalf of SAMA.
- b. Cash advances shall be authorized by the relevant project manager.
- c. Only one advance may be outstanding for an employee at any time.
- d. Individuals must return any advance amounts in excess of substantiated expenses.
- e. Outstanding advances must be cleared within four weeks (24 business days) of the employee's return or the date of event.
- f. If an individual does not clear an advance within four weeks (24 business days) after return from travel or conclusion of the event, the outstanding amount will be recovered by one or both of the following methods
  - i. If the individual submits a subsequent reimbursement request; the outstanding advance amount shall be automatically deducted from the reimbursement.
  - ii. Any remaining outstanding advance amount shall be deducted from the individual's payroll in the following month. The individual shall receive written notification prior to the deduction, and the deduction shall not exceed 15% of the individual's salary, as per Sudan Labor Law

### 2. Petty Cash Funds:

1. SAMA shall maintain petty cash funds to allow for the reimbursement of appropriate business expenses in an efficient and cost-effective manner. The petty cash fund shall have a custodian, who is responsible for reconciling the fund on a regular basis, maintaining required records regarding disbursements that have been made from the fund and replenishing the fund within the approved.
2. The Country Director is responsible for establishing the appropriate level of petty cash funds as well as for the oversight and any modifications to this fund.
3. The custodian of the Petty Cash Fund must ensure that the fund is:
  - a. kept separate from any other funds;
  - b. maintained with adequate security
  - c. when not in use, kept in a locked compartment or safe
  - d. original receipts must support all expenditures from the fund.
4. Petty cash may not be used for the following:
  - a. Purchase of supplies costing more than SDG 100,000 (this will require approval for the limit)
  - b. Travel Expenses, except for local expenses;
  - c. Equipment purchases; or
  - d. Any item of personal use.

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5. The Country Director shall perform a non-scheduled audit cash count at monthly intervals to ensure that the cash book is properly maintained, updated and reconciled.

## V. Budget

1. In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific five-year objectives, the Country Director shall:
  - a. Submit operating and capital budgets to the Treasurer (or whom they deputize) in time for reasonable approval by the BOD prior to each fiscal year.
  - b. Use responsible assumptions and projections as background, with the general goal of an un-restricted surplus.

## VI. Gift Acceptance

1. SAMA will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards.
2. The Country Director shall request the sale of any stock given to the organization immediately upon receipt by the organization.
3. The treasurer shall review the request and approve accordingly
4. SAMA shall accept contributions of goods or services other than cash that are related to the programs and operations of SAMA. Any other contributions of non-cash items must be reviewed by the Treasurer before acceptance.

## VII. Asset Protection

1. In order to ensure that the assets of SAMA are adequately protected and maintained, the Country Director shall:
  - a. Insure against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
  - b. Plan and carry out suitable protection and maintenance of property, building, and equipment.
  - c. Avoid actions that would expose the organization, its board, or its staff to claims of liability.
  - d. Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
  - e. Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payment.

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2. The Country Director (or whom they deputize) must submit an asset report on quarterly basis to the Treasurer.

## VIII. Accounting Procedures

### 1. Accounting Policy

- a. The organization uses the accrual basis of accounting Financial year starts on 1<sup>st</sup> January and ends on 31<sup>st</sup> December each year.
- b. Throughout the fiscal year, expenses are accrued into the month in which they are incurred. The books are closed no later than the 15 days after the end of the month.
- c. At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued into the prior fiscal year, are so accrued, in order to ensure that year-end financial statements reflect all expenses incurred during the financial year . Year-end books are closed no later than 90 days after the end of the fiscal financial year 1.

### 2. Recognition of Revenue

1. Revenue is recognized in the company's books in the period in which it is earned by applying the accrual basis of accounting. Revenue and related accounts receivables shall be recorded in the company's books at net realizable value.
2. The Sudan office's primary revenue streams comprise the following:
  - a. Transfers from the US Office
  - b. Donations.
3. Advance payments and progress payments for activities to be conducted in the next financial year are classified as deferred revenues and recognized as revenue only when the revenue generating event has occurred.
4. Other receivables will consist primarily of amounts recoverable from employees for the following:
  - a. salary advances/ loans; and
  - b. any other personal expenses paid for by the organization on behalf of employees. Receivables from employees will be deducted from the concerned employees' monthly salaries and accounted for through their respective personal accounts.

### 3. Journal Entries

1. Journal entries are recorded for funds and in kind donations of goods or services as occurred.
2. The accountant shall be responsible for all journal entries as goods or services are received.
3. Reconciliation of bank accounts

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- a. All bank statements and cancelled checks will be opened, reviewed and initialed by the Director of Operations (or whom they deputize) upon receipt.
  - b. Once reviewed, bank statements are submitted to the accountant for reconciliation.
4. The Country Director will review and approve reconciliation reports by signing and dating the report in the upper right-hand corner.

#### 4. Monthly Closing

1. Books shall be closed by the 15<sup>th</sup> day of the following month.
  - a. Books will be closed after reviewing and entering all petty cash expenditure.
2. Some key tasks in the closing process include:
  - a. Ensuring validity and consistency in the charts of accounts;
  - b. Completing journal entries;
  - c. Running trial balances;
  - d. Correcting errors;
  - e. Reconciling and analyzing accounts;
  - f. Preparing and distributing financial reports; and
  - g. Supervising closing tasks and reviewing key accounts and reports.
  - h. The accountant is responsible for closing the books.
  - i. Country Director reviews the closing of the books by 5<sup>th</sup> day of each month.

#### 5. Recordkeeping

1. All accounting documents are filed immediately by the accountant.
2. Financial documents including purchase requests, invoices, signed approval and receipts are retained in a secure online file storage. Paper Documents are locked in a file cabinet at SAMA office.
3. Paper documents are shredded after 5 years by the accountant following approval of the Country Director.

### IX. Internal Controls

1. The Treasurer (or whom they deputize) approves and reviews financial policies, annual budget and program expenses annually.
2. Country Director approves expenses in accordance with the approved budget and programs
3. Financial policies are developed by the financial committee and approved by the BOD.
4. Financial policies may be changed by the board as necessary.

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## **X. Conflict of Interest**

1. Upon or before hire, election, or appointment each employee and the Country Director must sign the Conflict of Interest (COI) Policy on an annual basis by January 15<sup>th</sup> of each calendar year.
2. The COI policy calls for disclosure of all direct or indirect financial interests that could potentially result in a conflict of interest. Examples include employer, business, and other nonprofit affiliations, and those of family members or a significant other. This written disclosure will be kept on file and will be updated annually and as needed.
3. Employees and the Country Director must disclose any interests in a proposed transaction or decision that may create a conflict of interest. After disclosure, the employee or the Country Director will not be permitted to participate in the transaction or decision.
4. Should there be any dispute as to whether a conflict of interest exists: the Country Director shall determine whether a conflict of interest exists for an employee and shall determine the appropriate response.

## **XI. Segregation of Duties**

1. The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.
2. All checks and income are opened and logged by the accountant.
3. Disbursement of funds are executed in the following manner:
  - a. Expenses are requested by the Programs coordinator
  - b. Expenses are approved by the Country Director
  - c. Checks are dually signed by the Country Director and Accountant.

## **XII. Physical Security**

1. Blank checks are kept with the Sudan office Accountant
2. Checks will be dually signed by the Country Director and Accountant .
3. Accounting software will be protected by passwords.
4. Petty cash is locked up in the office cabinet and the keys are kept with the Director of Operations.
5. Cash of over SDG 25,000 will be deposited on the same day.
6. Bank deposits shall be made by Thursday of each week.
7. No cash will be left in the office over the weekend.

## **XIII. Financial Planning & Reporting**

1. The Treasurer (or whom they deputize) , the Country Director and Director of Operations will work together to ensure that the annual budget is an accurate reflection

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- of programmatic and infrastructure goals for the coming year.
2. The Treasurer (or whom they deputize) is responsible for developing the organizational budget.
  3. The Country Director (or whom they deputize) will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
  4. The treasurer (or whom they deputize) & Country Director (or whom they deputize) will present a draft budget at least 30 days prior to its submission to the full BOD.
  5. The BOD will review and approve the budget at its last meeting prior to the start of the fiscal year.

## **XIV. Audit**

1. The Treasurer (or whom they deputize) hires and oversees the external Certified Accountant firm.
2. The Country Director (or whom they deputize) liaises with the Certified Accountant firm.
3. The draft audit report is presented to the board of directors.
4. The final report to be presented to the board of directors.

## **XV. Tax Compliance**

The auditor prepares the financial statements that were approved by the Country Director (or whom they deputize), to be submitted to the Humanitarian Aid Commission by August 1<sup>st</sup> on an annual basis

## **XVI. Revenue & Accounts Receivable**

### **1. Revenue Recognition**

- a. The accountant reviews all revenue in excess of SDG 5,000 and indicates on the letter or copy of the check how the revenue shall be recognized (as earned/contributed, conditional/unconditional and restricted/unrestricted). If there is a question or uncertainty about how to recognize a particular contribution, the Country Director will ensure that the donor is contacted to clarify the intent of the contribution.
- b. The accountant is responsible for posting revenue to the general ledger in accordance with the determination made by the Country Director.

### **2. Revenue**

- a. Grants:
  1. A contract/agreement between the Donor and the organization will be prepared showing the amount, the period and the agreed project to be achieved.
  2. The Country Director, on behalf of the organization, sign the agreement/contract with the Donor.

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3. According to the terms of the contract, the accountant will post the transaction in the related revenue grants accounts.
  4. On receipt of donations through the bank account, the accountant will post the transaction in the related donors book keeping account. The amount are recorded in base currency according to the agreed exchange rate at date of the transaction.
- b. Individual donations
1. Donations are received by mobile banking or as cash or checks by the accountant
  2. Checks are scanned prior to deposit by the accountant.
  3. Cash and checks are kept in a locked file cabinet in the office until depositing as per procedure

### 3. Processing of Collections

1. Collections include the following transactions:
  - a. Donations
  - b. settlement of advances.
2. Collections will be banked by the bank representative once the amounts reach SDG 250,000 or at the end of the week and the bank deposit slip will be forwarded to the Accountant.
3. The accountant will match the total collections with the details provided and the supporting documents and the cash register book. Discrepancies in collections will be reconciled immediately.
4. The accountant records the transaction in the books to related bank and cash collection accounts.
5. Bank deposits are made on weekly basis or if the deposit is in excess of SDG 250,000.
6. The accountant prepares bank deposit slips.
7. The Deputy Director reviews the deposit slips.
8. A designated individual takes checks to the bank.
9. The accountant receives the bank receipts, records in the books and files them into the locked cabinet in the office.

## XVI. Payroll



### 1. Payroll Additions, Deletions, and Changes

- a. The Country Director has overall authority to approve payroll changes
- b. The Country Director approves salary increases within the approved budget; after conducting performance review, and review of the job description on semi-annual basis that are documented by addendum to contracts within 7 days of approval

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## 2. Payroll Preparation & Approval

- a. The salary sheet of all the employees will be prepared by the accountant, approved by the Country Director.
- b. It is not allowed to stop the payment of the salary of any employee unless it is approved by the Country Director
- c. Salaries should be paid into the employees bank accounts except for the below cases; paid in cash:
  - i. Casual labours salaries who are appointed for specific projects and for specific time.
  - ii. Those who have recently joined just before the salaries are paid and the time isn't enough to open a bank account.
- d. Any salary in advance is paid on approval from Country Director.
- e. The organization will make the deductions that are enforceable by law
- f. The penalties implemented on employee according to the organization's policy.
- g. The benefits and the advance salaries.
- h. Employees will be asked to work overtime in necessity only and on approval of their managers.
- i. The overtime will be calculated and paid according to the local regulations and laws.
- j. Payroll is prepared on 22<sup>nd</sup> day of each calendar month by accountant.
- k. Payroll is issued on monthly basis by Country Director (or whom they deputize).

<b>Treasurer</b>	<b>Country Director - Sudan</b>
<b>Mr. Osama Mirghani</b>	<b>Mr. Abdulmajid Osman</b>
	
July 12, 2024	July 4, 2024