

# Iskalaji Cultural & Awareness Agency (ICAA)

## FINANCIAL POLICIES AND PROCEDURES

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## INTRODUCTION

This Financial Resources Manual is intended as operational reference guide to effective financial administration and good governance practice within the Iskalaji Cultural & Awareness Agency (ICAA) in line with the financial legislations of the Puntland Government Somalia (PL) Institutions.

The idea of this Financial Resources (FR) Manual came from the intention of improving the Somali civil servants' capacity in general and adapting the FR policies and procedures of the Iskalaji Cultural & Awareness Agency in particular. This means improving the efficiency and effectiveness of the ICAA staff through induction, advanced workshops and on job training courses.

Before starting the preparation of this important Financial Resources Manual, Capacity Development Consultancy (CDC) met and consulted the key staff of the ICAA, collecting all available national documents related to this issue and brainstorming the key staff on the most important points to be included in this manual. The Manual had been written in a simple way that anyone can easily understand its contents, so as to adopt on the routine daily activities of the ICAA civil servants.

UNDP as the financial supporter of developing this crucial Financial Resources Manual and the Iskalaji Cultural & Awareness Agency staff as the first beneficiaries, are proud of initiating this work for the interest of Somali people in general and for the ICAA civil servants in particular.

In conclusion, this Financial Resources Manual will contain the following five procedures:

1. Chart of Account
2. Budget Making Process
3. Cash Management
4. Financial Reporting
5. Internal Control System

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## LIST OF PROCEDURES

This Financial Resources (FR) Manual for the Iskalaji Cultural & Awareness Agency (ICAA) of Somalia will contain five important procedures. There can be more procedures, but the most important ones of Financial Resources Management are as listed below:

1. Chart of Account
2. Budget Making Process
3. Cash Management
4. Financial Reporting
5. Internal Control System

## **Procedure # 1: CHART OF ACCOUNT**

### **1.0 PURPOSE**

The purpose of this procedure is to develop accounting categories for reporting and recording objective for the Iskalaji Cultural & Awareness Agency (ICAA).

### **2.0 DEFINITION OF TERMS**

#### **2.1 Assets:**

The properties of the ICAA both fixed and non-fixed, tangible and non-tangible ones

#### **2.2 Liabilities:**

The funds owed to the ICAA by a client (bank, vendor, etc.).

#### **2.3 Capital:**

The investment of the ICAA made by either the Puntland Government of Somalia (PL) or any other sources from its stakeholders

#### **2.4 Revenue:**

All sources of income received from inside and outside of the ICAA, like local contributions, endowments, grants, income generated, etc.

#### **2.5 Expenditure:**

All cash outflow for the payment of service rendered and/or purchase of assets to accomplish the objectives of the ICAA.

### **3.0 POLICY**

3.1 The ICAA classifies clear accounting categories according to its main activities and environment.

3.2 The ICAA considers the nature of its designed Chart of Accounts.

### **4.0 SCOPE**

4.1 This procedure will apply all Departments of the ICAA, donors and other affiliated stakeholders.

4.2 This procedure will cover and exercise:

- a. Assets
- b. Liability

- c. Revenue
- d. Expenses (travel, supply, material, utilities, etc.)

## 5.0 STEPS OF THE PROCEDURE

The ICAA will use the following charts of accounts during recording and reporting its financial processes.

### 1.0.0. Assets

- 1.1.1. Cash in hand
- 1.1.2. Cash in Bank (Facilitator)
- 1.2.1. Advances
- 1.2.0. Office Supplies
- 1.3.0. Office materials
- 1.4.0. Furniture
- 1.5.0. Equipment
- 1.6.0. Machineries
- 1.7.0. Vehicles
- 1.8.0. Building
- 1.9.0. Land

### 2.0.0. Liability

- 2.0.1. Account payable
- 2.0.2. Note payable

### 3.0.0. Revenue

- 3.0.1. Other fees
- 3.0.2. Donor funds
- 3.0.3. Endowments

### 4.0.0. Expenses

- 4.0.1. Salary expenses
- 4.0.2. Part-time
- 4.0.3. Consultancy expenses
- 4.0.4. Medical Treatment expenses
- 4.0.5. Food allowance expenses

**4.1.0. Travel Expenses**

- 4.1.1. Air Ticket
- 4.1.2. Transport allowance
- 4.1.3. Waybill
- 4.1.4. Accommodation

**4.2.0. Supplies and Material expenses**

- 4.2.1. Supplies expenses
- 4.2.2. Materials expenses

**4.3.0. Vehicle and Machinery expenses**

- 4.3.1. Purchase of vehicles and machinery
- 4.3.2. Vehicle rent
- 4.3.3. Machinery rent
- 4.3.4. Fuel
- 4.3.5. Oil & Lubricants
- 4.3.6. Spare parts
- 4.3.7. Maintenance and repair
- 4.3.8. Depreciations

**4.4.0. Equipment and Furniture expenses**

- 4.4.1. Purchase of furniture
- 4.4.2. Purchase of equipment
- 4.4.3. Maintenance of equipment and furniture

**4.5.0. Rent expenses**

- 4.5.1. Office rent
- 4.5.2. Other rents

**4.6.0. Telecommunication expenses**

- 4.6.1. Mobile Telephones
- 4.6.2. Landline Telephones
- 4.6.3. International calls
- 4.6.4. Skype Conversation
- 4.6.5. Internet

**4.7.0. Utilities expenses**

- 4.7.1. Water
- 4.7.2. Electricity

**4.8.0. Miscellaneous expenses [contingents]**

## **6.0 RESPONSIBILITIES**

- 6.1 ICAA Director General
- 6.2 ICAA Director of Finance
- 6.3 ICAA Accountant ICAA Cashier

## **7.0 REFERENCES**

- 7.1 Accounting Principles
- 7.2 ICAA Meeting Minutes

## **8.0 CIRCULATION LIST**

- 8.1 ICAA Board of Directors
- 8.2 ICAA Director of Finance
- 8.3 ICAA Accountant
- 8.4 ICAA Cashier

## **9.0 RECORDS GENERATED**

- 9.1 All Financial Reports
- 9.2 All ICAA Transaction Records
- 9.3 ICAA Chart of Accounts



## **Procedure # 2: BUDGET MAKING PROCESS**

### **1.0 PURPOSE**

The ICAA forecasts the expected annual revenue and expenses to match the planned activities and achieve specific objectives.

### **2.0 DEFINITION OF TERMS**

#### **2.1 Budget:**

The forecast cash inflow and outflow of the ICAA in one fiscal year.

#### **2.2 Budget revision:**

During the mid of the fiscal year, budget reprogramming is conducted by the ICAA to adjust the planned budget considering always the remaining activities.

#### **2.3 Fiscal Year:**

It is the annual calendar (12 months) of each institution. The starting and ending month may vary from one institution to another (From January to December or from June to May each year).

### **3.0 POLICY**

3.1 The ICAA recognizes the importance of budgeting for the limited resources available and vice-versa the high public services to be achieved. In this respect, the ICAA will prepare its annual budget.

3.2 The Fiscal year of the ICAA is from June 1<sup>st</sup> to May 31<sup>st</sup> each year.

### **4.0 SCOPE**

4.1 The budget planning process includes and involves the ICAA Director General, Director of Administration and Finance, Accountant and Cashier.

4.2 This procedure will cover the following areas:

- a. Budget Planning
- b. Budget Preparation
- c. Project Budget
- d. Budget Approvals
- e. Budget Revisions

- f. Internal Budget Control

## **5.0 STEPS OF THE PROCEDURE**

### **5.1 Budget Planning**

The ICAA Board of Directors will establish guidelines, priorities and assumptions for the preparation of their annual budget. These assumptions will be communicated to all relevant departments within the ICAA. In addition, procedures and budgeting formats will be established and a timetable will be developed as well.

### **5.2 Budget Preparation**

All appropriate levels of the ICAA Board of Directors will prepare their projections of revenues and expenditures for their planned services, projects and programs. The person responsible for the budget preparation will consider historical data along with future growth plans including:

- a) Planning of the scope and level of the institution's activities with sufficient funds allocated for all projects approved by the Board of Directors of the ICAA.
- b) Estimation of sources of revenues (internal or external) for the budget period.
- c) Estimation of the use of funds for the budget period and specify how services are to be provided and where they are applied or used.
- d) Preparation of a narrative support statement for each budget line item.
- e) The budget of each Unit will be suggested by the respective head of department and shall be submitted to the Board of Directors for approval.

### **5.3 Project Budget**

- a) The Project budget will be prepared during the project planning stage
- b) The Director of Finance will clarify the project budget and submit to the ICAA Board of Directors for approval.

### **5.4 Budget Approval**

- a) The ICAA Director of Finance will submit the budget along with its justifications to the Board of Directors.
- b) The Board of Directors will approve the proposed budget and could make

- some changes - if necessary.
- c) The Board of Directors will approve the project budget before sending to the Ministry of Finance through the ICAA Director of Finance.
  - d) The approved budget will be brought again to the Departments (BOD) of the ICAA for implementations.

## **5.5 Budget Revisions**

- a) During the course of the fiscal year, the Director of Finance will revise the ICAA budget - if necessary.
- b) The revised budget will be submitted to the ICAA Board of Directors for approval in their next regular meeting.
- c) During the budget revision process, budget variations should be explained and justified.

## **5.6 Internal Budget Control**

- a) Once the ICAA budget is approved, it is up to the appropriate head of departments and sections to implement the budget plan.
- b) Monthly variance reports (or at a minimum, every quarter) will be prepared and submitted to the Board of Directors by the ICAA Accountant.
- c) Explanations on reasons of budget variances shall accompany the analysis.

## **6.0 RESPONSIBILITIES**

- 6.1 ICAA General Director
- 6.2 ICAA Director of Finance
- 6.3 ICAA Accountant
- 6.4 ICAA Cashier

## **7.0 REFERENCES**

- 7.1 Previous Budgets of the ICAA
- 7.2 Ongoing Project Planning Documents
- 7.3 ICAA Strategic Planning
- 7.3 ICAA Meeting Minutes

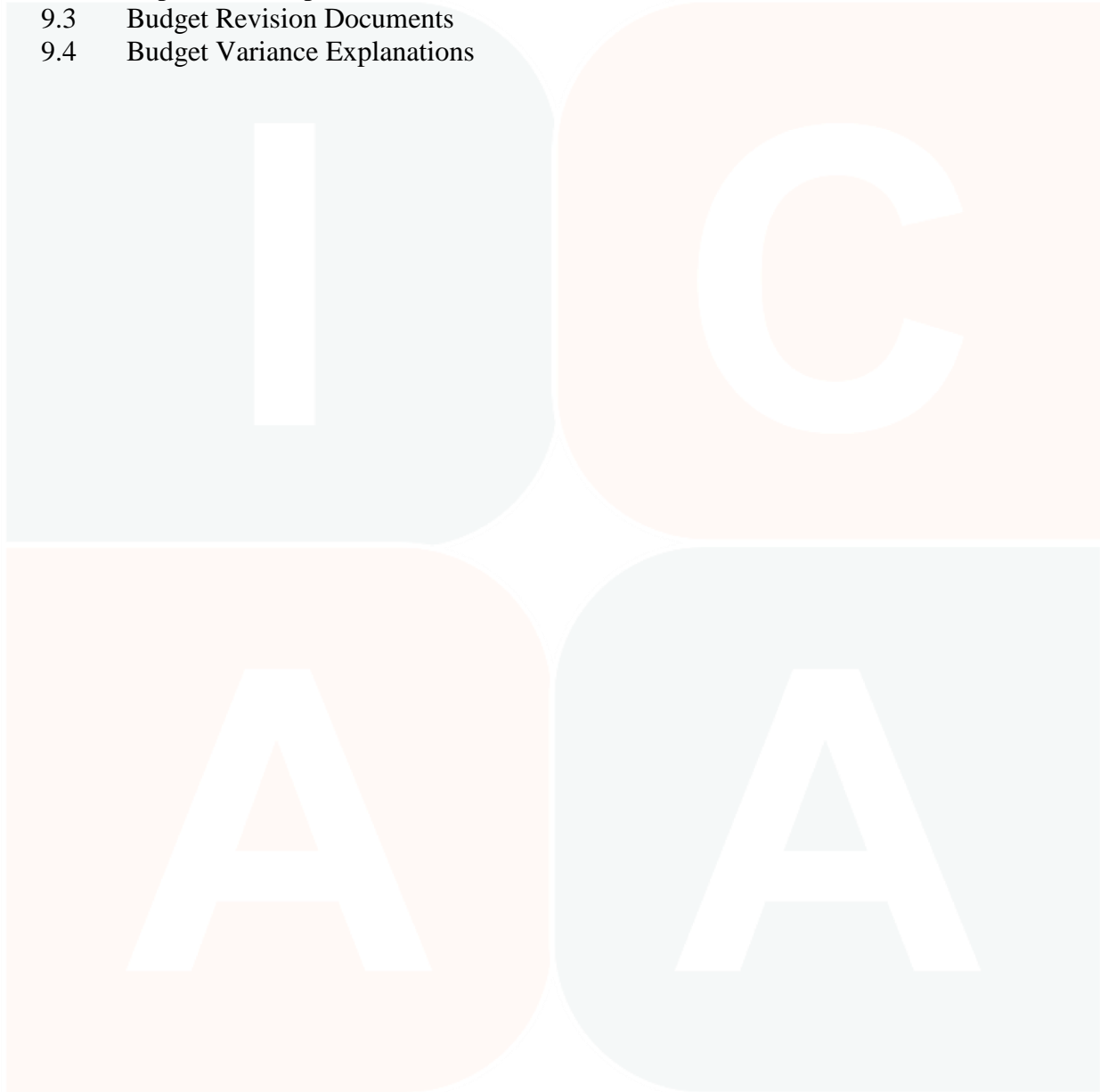
## **8.0 CIRCULATION LIST**

- 8.1 ICAA Board of Directors,
- 8.2 Ministry of Finance
- 8.3 General Accountant
- 8.4 ICAA Accountant

8.5 ICAA Cashier

**9.0 RECORDS GENERATED**

- 9.1 Annual Budget Plan
- 9.2 Expenditure Reports
- 9.3 Budget Revision Documents
- 9.4 Budget Variance Explanations



## **Procedure # 3: CASH MANAGEMENT**

### **1.0 PURPOSE**

The purpose of this procedure is to establish transparency and accountability of cash management process to avoid the culture of frauds and thefts in the ICAA.

### **2.0 DEFINITION OF TERMS**

#### **2.1 Segregation of duties:**

To separate the duties and responsibilities among the civil servants working together for the ICAA.

#### **2.2 Cash Receipt:**

The cash received by the ICAA either from service delivery or donated by other funders. The Cash Receipt Voucher is attached in the annex for recording the description of the amount received and the name of the payer.

#### **2.3 Cash payments:**

The cash outflow payment of the ICAA for either service delivery by other people or purchase of goods. Cash Payment Voucher is used for the payment of cash that describes the reasons for payment, payee and recipient names.

#### **2.4 Facilitator:**

A businessman who provides cash or goods to the ICAA to be reimbursed within the agreed time.

#### **2.5 Pay Order:**

It is a written order or cheque to a bank to pay money to any service provider and ensure easy withdrawal and safety of the money.

### **3.0 POLICY**

3.1. To ensure the efficiency of cash management, the ICAA will use all different systems of cash types, such as: Cash Receipt, Cash Payment, Petty Cash and Cash Advance methods.

3.2. The ICAA will use a Petty Cash system for its day-to-day activities and ease any small cash requirements.

3.3. The ICAA will use Advances to its employees so that they can adequately pay for personal expenses, e.g. salary advances, etc.

- 3.4. The ICAA will use Pre-numbered Cash Receipt Voucher for all cash received either in the form of cash or cheque.
- 3.5. Printing of Cash Receipts and Cash Payment Vouchers must be approved only by the Director General of the ICAA.
- 3.6 The ICAA will issue Cash Payment Voucher signed by an appropriate authority for all cash released by the institution.
- 3.7 Any recipient of cash must sign for ensuring the acceptance of the money paid either in cash or cheque.
- 3.8 All ICAA employee salaries are prepared for Payroll Voucher attached with Cash Payment Voucher.

#### **4.0 SCOPE**

- 4.1 This procedure will be applied by the ICAA Director General, Accountant and Cashier.
- 4.2 This procedure will cover the following areas:

- a. Segregation of duties
- b. Cash Receipt
- c. Cash Maintenance
- d. Cash Payment
- e. Petty Cash
- f. Advances

#### **5.0 STEPS OF THE PROCEDURE**

##### **5.1. Segregation of Duties:**

The segregation of duties in regard to the ICAA Financial Management is classified as follows:

##### **5.1.1 ICAA Director General (DG)**

On behalf of the Iskalaji Cultural & Awareness Agency (ICAA), the DG:

- a. Authorizes Annual Budget for the ICAA

- b. Makes sure all supporting documents of Payment Vouchers are available before approving all Cash Payment Vouchers
- c. Approves all Cash Payment Vouchers
- d. Approves printing of Cash Payment Vouchers and Cash Receipts
- e. Approves all Pay Orders of the ICAA
- f. Approves ICAA Annual Budget and submits to the Ministry of Finance
- g. Approves all Purchase Orders for bidding process
- h. Presides overall tender process (bidding) meetings
- i. Approves all Contract Agreements with contractors
- j. Signs ICAA agreements with Donors
- k. Approves all Financial Reports
- l. Submits Financial Reports to Donors
- m. Chairs all ICAA Board of Directors' Meetings

#### **5.1.2 ICAA Director of Finance**

- a. Prepares Integrated Annual Budget of the ICAA
- b. Submits all financial reports (Quarterly and Annual) to the Director General of the ICAA
- c. Presents Annual Financial and Project Reports to the Board of Directors
- d. Authorizes all supporting documents of Payment Vouchers
- e. Approves Cash Receipt Vouchers
- f. Makes sure the Requisition Form, Purchase Order and Receiving Report
- g. Checks all cash transactions in the ICAA Cash Book and Ledgers
- h. Supervises the ICAA Accountant and Cashier as need arises or daily base
- i. Controls the ICAA in-coming and out-going documents' registration unit

#### **5.1.3 The ICAA Accountant**

- a) Prepares all Cash Payment Vouchers including ICAA staff salaries
- b) Verifies all supporting documents of Payment Vouchers
- c) Makes sure the Requisition Form, Purchase Order and Receiving Report
- d) Prepares Cash Receipts for all cash received by the ICAA

- e) Keeps all blank Cash Payment Vouchers, Cash Receipts and Purchase Orders of the ICAA.
- f) The Accountant must make sure that all cash received is deposited to ICAA respective Bank Account.
- g) Records all cash transactions in the ICAA Cash Book and Ledgers
- h) Prepares Monthly Financial Reports of the ICAA
- i) Prepares Integrated Financial report of the ICAA.
- j) Submits all financial reports to the ICAA Director of Finance
- k) Prepares Integrated Annual Budget of the ICAA.
- l) Supervises counts of cash maintains by the cashier of the ICAA.

#### **5.1.4 ICAA Cashier**

- a. Keeps all cash of the ICAA in a safe place.
- b. Keeps all expendable inventories for the ICAA.
- c. Releases cash to the payee with approved Payment Vouchers.
- d. Release Inventory with approved Requisition Slips.
- e. Prepares Cash Receipt Vouchers for all inflow cash of the ICAA.

#### **5.2. Cash Receipt**

- a. The ICAA shall ensure that all cash received is deposited to the ICAA bank account.
- b. The cashier shall prepare a pre-numbered receipt voucher for all cash received; cheques received, bank transfer received and any other deposits.
- c. All cash receipt deposits shall have attached to them a bank deposit slip to verify the actual deposit made.
- d. The bank deposit slip shall be prepared in two copies.
- e. The deposit slip will be signed by the person who made the deposit and the bank received the money.
- f. The ICAA shall sign contracts with bank facilitator and shall be recorded in a file.



- g. The ICAA shall prepare a bank agreement and shall be signed by the DG.

### **5.3. Cash Maintenance:**

- a. The ICAA Cashier will issue Cash Receipt Vouchers for all cash or materials received by the ICAA.
- b. The ICAA Cashier will release money only on the basis of signed Cash Payment Voucher.
- c. The ICAA Cashier will record all cash flows in the Cash Book.
- d. The ICAA Cashier will produce expenditure report to the immediate supervisor of his/her department.
- e. One Copy of the authorized signatories shall be deposited to the facilitating bank and cashier.
- f. This payment system shall prevent the withdrawal of funds by anyone other than the authorized signatories.
- g. The bank agreement shall state that any transaction through email or a fax document will not be accepted.
- h. The bank agreement shall state that all electronic transfer must be verified by the bank from the ICAA authorized signatories.
- i. The Agreement shall state that the bank is liable for funds disbursed and signed by any unauthorized signatories.
- j. The bank - where the ICAA maintains funds - must be financially sound and the ICAA deposits shall be adequately insured, whenever possible.
- k. The ICAA shall provide adequate storage facilities for cash holdings. A fireproof safe is recommended.
- l. The ICAA Accountant and one of the Head of Departments or the Director General could conduct surprise cash count.
- m. The cash counter will cross check cash in hand with the appropriate documents (Cash Receipts, Cash Payments and Cash Book).
- n. A Cash Count Sheet will be used by the counter. The result will be mentioned in the Cash Count Sheet and both Counter and Cashier will sign it.

- o. One Copy of Cash Count Sheet will be filed in the Cashier file, another will be kept by the Head of Department concerned.

#### 5.4. Cash Payment:

- a) The pre-numbered voucher shall be prepared based on either an invoice or adequately prepared payment request form.
- a) The Director General approves all payroll payments and timesheets. Documents such as leave forms, advances, appraisals made and the like must be attached to the voucher.
- b) The type and quantity of each item on the invoice must agree with the approved purchase order. The purchase order has been approved by someone with authority to do so, based on the amount of money and type of the purchase.
- c) The mathematical accuracy of the invoice must be checked.
- d) The ICAA stamp “PAID” or some defacing mark must be on all supporting documents of the payment voucher to prevent its reuse.
- e) Payment vouchers shall have a column entitled “Received by” where the payee can sign as documentation that he or she received the described amount.
- f) The ICAA authorized signatories must control whether the payment voucher has been properly approved or not.
- g) **“Prepared by being the Accountant”**: The accountant prepares the cash payment voucher after verifying that all the supporting documents are attached.
- h) **“Approved by being the Director of Finance”**: The Director of Finance must check the amount, the supporting documentations, the budget line item, the date and the vendor name.
- i) **“Authorized by being the Director General”**: The ICAA DG checks all Pay Orders, Cheques or Payment Vouchers before signing them.

#### 5.5. Petty Cash:

- a) The ICAA Petty cash shall not be used for convenience in place of a cheque when the payee is ready to accept a cheque.
- b) Establishment of petty cash account and changes in their maximum amounts is required prior approval in writing from the Director General or the Director of Finance of the ICAA.
- c) The maximum petty cash amount established will not exceed US\$ 300 [three hundred US dollars] or its equivalent local currency.
- d) The petty cash-flow will remain the same unless changed by the ICAA Board of Directors.
- e) The maximum petty cash amount that can be withdrawn one time from the petty cash box is US \$ 100 (one hundred US dollars).
- f) Petty cash vouchers will be used for all petty cash payments to document prior approval to disburse funds.
- g) The petty cashier will have an officially authorized signatory list on file, which shows name, position and amount limit that are authorized to approve for payments.
- h) The petty cash fund will be placed in a safe box used for the daily petty cash only.
- i) When the petty cash amount balance reaches lower than 25%, the petty cashier should submit a request for additional funds along with all supporting documents of petty cash payments made.
- j) The ICAA Accountant must inspect the petty cash vouchers and supporting documents as for the signature, voucher number and amount of money paid.
- k) Petty cash advance exceeding the pre-determined limit is not allowed unless otherwise amended by the Director General of the ICAA.

## **5.6. Advances**

### **5.6.1 Salary advances**

- a. The ICAA civil servants will submit requests approved by their immediate Head of Departments.

- b. The ICAA civil servant may request only less than 30% of his/her monthly salary.
- c. The ICAA Cashier will pay the approved advance and deduct from his/her next month salary.
- d. The ICAA Cashier will record the salary advance in the ICAA Register and Cash Book.

#### **5.6.2 Other advances**

- a. All advances shall be liquidated within 30 days.
- b. The requisitioned advance payment shall be filled in the Advance Requisition Form, which will be approved by the head of department or the Director General.
- c. When the advance requisition is approved, advance account and cash flow ledger will be updated and payment will be made.
- d. The ICAA civil servant who is requesting advance payment should not have un-liquidated advance outstanding.
- e. The ICAA Accountant will review all the outstanding advances on monthly basis and employee found withholding un-liquidated advances for more than 30 days will be deducted from his/her salary and no further disbursement shall be made until the previous advance is settled.

## **6.0 RESPONSIBILITIES**

- 6.1 ICAA Director General,
- 6.2 ICAA Director of Finance,
- 6.3 Accountant,
- 6.4 Cashier,

## **7.0 REFERENCES**

- 7.1 Cash Management Procedure
- 7.2 ICAA Meeting Minutes

## **8.0 CIRCULATION LIST**

- 8.1 Ministry of Finance
- 8.2 ICAA Director General
- 8.3 ICAA Director of Finance
- 8.4 ICAA Accountant

- 8.5 ICAA Cashier

## **9.0 RECORDS GENERATED**

- 9.1 All Financial Reports
- 9.2 Cash Receipt Voucher,
- 9.3 Cash Book
- 9.4 Cash Payment Voucher
- 9.5 Payroll Voucher
- 9.6 Purchase Order
- 9.7 ICAA Ledgers
- 9.8 Petty Cash Book
- 9.9 Cash Count Sheet
- 9.10 Requisition Form
- 9.11 Advance Requisition Form

## **Procedure # 4: FINANCIAL REPORTING**

### **1.0 PURPOSE**

The purpose of this procedure is to prepare a timely, acceptable and accurate transparency process for the ICAA Financial Reports.

### **2.0 DEFINITION OF TERMS**

#### **2.1 Transparency:**

Clear institutional financial management to all stakeholders

#### **2.2 Accurate:**

Perfect or exact financial accounts and reports

#### **2.3 Report:**

Activity Information given to donors or higher offices

### **3.0 POLICY**

3.1 The ICAA produces sound financial reports on periodical bases that provides the required information to internal and external stakeholders.

### **4.0 SCOPE**

This procedure will cover the following areas:

4.1 Quarterly Financial Reports

4.2 Annual Financial Reports

### **5.0 STEPS OF THE PROCEDURE**

#### **5.1 Quarterly Financial Reports**

- a. Quarterly (every 3 months) financial reports shall be provided by the ICAA for management control purposes to compare the activities accomplished and expenses incurred against the fiscal year plan.
- b. The quarterly financial reports shall reveal all financial transactions and changes in the account balance for the period covered by the report.
- c. Such financial reports shall also be produced on the basis of Management or Board of Directors' request. This means financial report could be produced less

than 3 months (quarter) according to the current necessity.

## **5.2 Annual Financial Reports**

- a. The ICAA shall make an Annual Financial Report concerning all achieved activities to Donors, ICAA Management, Stakeholders, etc. with the audited financial statements.
- b. The ICAA Director General, Director of Finance, Accountant and other responsible officers of the institution shall certify the reports and statements - as much as correct in all aspects to the best of their knowledge.
- c. The ICAA Financial Annual Report shall be disseminated to all Donors, Board of Directors and other sponsors or stakeholders of the institution within two months from the end of each fiscal year.

## **6.0 RESPONSIBILITIES**

- 6.1 ICAA Director General,
- 6.2 ICAA Director of Finance,
- 6.3 Accountant,
- 6.4 Cashier,

## **7.0 REFERENCES**

- 7.1 Cash Management
- 7.2 Fiscal Year Budget
- 7.3 Chart of Account
- 7.4 Meeting Minutes

## **8.0 CIRCULATION LIST**

- 8.1 Iskalaji Cultural & Awareness Agency Donors
- 8.2 ICAA Director General
- 8.3 ICAA Director of Finance
- 8.4 ICAA Accountant
- 8.5 ICAA Cashier

## **9.0 RECORDS GENERATED**

- 9.1 Quarterly financial report
- 9.2 Annual financial report
- 9.3 ICAA Account balance

## **Procedure # 1: INTERNAL CONTROL SYSTEM**

### **1.0 PURPOSE**

The purpose of this procedure is to determine the extent to which the resources (either in cash or in kind) of the ICAA have been used effectively and efficiently.

### **2.0 DEFINITION OF TERMS**

#### **2.1 Audit:**

An independent examination of financial statements of an institution and subsequent expression of results in terms of audit reports.

#### **2.2 Control:**

Ability to check and direct financial and operating activities of an institution.

### **3.0 POLICY**

3.1 The ICAA Board of Directors will select and nominate an experienced or qualified Internal Auditor.

3.2 The Internal Auditor will periodically assess and evaluate the timeliness, reliability and usefulness of all financial records and reports of the ICAA.

3.3 The Internal Auditor will determine the extent to which the assets of the ICAA are accounted and safeguarded from any kind of losses.

### **4.0 SCOPE**

4.1 Internal Auditor

4.2 External Auditor

### **5.0 STEPS OF THE PROCEDURE**

#### **5.1 Internal Auditor**

- a. The Internal Auditor of the ICAA will prepare annual audit plan, which should be approved by the Board of Directors.
- b. The Auditing process of the ICAA will be at least conducted once a year.



- c. The Internal Auditor may accept occasional special request for auditing if needs arises.
- d. The Internal Auditor will submit the results of the auditing activities to the ICAA Board of Directors immediately after completing it.
- e. The Internal Auditing Report will serve as guideline to any external auditors, if needed.

## **6.0 RESPONSIBILITIES**

- 6.1 ICAA Board of Directors
- 6.2 ICAA Director of Finance
- 6.3 ICAA Internal Auditor
- 6.4 ICAA Accountant
- 6.5 ICAA Cashier

## **7.0 REFERENCES**

- 7.1 Internal Control System Procedure
- 7.2 Previous Internal Auditing Report
- 7.3 Meeting Minutes

## **8.0 CIRCULATION LIST**

- 8.1 ICAA Board of Directors
- 8.2 ICAA Director of Finance
- 8.3 ICAA Accountant
- 8.4 ICAA Cashier

## **9.0 RECORDS GENERATED**

- 9.1 Internal Control System policy and procedure
- 9.2 Internal Auditor selection result and nomination
- 9.3 Internal Auditing Report

# ANNEXES

**ISKALAJI CULTURAL & AWARENESS AGENCY (ICAA)**

**BANK DEPOSIT SLIP (BDS)**

<b>DATE:</b>		<b>BDS#</b>
<b>Cash Deposit:</b>		
<b>Denomination</b>	<b>Quantity</b>	<b>Total</b>
1000		
500		
100		
50		
<b>Total Cash Deposit</b>		
<b>Cash Deposit:</b>		
<b>Check Number</b>	<b>Bank Name</b>	<b>Amount</b>
<b>Total Check Deposit</b>		
<b>Grand Total</b>		
<b>Received by:</b>		
<b>Name of Facilitator</b>		
<b>Signature</b>	<b>Date</b>	
<b>Deposited by:</b>		
<b>Name of Depositor</b>		

<b>Signature</b>	<b>Date:</b>
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**ISKALAAJI CULTURAL & AWARENESS AGENCY (ICAA)**

<b>CASH RECONCILIATION</b>			
Period Covered .....			
Description	Grants	Other Funds	Total
<b>Beginning Balance</b>			
<b>Cash Receipts - Donors</b>			
<b>Miscellaneous Receipts</b>			
<b>Total</b>			
<b>Project Expenditures</b>			
<b>Other Disbursements</b>			
<b>Total Cash book Balance</b>			
<b>Total per Cash count</b>			
<b>Difference</b>			

**Note:** If there is a difference between the book balance and the physical count, please explain below the nature and actions taken to investigate such a difference.

**Prepared by:** \_\_\_\_\_ **Audited by:** \_\_\_\_\_ **Approved by:** \_\_\_\_\_  
 Name ..... Name ..... Name .....

Signature ..... Signature ..... Signature .....

Date ..... Date ..... Date .....

**ISKALAAJI CULTURAL & AWARENESS AGENCY (ICAA)  
PETY CASH VOUCHER**

<b>PAYEE:</b>	<b>DATE</b>
<b>PETY CASH VOUCHER NO.</b>	
<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>PREPARED BY:</b>	<b>APROVED BY:</b>
.....	.....

**ISKALAJI CULTURAL & AWARENESS AGENCY (ICAA)**

**CASH PAYMENTS VOUCHER**

Payee's Name: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Pay Order No: \_\_\_\_\_  
 Amount: \_\_\_\_\_  
 Explanation: \_\_\_\_\_

Voucher No. \_\_\_\_\_  
 Voucher Date: \_\_\_\_\_  
 Date of Pay Order: \_\_\_\_\_

Account. Code	Budget Code	Amount So. Sh.	Amount USD	Description
1.				
2.				

**Account/Budget code Distribution:**

**Total Amount:**

---

Prepared by: \_\_\_\_\_

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

Authorized by: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Received by Name .....

Signature .....

Date: .....

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**ISKALAJI CULTURAL & AWARENESS AGENCY (ICAA)**

**REQUEST FOR CASH ADVANCE/CASH PAYMENT**

<b>Name of person requesting payment</b>	
<b>Name of Payee</b>	
<b>Project Name</b>	<b>Date</b>
<b>Amount</b>	
<b>Purpose</b>	
<b>ATTACHMENTS, if any:</b>	<b>Signature:</b>

<b>Amount Received:</b>	<b>Signature</b>
	<b>Name</b>
	<b>Date</b>

<b>FOR CAHSIER'S USE ONLY</b>		
<b>PAID BY:</b>	<b>DATE</b>	<b>CDV#</b>







**Cash Flow Ledger as of (Date): .....**

Date of Transaction	Description	Voucher/ Receipt No.	Account NO.	Budget Category No.	USD Amount			Facilitator Rate
					Received	Disbursed	Balance	
	<b>Balance forwarded</b>							
<b>Total</b>					<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

**ISKALAJI CULTURAL & AWARENESS AGENCY (ICAA)**

**PAY ORDER**

To: \_\_\_\_\_

PAY ORDER NO. \_\_\_\_\_

DATE \_\_\_\_\_

Dear Sir:

Please pay the sum of \_\_\_\_\_ US DOLLAR

(\$ \_\_\_\_\_) only to Mr./Mrs./Miss \_\_\_\_\_

Whose signature appears below and who is authorized to collect the above sum on behalf  
of \_\_\_\_\_ which is meant for the payment of \_\_\_\_\_

Prepared by: \_\_\_\_\_ Authorized by: \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

**CONFIRMATION OF PAYMENT**

As per instruction contained in this pay order, a sum of (US \$ \_\_\_\_\_) only has been paid (Receipt attached).

Please be advice that this amount has been debited to your account. Thank you.

NAME of Cash Facilitator \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_





**ISKALAJI CULTURAL & AWARENESS AGENCY (ICAA)**  
**STATEMENT OF FUND BALANCE**  
 AS OF (Date): .....

DESCRIPTION	APPROVED BUDGET	ACTUAL EXPENDITURE	VARAINCE	QUESTIONED COST		
				UNSUPPORTED	UNALLOCABLE	UNREASONABLE
<b>REVENUE</b>						
<b>EXPENSES:</b>						
<b>DIRECT LABOR</b>						
<b>STAFF BENEFITS</b>						
<b>Per DIEM</b>						
<b>EXPENDABLE</b>						
<b>SUPPLIES &amp; MATERIALS</b>						
<b>NON-EXPENDABLE</b>						
<b>SUPPLIES &amp; MATERIALS</b>						
<b>PROJECT EQUIPMENT &amp; MATERIALS</b>						
<b>OTHER DIRECT COSTS</b>						
<b>TOTAL EXPENSES</b>						
<b>FUND BALANCE</b>						

**ISKALAJI CULTURAL & AWARENESS AGENCY (ICAA)**

**Payroll register for the month ended (Day/Month/Year): .....**

Employee Number	Employee Name	No. of hour/days worked	Rate per Hour/monthly Rate	Total Amount	Deductions			
					Advance	Loans	Others	Total