

MASAKA DIOCESAN MEDICAL SERVICES (U) LTD



P.O.BOX 14, MASAKA

KITOVU CATHEDRAL

ROAD DDUNGU WING

MASAKA CITY

FINANCIAL MANAGEMENT REGULATIONS MANUAL

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TABLE OF CONTENTS

ACRONYMS / ABBREVIATIONS	I
FOREWORD	1
1.0 INTRODUCTION	2
1.1 RELATED REGULATIONS, MANUALS AND TOOLS	2
1.2 THE OVERVIEW OF THE MANUAL.....	3
2.0 THE USE OF THE MANUAL.....	5
3.0 GUIDING PRINCIPLES AND PRACTICE.....	6
3.1 GENERAL GUIDELINES	6
3.2 AMENDMENT OF THIS MANUAL	8
4.0 PLANNING AND BUDGETING	8
4.1 BUDGETING	8
5.0 FINANCIAL PROCEDURES	10
5.1 GENERAL.....	10
5.2 DETAILED BANK PROCEDURES AND GUIDELINES	12
6.0 RECEIPTS MANAGEMENT (CASH AND CHEQUES)	15
7.0 PAYMENTS AND FUNDS TRANSFERS	17
7.1 ELECTRONIC PAYMENT SYSTEM (EPS).....	17
7.2 PAYMENT THROUGH MOBILE MONEY PLATFORMS	18
7.3 PAYMENT BY CHEQUE:	18
7.4 VERIFICATION OF PAYEES:	19
7.5 PAYMENTS FROM PROJECT BUDGETS LINES:.....	19
7.6 BANK CHARGES:	19
7.7 PAYMENTS TO SUPPLIERS:.....	19
7.8. FINAL CONFIRMATION:	20
7.9 NON-PAYMENT:	21
7.10 CASHIERS RESPONSIBILITY:	21
7.11 CASH BOOK ENTRIES:	22
7.12 VOUCHER STAMPING:.....	22
7.13 RECEIPTS FROM THE PAYEE:.....	22
7.14 STAFF PAYMENTS:.....	22
7.15 SPOILT CHEQUES:.....	22
7.16 AUTHORISED MDMS BANK AGENT:	23
7.17 CASH PAYMENTS (OTHER THAN FOR OFFICE PETTY CASH)	23
7.18 ACCOUNTABILITY:.....	23
8.0 PETTY CASH PAYMENTS (ROLLING IMPREST SYSTEM)	24
8.1 PETTY CASH AMOUNTS:.....	24
8.2: PETTY CASH REGISTER:	24
8.3 PETTY CASH SAFETY:.....	24
8.4 DELEGATION OF SAFE KEYS:.....	25
8.5 APPROVALS AND ACCOUNTABILITY OF PETTY CASH:.....	25
8.6 PETTY CASH REPLENISHMENT:.....	25
8.7 PETTY CASH RECONCILIATION:	25
8.8 ROBBERY/LOSS:.....	25
9.0 PAYMENT VOUCHERS	26
10.0 AUTHORISED SIGNATORIES, LIMITS AND MANDATE	27
11.0 CHEQUE BOOK CONTROL & MAINTENANCE	28
1. CASH BOOKS	31
13.0 STORES MANAGEMENT POLICY	32
13.1 BASIC STORES ROUTINE (GENERAL).....	32
13.2 OBJECTIVES/PURPOSE OF POLICY	32

13.3 OPERATION GUIDELINES	33
13.4 RECEIVING, INSPECTING AND INWARDING	33
13.5 STORAGE OF ITEMS	35
13.6 PRESERVATION OF ITEMS.....	36
13.7 REQUISITION AND ISSUANCE PROCEDURES FROM THE STORES	36
13.8 RETURN OF REJECTED ITEMS.....	38
13.9 STORES ACCOUNTING	39
13.10 STOCK VERIFICATION/TAKING.....	39
13.10. WHO DOES STOCK CHECKS:.....	39
13.11 SAFETY OF STORES.....	40
13.12 SECURITY OF STORES	42
13.13 DOCUMENT MANAGEMENT AND FILING	44
14.0 ASSETS MANAGEMENT.....	44
14.1 DETERMINING AND COSTING FIXED ASSETS	44
14.2 CAPITALISATION	46
14.4 DEPRECIATION OF FIXED ASSETS.....	47
14.5 SALE OF FIXED ASSETS	47
14.6 MOTOR VEHICLE/CYCLE MANAGEMENT POLICIES	48
15.0 PAYROLL PREPARATION AND PAYMENT	61
16.0 MANAGEMENT INFORMATION AND REPORTS.....	64
16.1 PRINCIPLES OF FINANCIAL MANAGEMENT REPORTS	64
16.2 MONTHLY FINANCIAL REPORTING	64
17.0 AUDIT.....	66
17.1 INTERNAL AUDIT	66
17.2 ANNUAL EXTERNAL AUDIT.....	66
17.3 AUDIT MANAGEMENT LETTER.....	67
18.0 CUSTODY OF FINANCIAL DOCUMENTS AND ARCHIVING	68
18.1 ACCOUNTS DOCUMENTS STATIONERY REGISTER	68
18.2 FINANCIAL INFORMATION ARCHIVES.....	69
19.0 MISMANAGEMENT OF FUNDS	70
ANNEX 1: CHEQUE PAYMENT VOUCHER	77
ANNEX 2: PETTY CASH PAYMENT VOUCHER.....	78
ANNEX 3: RECEIPT FORMAT	79
ANNEX 4: LOCAL PURCHASE ORDER.....	80
ANNEX 5: GOODS RECEIVED NOTE FORMAT	82
ANNEX 6: STORES REQUISITION/ISSUE ORDER FORMAT	84
ANNEX 7: CHEQUE REGISTER AND DISPATCH BOOK FORMAT	86
ANNEX 8: FIXED ASSETS REGISTER FORMAT	87
ANNEX 9: ACCOUNTS DOCUMENTS STATIONERY REGISTER FORMAT	88
ANNEX 10: MONTHLY BUDGET MONITORING REPORT	90
ANNEX 11: QUARTERLY FIELD ADVANCE PAYMENT REQUEST FORMAT	92
ANNEX 12: MONTHLY STATEMENT INCOME AND EXPENDITURE REPORT FORMAT	93
ANNEX 13: BANK RECONCILIATION STEPS	94
ANNEX 14: MDMS BANK RECONCILIATION TEMPLATE	97
ANNEX 15: FIELD REMITTANCE ADVICE / ACKNOWLEDGEMENT OF RECEIPT	98
ANNEX 16: GUIDE TO PAYE COMPUTATION.....	99
ANNEX 17: DETAILED CHECKLIST FOR MDMS: VOUCHER DOCUMENTATION CHECKLIST FOR PLPs	100

PREAMBLE

Masaka Diocesan Medical Services (MDMS) is a semi-autonomous department under the Social Development Commission of Masaka Diocese, governed by Board of Directors. MDMS delivers services through three thematic areas namely, coordination of diocesan health facilities, medical supplies chain management and Community Based Health Services which include HIV and OVC services. MDMS is guided by its Vision, Mission and Values as given below:

MDMS Vision

“A Diocese with health institutions that meet health needs of the population without any discrimination.”

MDMS Mission

“To provide sustainable quality health services in continuation of Christ’s healing Ministry in partnerships with other stakeholders”

MDMS Values

1. **God first:** Saving lives is the greatest purpose that MDMS serves led by God and inspired by the Gospel values for the salvation of the world;
2. **High respect for human life:** MDMS distances itself from all forms of disrespect and discontinuity of human life, and all forms of torture and violence against individuals and groups are not tolerated;
3. **Non-discrimination:** We promote equal treatment of employees and beneficiaries;
4. **Service centred:** MDMS promotes a philosophy of valuing clients and treating them as Christ did thus promoting the spirit of servant leadership.
5. **Transparency and Accountability:** MDMS upholds inclusive and transparent management with a robust accounting system which ensures good stewardship of resources.
6. **Mutual respect and Team work:** MDMS values each other, well aware that all were created in the image of God and;
7. **Compliance to quality standards:** MDMS is committed to delivering services that meet the international, national and organizational standards and in line with the Catholic Church's values.

ACRONYMS / ABBREVIATIONS

MDMS SERVICES	M A S A K A D I O C E S E M E D I C A L
FCOB	FINANCE COMMITTEE OF THE BOARD
EFTS SYSTEM	ELECTRONIC FUND TRANSFER
FIMS SYSTEM	FINANCIAL INFORMATION MANAGEMENT
GRN	GOODS RECEIVED NOTE
IAS STANDARDS	INTERNATIONAL ACCOUNTING
LPO	LOCAL PURCHASE ORDER
LST	LOCAL SERVICE TAX
NSSF	NATIONAL SOCIAL SECURITY FUND
PAYE	PAY AS YOU EARN
PCV	PETTY CASH PAYMENT VOUCHER
PV	PAYMENT VOUCHER
RTGS	REAL TIME GROSS SETTLEMENT
SRIV VOUCHER	STORES REQUISITION and ISSUE
TT	TELEGRAPHIC TRANSFER
POV	PRIVATELY OWNED VEHICLE
FM	FINANCE MANAGER
EPS	ELECTRONIC PAYMENT SYSTEM
HDSEDD	HEAD OF DIOCESAN SOCIAL & E C O N I M I S D E V E L O P M E N T DEPARTMENT

FOREWORD

This Financial Policy and Procedures Manual is developed to serve as a Financial Guide to all the members and management of Masaka Diocese and Medical Services Ltd hereafter referred to as MDMS

This is to provide guidance to all members and management on how to better manage the financial affairs and practices and ultimately operate in a safe, efficient and professional manner.

The manual will help all members and management operate with real proficiency and professionalism and in so doing help them to cope up with an increasingly MDMS and competitive financial environment.

MDMS will keep all financial policies current and relevant. From time to time, it will be necessary to modify and amend some sections of the policy and procedures, or to add new procedures.

Any suggestions, recommendations or feedback on the policies and procedures in this manual are welcome.

These policies apply to all employees of the organization.

Dr. Irene Nakachwa
Chairperson Board of Directors.

1.0 INTRODUCTION

Background of MDMS Diocese, governed by Board of Directors. MDMS delivers services through three thematic areas namely, coordination of diocesan health facilities, medical supplies chain management and Community Based Health Services which include HIV and OVC services;

The responsibility to execute and administer the financial regulations in this Financial Management Regulations Manual lies with the Diocesan Health Coordinator (DHC) and the Finance Committee of the Board (FCOB).

The Chairperson of Board of Director shall appoint three members of this Board to form the FCOB and shall work with the DHC to oversee and manage the financial affairs of MDMS. This Committee shall have Chair who shall be a signatory to MDMS bank accounts together with the DHC.

All staff are required to become familiar with the regulations in this Manual and to make suggestions for change, where required, to the Board Members. These regulations may be amended from time to time as circumstances may demand. Management shall propose these amendments to the Board for approval.

The Board Members of MDMS expect all members of staff to strictly comply with all the provisions of this Manual.

1.1 RELATED REGULATIONS, MANUALS AND TOOLS

These financial regulations shall be read together with the following:

- The Constitution of the MDMS
- The Human Resources Management Manual

- Generally Accepted Accounting Principles

1.1.1 Commencement

This Financial Management Regulations Manual shall come into force onupon approval by MDMS's Board Members.

1.2 THE OVERVIEW OF THE MANUAL

1.2.1 This Financial Management Regulations Manual is the tool that they shall use in the setting, recording, reviewing and evaluation of financial regulations, policies and accounting procedures.

1.2.2 All the regulations and procedures in this manual shall comply with generally accepted International Accounting Standards (IAS).

3. This Manual takes care of all compliance requirements, and shall apply the cash basis of accounting, modified to recognize some payables, receivables and associated provisions.

4. Under modified cash basis of accounting, revenue and expenses are recognized when cash is received and paid out respectively. Transactions denominated in foreign currency shall be translated into Ug shs at rate prevailing at that time.

1.2.5 The FM shall cause proper books of accounts to be kept with respect to all sums of money received and expended by or on behalf of MDMS and the recording and/or the storage and maintenance of the assets and liabilities of MDMS.

6. The books of accounts shall be kept in such a manner as to give a true and fair view of the state of the Organisation's financial affairs and of the cash flows in accordance with International Accounting Standards (IAS).

7. Every three years, the Board Members shall appoint external auditors to examine and audit the accounts of MDMS in accordance with International Accounting Standards. Any previously appointed auditors shall be eligible for re-appointment for one more term only.
8. For external funding, it is recognized that the accounting principles and regulations applied for Donor reporting purposes, including the format and content of financial statements, may differ from those adopted or prescribed for local statutory purposes. Although the Organisation shall try to honour the donor requirements as much as possible, it shall be acknowledged that such practice shall not contravene the International Accounting Standards.

2.0 THE USE OF THE MANUAL

2.2The manual shall cover broadly four major objectives:

- I. **Consistency:** to standardise the way Finance and Accounting activities are carried out
- II. **Guidance:** For smooth execution of Finance duties in compliance
- III. **Internal Controls:** An adequate system is needed to promote high levels of MDMS's activities
- IV. **Administration:** Helps management in monitoring MDMS funds, disbursements, collections etc in order to ease decision making.

2.2The Manual lays down the financial regulations and procedures to be followed in the MDMS's operations and spells out financial regulations that shall allow smooth activity implementation. It shall also provide a practical guide to incorporating effective internal controls necessary for the Organisation at various levels.

2.2The manual is intended to be a handbook for easy reference, and interpretation of financial regulations and procedures of MDMS. It has been developed to assist the user in meeting the special accounting and reporting requirements of MDMS in accordance with those of Internationally Accounting Standards.

2.2The manual will help all members and management operate with greater proficiency and professionalism and in so doing help them to cope up with an increasingly MDMS and competitive financial environment.

2.2The manual shall be used to provide guidance, consistency in decision making, a basis for Internal controls and general Administration.

3.0 GUIDING PRINCIPLES AND PRACTICE

3.1 GENERAL GUIDELINES

1. The resources of the Organisation shall be used in accordance with the principles of economy, efficiency and effectiveness.
2. In pursuance of the above principles the FCOB working with the DHC and Program Manager (PM) shall cause proper books of accounts to be kept with respect to all sums of money received and expended by or on behalf of the Organisation and the recording and/or the storage and maintenance of the assets and liabilities of the Organisation during the implementation of the various projects and Programme.
3. The books of accounts shall be kept in such a manner as to give a true and fair view of the state of the Organisation's financial affairs and of the cash flows in accordance with these financial regulations.
4. Implementation and adherence to the procedures and regulations in this manual shall ensure:
 - I. Limiting the use of funds to specific budget lines allocated to them.

II. Improving financial management, accountability and reporting.

III. Improving monitoring techniques and taking preventative action.

IV. That the overall programme objectives are achieved

5. MDMS shall set up a computerised Financial Information Management System (FIMS) which shall be used in setting up the Chart of Accounts. This Chart of Accounts shall be largely responsible for ensuring the proper keeping of accounting records and providing the management reports as required.

6. Internal audit activities shall be carried out to ensure adherence to the stipulated accounting principles, procedures and internal controls. The examinations shall also evaluate the efficacy of the internal controls in place and make suggestions to the FCOB where identified weaknesses need to be addressed and/or the Manual amended.

7. Every three years, the Board Members shall appoint external auditors to audit the accounts of the Organisation through competitive bidding. Any previously appointed auditors shall be eligible for re-appointment for one more term only.

8. The Board Members shall require the following to be submitted by the external auditors at the end of their annual audit.

I. Audit Report and Financial Statements;

II. The financial statements shall include; Statement of Financial Position, Statement of profit & loss and comprehensive Income, Statement of Changes in Equity, Statement of Cashflows and Notes to the Accounts;

III. Appropriate and Complete Notes (included in the Financial Statements)

- IV.A Management Letter;
- V. Separate and individual donor audited accounts when requested by a specific donor;
- VI. Any other reports as may be deemed appropriate;
- VII. The ratio Analysis.

3.1. The FCOB through the DHC shall be directly responsible for enforcing adherence to the guidelines and regulations in this Manual, and shall be assisted by the Program Manager who is the budget holder.

3.2 AMENDMENT OF THIS MANUAL

3.2.1 The regulations and procedures in this manual are based upon the current practice within the Organisation and it is expected that a periodic review shall be made to ensure the updating of this manual. Special attention and care shall be taken to review the manual following every Constitutional amendment to ensure that the Manual is in line with the Constitution of Uganda. In such cases the Manual shall be amended accordingly. The Finance Manager shall be responsible for bringing the required amendments to the attention of the FCOB for appropriate action.

4.0 PLANNING AND BUDGETING

4.1 BUDGETING

- 1.** The budgeting procedures are intended to assist in the preparation of Annual Programme Budgets. Detailed expenditure budgets shall be prepared in local currency. The local currency budget shall be the working document for the Organisation's accounting and auditing purposes.
- 2.** The budgets shall be derived from proposed activity Proposals. Department heads, shall prepare activity write-ups for the year, which shall be reviewed, and consolidated

into an Annual MDMS Budget by the Program Manager working with the Finance department.

3. Departments shall have autonomy over their budgets under the guidance of the DHC and PM.
4. The detailed expenditure budgets shall have Action/ Implementation Plans, against which management shall monitor both the actual timing and cost of activities through the monthly management accounts.
5. Activity Budgets shall clearly indicate budget-line and code details and limits.
6. Budget-lines shall follow those agreed upon by the Senior management team and the DHC. This is to ensure that the Finance department can monitor the individual budget and expenditure as agreed.
7. It is the responsibility of the FM to prepare the consolidated Annual Project Budgets, which shall be submitted to the senior management and Board Members for approval.
8. The Annual Activity Budget shall include all projects/ planned activities.
9. The budget shall show whether the budgets are unrestricted funds (basket funding) or donor restricted.
10. Locally generated funds also shall be budgeted for based on historical records and/or expectations.
11. Re-allocation of budgets may be made in accordance with the prevailing needs. However, approval shall be requested from the FCOB if the re-allocation exceeds what is generally accepted percentage.
12. The following re-allocations within the Locally Generated Funds Budget shall be permissible and may be done with prior approval by the Board Members
 - 10% re-allocations from one Strategic Objective to another

- 15% re-allocation from one project to another within the same Strategic Objective
- 15% re-allocation within budget-line items of a project

4.1.13 Cost sharing Under Projects

During the planning and budgeting process, MDMS shall put into consideration the contribution of projects towards the running costs of MDMS. The contributions shall be based on the different approaches like no of staff, office space usage, shared costs like utilities, rent of premises, repairs and maintenance, security of assets, meetings etc.

Guide on computation of shared costs

DETAILS		CALCULATIONS
Utilities		Number of staff times the total Bill
Security		Number of staff times the total Bill
Rent		A portion of the building occupied by project staff.
R e p a i r s / maintenance		Fraction of usage times the total bill
Board Meetings		% on expenses incurred to organise these meetings

NB: Even other components can be incorporated in this format to cover every area left out.

5.0 FINANCIAL PROCEDURES

5.1 GENERAL

1. All funds whether received from donors or locally generated shall be banked in a reputable bank.

2. All payments for activity implementation, other payments to suppliers of goods and services or other overhead expenses shall be made by requisitioning for funds from the bank.
3. In all cases the supporting documents for making such requisitions shall be relevant to the requisitions and budget line.
4. MDMS shall decide to have different bank accounts for the various activities as deemed fit and convenient. A separate cashbook and payment vouchers shall be maintained for each bank account. The reason for this is to ensure that there shall be no co-mingling of funds from various sources.
5. Funds locally generated from the MDMS's own activities shall also have a separate bank account (or accounts) so as not to mix them with those from external donors.
6. In the cases of donor funding (where applicable), the signed Donor/Recipient Grant Agreement(s) for the project(s) shall be the overriding document for guidance for reporting purposes. The specific reporting requirements and policies that are contained in those agreements shall be honoured as long as those requirements can be met without compromising the Generally Accepted International Accounting Standards.
7. In the case of funds locally generated from the organisation's own activities, the Organisation's Annual Budget shall be the overriding document for guidance for reporting purposes.
8. All prepayments shall be supported by a Memorandum of Understanding (MOU) signed by both parties. Prepayments shall be listed individually on a separate schedule and at end of each month, movements should be made to recognize

these expenses. Prepayments shall be treated as receivables under receivables ledger until such a time when they are retired.

5.2 DETAILED BANK PROCEDURES AND GUIDELINES

5.2.1 A bank account from a reputable bank shall be opened for each project and for locally generated funds.

2. In cases of external funding and the associated agreement, with the donor, a holding bank account shall be opened in a reputable to receive and hold funds from the donor for onward transmission for the implementation of project activities.
3. Moneys received for banking (from whatever source) shall be banked at the earliest time possible and in any event not later than the next working day that banks are open following the receipt of the money;
4. A separate cashbook and separate accounting source documents shall be maintained for each bank account;

5.2.5 Monthly bank reconciliations shall be conducted by the accounts staff responsible and reviewed/ approved by the Finance Manager & DHC. The Bank reconciliations shall be ready by the **10th of the following month.**

5. All bank accounts shall be mandated such that the bank requires at least two authorized signatures prior to the honouring of any cheque.
6. The principal signatory shall be the DHC. The second signatory shall be the Chairperson of the FCOB or the Head

of the Diocesan Social and Economic Development Department (HDSEDD).

7. The authorised bank signatories shall be appointed by the Board Members through a Board Resolution which shall then be forwarded to the bank for implementation.
8. Furthermore, all cheque payments shall be accompanied by a Confirmation Letter (refer to the section on Cheque Payments for details of the confirmation letter) and this confirmation letter shall be signed by either of the mandatory signatories.

5.2.10 Under no circumstances shall the authorized signatories sign a cheque

before full details of the payee and sum payable have been entered.

Signing blank cheques is strictly prohibited.

5.2.11 In the event of a signatory leaving the Organisation, the Bank shall be

instructed immediately in writing by the Board Chairperson to remove him or her from the list of authorised signatories. The Board Members shall then assign a new signatory and inform the bank accordingly through a Board Resolution.

5.2.12 Similarly, in the event of the principal signatory going on leave or being

temporarily incapacitated for a significant period, the Board Members shall

appoint a temporary principal signatory until the substantive signatory by

a Board Resolution and it shall stand until the former signatory reports back on duty. The bank shall accordingly be informed by the Board Chairperson.

5.2.13 The FM shall be responsible for ensuring the bank gives MDMS adequate documentation to support any charges levied and/or shown on the Bank Statement.

5.2.14 Bank Statements and Bank Reconciliations

- A bank statement for each bank account shall be obtained at the end of every month.
- The relevant accounts staff shall reconcile the cashbook balances to the balances on the bank statements to establish consistency.
- The reconciliation shall take into account cheques drawn, but not yet presented at the bank and deposits made which have not yet been recorded on the bank statement
- The reconciliation procedures shall include investigations of all discrepancies
- Documentation shall be obtained from the bank to back up any other bank charges or bank items.
- Errors on Bank Statements shall be noted and plans to notify the bank are made immediately;
- The bank shall be informed in writing of the errors or discrepancies that it is responsible for in order for them to be rectified.
- The Bank Reconciliation Statement shall be signed by the accounts staff preparing it and endorsed by the FM;
- The DHC & FCOB shall check the bank reconciliations and approve it if it is correct and endorse it with their signatures, indicating the date when they reviewed the reconciliation;
- An example of a Bank Reconciliation template is shown as **Annexe-14** at the end of this manual.

6.0 RECEIPTS MANAGEMENT (CASH AND CHEQUES)

1. The FM shall be responsible for all MDMS collections putting such guidelines in place to counter any loophole.
2. A receipt book shall be maintained to record all moneys received whether by cash, cheque or bank transfers.
3. Each receipt shall bear the following details;
 - (a) Date payment received
 - (b) Name of payer
 - (c) Reason for the money received
 - (d) Amount received both in words and figures
 - (e) Details of cheque received (if applicable)

(f) Signature of the receiving officer

4. Serialised cash receipts must be written for every cash received and the receipt Book shall be in triplicate with the original copy of the receipt given to the payer, the duplicate copy shall be filed and the third copy shall remain in the book.
5. The FM shall keep the currently used receipt book in a secure place with the account's office at all times except when it is in use and only authorised staff in finance department must handle cash receipts and shall ensure their safe custody.
6. They shall maintain books register that shall be audited every so often to ensure no misuse. The register shall have such information as: serial nos, date of issue and the recipient. On completion of the receipt book, verification shall be made using the duplicates to ensure they match with those issued out.
7. All moneys received shall be banked promptly and, in any case, not later than the next working day following the receipt of the money. This may not be the case where banking facilities do not exist but otherwise the general policy is that all cash received MUST be banked within 24 hours of receipt.
8. Appropriate segregation of duties must be applied such that the staff who posts ledgers should not receive cash.
9. Official receipts for MDMS shall be used only in all its transactions and shall be issued by the FM
10. Any funds lost out of the negligence of the staff handling MDMS cash shall be reported and the disciplinary procedure shall handle the matter for decision making.

11. The stock of unused receipt books and those that have been used up shall be kept under lock and key and be recorded in an account's documents stationery register
12. No spending at source is allowed whatsoever. All payments shall be made out of funds in the bank account, or through petty cash transaction

7.0 PAYMENTS AND FUNDS TRANSFERS

7.1 ELECTRONIC PAYMENT SYSTEM (EPS)

MDMS shall encourage the EPS where the FCOB shall appoint MDMS's Bank Agent and shall purely initiate requests for payment once all the preliminary requirements for payments have been fulfilled. The authorised MDMS bank signatories shall be the only ones to approve funds release through the EPS procedures. MDMS shall encourage this mode of payment because of the reduced risks it has.

7.2 PAYMENT THROUGH MOBILE MONEY PLATFORMS

Mobile money platforms have become a convenient way of effecting payments. MDMS shall establish a Mobile Money number that shall be used for this exceptional nature of transaction. The FM shall request a limited amount (as approved by the DHC and FCOB) of funds are transferred from the bank and credited on this line for payment purposes. These funds shall be accounted for before the next release. An accountability report shall be submitted to DHC for approval before the next release of funds.

7.3 PAYMENT BY CHEQUE:

For any payments that can't be made through **7.1** and **7.2** above, then payments shall be made by crossed Cheque, bank drafts, and bank transfers, Real Time Gross System (RTGS), Telegraphic Transfer (TT) or Electronic Funds Transfers (EFT). All cheques shall be always crossed "**Account Payee Only**" except in cases where the authorised officers have to draw cash. In such cases the crossing of "Account Payee Only" shall be opened.

All holders of cheque payments from MDMS shall be expected to present them to the bank for clearance within a period of six months.

7.3.1 Cheque Payment Confirmation:

A confirmation letter shall be sent separately to the bank. The confirmation letter shall inform that bank and authorise it to pay the payee and shall contain the following information:

- I. Date on the cheque
- II. Payee's name
- III. Cheque No
- IV. Amount to be paid

7.4 VERIFICATION OF PAYEES:

It is the responsibility of the finance staff receiving request for payment to identify and verify the authenticity of the Payee to avoid making payment to the wrong person. Suppliers who will be paid through the On-Line banking system **MUST** be verified by signing a consent form to this mode of payment.

7.5 PAYMENTS FROM PROJECT BUDGETS LINES:

Requisitions for expenditures on project activities or office overheads shall be made by heads of these departments and requests shall be authorised by the DHC & FCOB after cross checking and confirming budget provision.

7.5.1 Requests shall follow the work plans submitted earlier according to budget lines within the agreed activity estimates. No payment shall be processed against insufficient funds on the budget lines unless a request for re-allocation of funds has been approved through all the channels of approvals (DHC and FCOB).

7.6 BANK CHARGES:

When payment requisitions are made, bank charges shall be taken into account (Where it is anticipated fees will be levied by the bank e.g. in cases of telegraphic transfers) so that the full cost of the transaction may be recognised.

7.7 PAYMENTS TO SUPPLIERS:

All payments to suppliers of goods and/services shall not exceed **15 working days** From the date of submission of invoices and relevant supporting documents. Therefore, verification, approval, authorisation and actual payments shall be

Completed within this time frame.

7.7.1 Procedure:

Any request for payment shall be made using a Payment Requisition Form indicating the activity and budget line to be charged. This request together with supporting documents shall then be sent to the relevant Officer (head of department) for checking and verification. This verification will include the checking of the arithmetic calculations, account code details, budget lines, supporting documentation after which he will forward the request, together with the supporting documentation, to the PM for confirmation and sanctioning the payment. These requests shall be presented to the DHC and FCOB Chair for approvals. Once they are approved, the FM shall initiate the On-Line payment system and approvals shall be given and funds transferred.

7.7.2 Supporting documentation:

Shall include invoices, copies of Purchase Requisitions, Pro-forma invoices, copies of GRN/Stores Requisition and Issue Vouchers, Delivery Note, copies of agreements/contracts, tender awards, etc, as appropriate.

7.7.2.1 Acceptable documents:

It is only the original documents that shall be accepted for payments purposes. Payments shall not be made on the basis of photocopies.

7.8. FINAL CONFIRMATION:

Before signing any cheque, the cheque signatories also have the responsibility to

satisfy themselves as to the correctness and validity of the payment. This verification may include:

- (a) Correct procedures of payment requisition;
- (b) Correct procurement process;
- (c) Correct supporting documentation;
- (d) Correct Budget line and code detail used;
- (e) Approval by the Head of Department or another authorised budget holder;

The PM, once satisfied with the request and ensuring that it adheres to the budget line, Action plan and activity for that period, will he sanction the payment request by signature and forwarded to the DHC and FCOB Chair for approved.

7.9 NON-PAYMENT:

No payment shall be cleared without the presentation and attachment of a properly prepared and approved payment voucher.

7.10 CASHIERS RESPONSIBILITY:

The cashier is responsible for ensuring that a receipt is obtained for the payment and that the payee signs on the payment voucher and payment register. The Cheque Register and Dispatch Book shall have the following details:

- I. Date (as shown on the cheque itself)
- II. Payment Voucher number
- III. Cheque Number
- IV. Amount on the cheque
- V. Payee's name
- VI. Name of signatory from group A
- VII. Name signatory from group B
- VIII. Cheque taken by (and signature)
- IX. Date (when cheque taken)

7.11 CASH BOOK ENTRIES:

Details of every cheque written shall be entered into the cashbook. The details will include the date of payment, payment voucher reference number, and concise description of transaction, payee, amount paid and cheque number.

7.12 VOUCHER STAMPING:

Invoices and all other supporting documents relating to that payment shall be stamped “**PAID**” by the cashier as soon as the cheque has been issued and received by the recipient.

7.13 RECEIPTS FROM THE PAYEE:

All cheques issued out shall be confirmed by a receipt issued by the payee. If the payee/vendor does not have an official printed receipt, the accounts staff shall use MDMS’s acknowledgement form where the payee/vendor shall sign.

7.14 STAFF PAYMENTS:

All staff emoluments paid in cash or by cheque shall be signed for as evidence that the correct employee has received them. This can be done by use of payslips, using a copy of the computer payroll, a copy of the payroll instructions to the bank or any other document designed by MDMS that can fulfil this requirement.

7.15 SPOILT CHEQUES:

A spoilt cheque or cancelled cheque must be stapled to the counterfoil and kept in the cheque book. No replacement of a lost cheque shall be made until verification has been made with the bank and an instruction issued cancelling it in case it’s

still in transit. The payee shall sign an indemnity committing to the effect that should the cheque be found to have been paid, they shall be responsible.

7.16 AUTHORISED MDMS BANK AGENT:

The DHC and FCOB Chair shall appoint the bank Agent who shall be authorised to pick MDMS cash from the bank even when they are not signatories. The bank shall be informed in writing of the authorized agent(s) to draw cash on behalf of MDMS and an identity card shall have to be produced at the bank before cash is handed over. Only the authorised signatories can give this authorisation. Cheques shall be made in their names and the bank shall honour them.

7.17 CASH PAYMENTS (OTHER THAN FOR OFFICE PETTY CASH)

7.17.1 Other Cash Payments:

Cash payments may also be made for personal allowances, daily subsistence allowances, per diems, travel refunds and similar disbursements. However, such cash will not be regarded or treated as office petty cash.

7.18 ACCOUNTABILITY:

Any member of staff who requests for accountable advance is responsible for providing accountability. Without good cause, if this person has not fully accounted for any such disbursement/advance within the stipulated 48 hours after completion of the activity, for which the funds were requested, will have that **amount automatically deducted from his/her monthly salary**. This will be done without reference to the staff concerned.

7.18.1 Project Accountability

A checklist has been provided in **appendix 18** that gives all the required documentation pertaining to accounting for project funds

8.0 PETTY CASH PAYMENTS (ROLLING IMPREST SYSTEM)

8.1 PETTY CASH AMOUNTS:

There shall be a fixed reimbursable float to cater for small cash payments, which may be required from time to time for the day to day running of the MDMS offices. MDMS management shall set the float limit to run the petty cash expenditures and shall not exceed Ugs 2,000,000 (two million shillings). When the Imprest is exhausted, a replenishment shall be done after full accountability has been conducted. This monthly cash imprest may be revised from time to time depending on the level of activity at the office.

8.2: PETTY CASH REGISTER:

A Petty Cash Book shall be kept to record all such petty cash transactions. The petty cash book shall be updated on a daily basis. Any petty cash expenditure shall have an authorised budget line.

8.3 PETTY CASH SAFETY:

Petty cash shall be kept in the office safe. The office safe shall only hold money belonging to MDMS. The MDMS designated cashier shall be responsible for the safe and all the contents therein. They shall keep the keys and /or combination lock number.

8.4 DELEGATION OF SAFE KEYS:

When the FM or Cashier are on leave or have been incapacitated for a period longer than a week, then they shall give the key and combination to the DHC (in cases of the FM) and to the FM (in case it's the Cashier) who will then be responsible for the safe and its contents or delegate the responsibility to the next person in line of authority and ability to handle the responsibility.

8.5 APPROVALS AND ACCOUNTABILITY OF PETTY CASH:

The PM, PCs and department heads shall approve all petty cash payment requests based on the need and activity attached to it. Accountability for petty cash advances for normal office running activities shall be made immediately on conclusion of such activity or purchase of the required items for which it was advanced.

8.6 PETTY CASH REPLENISHMENT:

The petty cash float will follow a rolling imprest system, which means accounting for and requesting for reimbursement of the exact amount spent. The request for reimbursement, together with the supporting documents, will be made by the Accounts staff in charge of Petty Cash endorsed by the FM, shall be forwarded to DHC for approval. A cheque payment voucher will be prepared and the normal procedure for cheque payments or money transfers onto mobile money shall be followed.

8.7 PETTY CASH RECONCILIATION:

A petty cash reconciliation statement, reconciling physical cash in the safe with the actual balance reflected in the petty cash book shall be made at every reimbursement as well as month end. Cash-count spot checks and petty cash reconciliations shall be performed regularly without notice and at month end respectively by the FM.

8.8 ROBBERY/LOSS:

In the event of robbery or theft of money from the Finance Office, staff concerned shall immediately report to their supervisor and also report to the police.

9.0 PAYMENT VOUCHERS

All payments must be recorded on a fully authorized payment voucher.

9.1 Supporting third party documentation shall be attached to the Payment Voucher.

9.2 Details to be included on the payment voucher are as follows:

-

- (a) Date
- (b) Name of payee
- (c) Amount to be paid
- (d) Cheque number
- (e) Account code details
- (f) Description of payment
- (g) Signature of the one whom has prepared it.
- (h) Signature of the one whom has checked and verified it.

- (i) Authorizing signature
- (j) Signature of the payee

9.3 Supporting documentation for each transaction must be stapled to the payment voucher.

9.4 The payment vouchers must be filed in numerical order in a secure box file.

10.0 AUTHORISED SIGNATORIES, LIMITS AND MANDATE

1. MDMS Board of Directors of Masaka Diocese shall decide authorised bank account signatories and such information through a Board resolution shall be communicated to the banks.
2. The appointed bank signatories shall then furnish the bank with their specimen signatures. These signatories shall not be changed without a Board Resolution.
3. The cheque signatories will be as follows:

Principal Signatory (A)	Diocesan Health Coordinator
	Board Chairperson
A l t e r n a t e Signatories (B)	FCOB Chair
	HDSEDD

Board Chairperson

4. Every cheque shall have two signatures. One signature must be from category A and the other signature shall be from category B. The principal signatory to every cheque shall be one signatory from **category A**.
5. When category **A** signatory goes on leave or is otherwise incapacitated then the other in category A shall be the principal signatory. The Board Members shall instruct the bank accordingly whenever it becomes necessary to change the principal signatory.
6. No staff shall approve expenditure on a transaction relating to him or her.
7. The following approval limits will apply in the organization; however, the following should be noted:
Amounts denoted in foreign currencies are limited to the equivalent limits set in Uganda shillings.

Designation	Approval Limits-in Uganda Shillings
DHC	No limit within approved budget
FCOB Chair	No limit within approved budget
HDSEDD	No limit within approved budget
Board Chairperson	No limit within approved budget

11.0 CHEQUE BOOK CONTROL & MAINTENANCE

1. On receipt of a new chequebook, the FM shall verify that all cheque leaves are in the book and record its particulars in the Accounts Documents Stationery Register.
2. In the event that a cheque leaf is found missing, the matter shall be brought to the attention of the FM without delay.

The bank shall be notified of the irregularity in writing immediately by the FM.

3. The FM is responsible for ensuring that the chequebook is kept securely in a safe and that no cheque leaves are stolen from it. Cheques shall be written clearly and in ink. No gaps shall be left before or after words and figures that would allow later falsification of the details or value of the cheque.
4. As mentioned in paragraph 5.3.15, cheques shall always be crossed “**Account Payee Only**” except in cases of cash cheques and exceptional circumstances as may be decided by the DHC and FCOB.
5. Cases where suppliers demand cash payments, such a demand shall not be entertained.
6. The cheque counterfoil (stub) shall always be completed with the following details:
 - (a) Date
 - (b) Payee
 - (c) Brief details of reason for the cheque
 - (d) The value
 - (e) Signatories shall sign or initial the stub
7. After all the leaves of the chequebook have been utilised, the cheque stubs shall be kept under lock and key in the safe kept by the FM.
8. The FM shall also keep the currently used chequebook in the safe at all times except when it is taken out to write cheques for payment.
9. The stock of unused cheque books and the cheque stubs shall be kept under lock and key and be recorded in an Accounts Documents Stationery Register.

11. 10 Control of cancelled and stale cheques

1. In the event that a cheque leaf has to be cancelled, the word “cancelled” shall be written across both the cheque leaf and cheque stub in ink. The payment voucher shall be similarly marked and a note made in the cashbook.
2. The cancelled cheque shall be filed in a separate file.
3. The original payment request and other supporting documents shall now serve as part of the supporting documents in the preparation of a replacement cheque.
4. When a cheque is stopped (as evidenced by a letter sent to the bank), this action shall be noted on the original payment voucher. A reverse entry shall be made in the cashbook on the date that the letter stopping the cheque is written.
5. If the cheque must be replaced, a new payment voucher shall then be prepared, with the original supporting documents attached.

1. CASH BOOKS

2. The cashbooks shall record all money received and paid, whether by cash, cheque, bank drafts or bank telegraphic transfers.
3. A separate cashbook must be maintained for cheque/bank transactions of each bank account and a separate cashbook for the office rolling Petty Cash.
4. Each cashbook must be written up daily from the payment vouchers and receipt books. Additional information shall also be obtained from bank advices and other information as found in the bank statements.
5. At the end of every month, the cashbook must be ruled off and balanced by the cashier.
6. The cashier shall prepare the cashbook and bank reconciliation at end of every month. The FM shall review and confirm the bank reconciliation statement by endorsing it with their signature, indicating the date when they reviewed the reconciliation. They shall then be presented to the bank signatories for approvals.

13.0 STORES MANAGEMENT POLICY

13.1 BASIC STORES ROUTINE (GENERAL)

This Policy shall guide finance and stores teams responsible for the stores on the day-to day operations in the store. It involves the process of receiving items, verifying them and recording them, and issuing them based on requests. This component is crucial in MDMS activities and therefore, its proper management will reflect on MDMS's efficiency in service delivery. It has the following operations: -

- I. Receipt of materials.
- II. Efficient Storage.
- III. Safe custody.
- IV. Timely issue.
- V. Stock Accounting.
- VI. Reporting and Filing

13.1.1 The major responsibilities of Storehouse are listed below:

- I. Identification of all items stored.
- II. Receipt of incoming materials.
- III. Inspection of all receipts from suppliers.
- IV. Storage and Preservation.
- V. Items Handling.
- VI. Issue of items to users within the organization.
- VII. Maintenance of Stock Records.
- VIII. Stores Accounting.
- IX. Inventory control.
- X. Stock-Taking.
- XI. Submission of Management Information Reports

13.2 OBJECTIVES/PURPOSE OF POLICY

The objective of this is to ensure scientific and efficient management of receipts, storage and issues of items keeping in view the economics, security of stock as well as safety requirements.

To define the MDMS's policy and scope for managing a Storehouse.

To establish a procedure to facilitate speedy handling and accounting of receipts, storage and issue of materials.

13.3 OPERATION GUIDELINES

- I. Only authorized persons shall have access to the Store House.
- II. Store house shall not be kept open unattended during working hours.
- III. All items shall be issued on First-in-First Out (FIFO) basis.
- IV. All Items shall be received at the store house and the Stores Manager shall be notified promptly on receipt.
- V. All items shall be stacked properly.
- VI. All items approved after inspection shall be stored in the designated locations.
- VII. Hazardous items shall be stored separately.
- VIII. All items rejected shall be kept at a designated place and arrangements for their disposal made on the advice of concern purchasing official.
- IX. Expensive and attractive articles shall be stored in steel cupboards and always locked up;
- X. A Gate pass shall be made for all items released and shall be signed by authorized persons only;
- XI. Uniforms to the trainees will be issued at the time of enrolment on returnable /non-returnable basis as per instructions of the manager;

13.4 RECEIVING, INSPECTING AND INWARDING

13.4.1 Receipt of Goods

On receipt of goods, the officer in charge of stores shall check the supplier's delivery against the copy of the purchase order. A Goods Received Note (GRN) shall be issued by the officer in charge of stores to acknowledge receipt of delivery. The GRN will be prepared in quadruplicate. The original copy shall be given to the supplier. A duplicate copy shall be sent to the finance department attached to the purchase order together with the supplier's Delivery Note to match with the supplier's invoice. The

triplicate copy shall be retained in the stores for filing. And the fourth copy will be retained in the GRN book. The GRN shall have the following details: -

- I. Date of receipt of goods
- II. Name of Supplier of goods
- III. Quantities, units and specifications
- IV. Name and Signature of Storekeeper acknowledging receipt of goods
- V. Name and signature of the person who has inspected the supplies
- VI. Name and signature of the person approving the receipt of the supplies
- VII. Name and signature of the person preparing the GRN
- VIII. Name and signature of the person posting the supplies onto the stores records.

13.4.2 Inspection and In warding of Goods

Stores Personnel shall inward items after ensuring the following.

- I. Supplier's Delivery Invoice bears the in ward stamp.
- II. Supplier s Delivery Invoice bears the reference of purchase order.
- III. In case of consignment received without any documents or any discrepancy noticed in the documents received, Stores Manager shall be notified immediately for obtaining necessary information for in warding. Till such time material will not be in warded.
- IV. Acknowledgement of receipt of consignments is subject to final check and approval. A notation, to this effect must be stamped on each copy of Delivery Receipt and Invoice as given: - **Goods received subject to verification and approval.****
- V. All apparent damages/leakages/broken seal in the consignment received are immediately recorded in the Register and on the invoice but also shall bring the same to the attention of Stores Manager
- VI. Verify the identity of the items received. Ensure description of the material given in the consignment and number of containers / packages received as per the order requisition signed;
- VII. Items shall be received on all working days only during working hours...

- VIII. A certificate to the effect that the items are received in Good condition and as per our specifications shall be issued
- IX. Receipt vouchers (Goods received Note) will be serially numbered and filed in a separate file along with a copy of supplier's Invoice / Delivery Note.
- X. The Stores Personnel shall inward the items within 24 hours of receipt by way of preparing the Receipt Voucher and sign in the relevant places

13.5 STORAGE OF ITEMS

The term storage refers to the physical act of storing the items in a Storehouse on pallets, shelves, racks, boxes, etc. with the objective of retrieving them later for issue to the user. The purpose of any storehouse is to provide to users the right materials, in the right quantity, at the right time and at the lowest possible cost. A stock card shall be opened for every item received into the stores.

13.5.1 Stock Records Update

Stock cards shall be updated immediately every time there is movement (whether in or out) of any item in the stores to ensure that they reflect the physical stock held. The stock card shall have the following details: -

- (a) Name of item
- (b) Stock card number
- (c) Reference number to *GRN or *SRIV
- (d) Balance of stock held
- (e) Purchase price
- (f) Re-order level
- (g) Recipient of the items
- (h) Expiry date of the batch number

13.5.1 Objectives for proper storage:

- I. Maximum utilization of space consistent with adequate care and protection of materials.
- II. The storage system has to be such as to enable accurate identification of the items stored.
- III. Ease of storing and picking, thus enabling speedy operations.

- IV. All items must be protected from temperature, moisture, pilferage, insects, rodents etc.
- V. A very important principle in store keeping is FIFO or First-in-First-out.
- VI. Most items have a shelf life and this is provision is important so that the oldest stock shall be issued first.
- VII. Environmental Conditions within the storehouse should be conducive in terms of lighting, temperature, ventilation, access to the racks, etc

13.6 PRESERVATION OF ITEMS

Items often deteriorate in storage making them useless for the intended purpose. As such, they require adequate preservation. Preservation involves the keeping of the items in a fresh and serviceable condition to address the following:

- I. **Moisture** plays a big role in the damage of items esp drugs and the greater the moisture content in the air, the greater the risk of damage to drugs.
- II. Similarly, **insects and micro-organisms** pose a major threat primarily because they reproduce at an astronomical rate, and can spread havoc in the Store in no time at all. 8.4 Preservation measures for items vary from time to time. A good understanding of the items is therefore vital.

13.7 REQUISITION AND ISSUANCE PROCEDURES FROM THE STORES

The Stores Requisition and Issue Voucher shall serve a dual purpose. The requisition to take supplies out of the store as well as the actual issuing shall be done on this same document.

The Stores Issue Requisition/Voucher shall be raised by the User departments and approved by the authorised staff at head office and field office.

The following details will be entered on the Stores Requisition and Issue Voucher:

- (a) Date
- (b) Name of applicant
- (c) Quantities and units of items required

- (d) Description of items required
- (e) Specifications of items required
- (f) Name and signature of requisitioning officer
- (g) Name and signature of approving officer of the request
- (h) Name and signature of approving officer of the issuing
- (i) Name and signature of the Storekeeper
- (j) Name and signature of the person receiving
- (k) Name and signature of the person posting the issued supplies

13.7.1 Issuance Guidelines

- I. The officer in charge of stores will not issue any goods out of the store without a duly approved and signed Stores Requisition and Issue Voucher.
- II. Supplies shall be issued out on the basis of expiry dates to avoid reaching the expiration dates of the goods while they are still in the stores. Where the expiry date is not relevant the principle of First in First out (FIFO) shall be applied.
- III. The usual method of issue is by an Items Requisition form, which has to be signed by the User Department heads. If a material has been issued on a verbal instruction because of an emergency, then it has to be followed by a written document without delay. This should, however, be allowed only in exceptional cases.
- IV. The responsibility to request for items shall be specifically delegated to HODs
- V. Uniforms will be issued to employees and Trainees on Permanent Issue
- VI. voucher for proper identification;
- VII. Only MDMS staff shall be authorized to draw the items from Storehouse.
- VIII. Prior to the issue of items Stores Personnel shall ensure that the Order form is complete in all respects.

- IX. For issue of stores items, there shall be a fully signed requisition form and approved by the Stores Manager;

13.7.2 Actual Distribution of Supplies

A distribution system can only be successful if it ensures that supplies are always readily available at every stage in the system. Should it be necessary to send any supplies from MDMS Head Office to the field offices, then the Stores Requisition and Issue Voucher shall be used to make delivery of the supplies.

It shall be the responsibility of the Field office to maintain the supplies at that particular field's stores. The manager shall request supplies for their field activities if and when it becomes necessary to have more supplies.

The distribution of the Stores Requisition and Issue Vouchers shall be as follows:

- I. The original copy shall be signed and retained by the recipient office(r). A duplicate copy shall be returned to the store. The triplicate copy shall be retained in the book.
- II. The book copy in the stores section is used to update the stores stock card and for audit purposes

13.8 RETURN OF REJECTED ITEMS

- I. Rejections shall be handled promptly and with good judgment. The responsibility for return of rejected items lies with the Stores Personnel and the Inspecting persons.
- II. When material rejection occurs, immediate action must be taken to return, replace and / or dispose of the rejections.
- III. Decision to return, replace and / or dispose of the rejected items shall be the sole responsibility of the procuring office.

13.9 STORES ACCOUNTING

There is need for stores accounting majorly for has two aspects: the value of the items stored and the physical quantity of the items stored. Stores accounting is necessary for a large number of reasons, of which the following are most important: -

- I. The stocks represent assets of the organization and as such it is necessary to include their value in the accounts of the organization.
- II. It provides a means of costing of an item used.
- III. It provides a basis for inventory control by value.
- IV. As for the second aspect, it is necessary all the time to ensure that all the items that have been received and accounted for. All receipts and all issues have to be entered in stock ledgers or registers and have to be accounted for.

13.10 STOCK VERIFICATION/TAKING

Physical Stock taking is the process of counting, weighing, measuring, etc. of all the items in the stock and recording the results of such an exercise. The objective of stock taking is as follows: -

- I. It is a statutory necessity.
- II. To verify the accuracy of the stock records.
- III. To disclose the possibility of fraud, theft, loss etc.
- IV. To reveal any weakness in the overall storage system, so as to make improvements.
- V. To enable better control of inventories.

Stock taking / counting shall be conducted monthly to minimize reconciliation issues at year end. There shall be a general physical stock counts conducted at year end for all items with MDMS, whose purpose it is to provide stock values to be incorporated in the Financial Statements.

13.10. WHO DOES STOCK CHECKS:

The MDMS's Internal Auditor shall carry out spot checks at least three times a year and must initial or sign on the stock card as evidence of such checks. This is to ensure that:

- I. The physical stocks are the same as those shown on the stock record cards.
- II. That the stores record cards are up to date
- III. That the rules about security and cleanliness etc are being observed.

A sample item(s) shall be selected at random for complete checking and, if the inspection is satisfactory the balance shown on the stock record card shall be initialled by the person who has done the checking.

Arrangements shall be made, in good time, to have external persons overseeing the stock taking exercise to ensure independence of the exercise and this shall be done once a year.

13.10.1 Reporting

After any stock count, a report shall be prepared by the stock-taking team detailing the physical count and record of balances on the stock card.

- (a) Variances shall be explained by the Internal Auditor and incorporated in the report.
- (b) The Internal Auditor shall review and sign the report and investigate any variances.
- (c) Write off stocks will only be made after approval of the Board Members.
- (d) A record of the write-offs shall be kept for external audit purposes.

13.11 SAFETY OF STORES

The term Safety encompasses the safety of the materials, facilities used, and the safety of the personnel working in a Storehouse.

13.11.1 Accidents

One of the important responsibilities of the Stores personnel is to prevent accidents from taking place in a Store. Accidents can cause damage to materials, machines or facilities, and injury to workers or even their death. It is necessary, therefore, that all

precautions are taken to avoid accidents. The worst case one can visualize is a fire where the entire premises can be completely destroyed. Some of the main causes of accidents in a Store are given below: -

- Items falling from racks.
- Wires,
- unwanted ropes,
- steel rods or empty cartons kept carelessly on walkways.
- Injury arising from lifting very heavy loads, or normal loads unscientifically.
- Collisions with bins or badly laid down bins
- Falling while climbing to reach the upper shelves.
- Injury to hands resulting from lifting or handling of materials.
- Slipping on oil, grease or even water spillages.
- Injury caused by nails left on empty cases and battens of boxes.
- Injury from corrosive acids.
- Dropping goods on one's feet without protective boots.
- Poor facilities like poor lighting, wobbly ladders or racks,

Most of the accidents occur due to non-observance of precautions, carelessness and indiscipline. Good supervision in the matter of observance of safety rules cannot be overstressed. Stores personnel should educate, encourage and advise workers to change their attitudes and give the highest priority for good housekeeping.

13.11.2 Fire Prevention:

One of the major hazards in a Store relates to fire. It is necessary to take every precaution against fire and ensure that all fire regulations are strictly observed by all the staff. It is needless to add that adequate measures are also to be provided to fire fight in case one occurs. This might range from having a foam extinguisher in a small store to installing a water reservoir, generator and firefighting pumps in a very big store. A place where in flammable articles are stored, is especially vulnerable. It would also be a very desirable practice to have periodic fire drills

so that people know what is to be done in case of a fire. Stores personnel should also be trained in firefighting and specific responsibilities given to specific people so that there is no confusion when a fire occurs. Fire is caused usually by an accident. While safety measures are necessary, prevention of accidents is also extremely important.

13.12 SECURITY OF STORES

Security in all Stores should be properly planned and organized. Doors should be strong and provided with good locks and windows should be provided with iron grills or wire mesh.

13.12.1 The internal layout

Arranged in such a way that there is a spacious issue counter where people can obtain items without entering the storehouse.

13.12.2 Stockyards

Should be enclosed with fencing which is adequately high. For extra Protection there could be a barbed wire fence along the top of a brick wall. Gates similarly should be strong and locked.

13.12.3 Custody of keys:

All keys of storehouse and stockyards should be numbered and specific persons must be made responsible for them. During off-duty hours these keys are to be kept in a locked and convenient place (Recommended place is of Security office). When collecting or depositing a bunch of keys, entries should be made in a register and duly signed. Only authorized persons shall be allowed for handling of keys concerned to their departments.

13.12.4 Duplicate keys:

The number of duplicate keys should be restricted. In case where a key is lost, a full enquiry should be held and the lock changed, and not a duplicate key made. In this regard a master list of keys with numbers (Permanent/Temporary) should be maintained.

13.12.5 Entry into Store Premises:

No one except the authorized staff should be allowed access into the stores. Staff coming to receive items issued from the Stores should not have access to the storage area.

13.12.6 Housekeeping:

Good housekeeping is one of the major responsibilities of every Stores Supervisor. Neat and orderly premises are not only a morale booster but also an important element in accident prevention.

13.12.7 Theft/Pilferage/Malpractice:

It is usually said that there is a latent urge in everybody to steal, which is activated when the environment is congenial to its manifestation. Precaution against theft involves the creation of an environment which is not congenial for these instincts to be manifested.

13.12.8 Expired items

Items in the stores shall be regularly checked for their shelf life to avoid distributing expired items. Expired items at year end shall be declared to the accounts office and adjustments shall be made to reflect this amount in the financial statements.

Expired goods shall be recognized through the statement of Profit or Loss and other comprehensive income.

13.12.9 Loss of items in the Stores:

Any loss in the store shall immediately be reported to the Stores Manager and the Finance Manager. When the person responsible for such loss is unable to explain a discrepancy, Loss statement will be made explaining the circumstances. The loss shall be investigated to prove its not an act of theft. Careless mishandling of items shall be penalised and the decision shall be made by the disciplinary committee.

13.12.10 Insurance Cover

Its important that MDMS takes an insurance cover against fire due to the sensitivity of the stores. The Procurement department shall procure these services and they shall be renewed every year.

13.13 DOCUMENT MANAGEMENT AND FILING

MDMS shall maintain a filing system that shall ensure safety of all documents for reference in future. They shall be filed in a strong room/ Metal lockable cabinet and who keys shall be kept by the FM.

14.0 ASSETS MANAGEMENT

14.1 DETERMINING AND COSTING FIXED ASSETS

14.1.1 Fixed assets are assets that are estimated to have useful lives for over two years. Capital expenditure is recorded at cost, which comprises the supplier invoice value and attributable costs to bringing the asset to proper working condition.

- 14.1.2** Inventory comprises of inventories of stocks of pharmaceuticals, medical and surgical sundries. The cost of inventory is determined through First in First out costing method.
- 14.1.3** Cash and cash equivalent comprise of cash, bank and short-term deposits with original maturity of three months or less.
- 14.1.4** The FM shall have custody of MDMS assets and shall be responsible for their safety while at MDMS.
- 14.1.5** MDMS shall maintain a comprehensive fixed Assets register and it shall have the following information:
- a) Asset description and location
 - b) Purchase/acquisition price/value
 - c) Supplier details
 - d) Asset acquisition date
 - e) Asset number / internal classification
 - f) Serial number
 - g) Make and Model number
 - h) Asset location and custodian
 - i) Accumulated depreciation
 - j) State of the Asset / In Use or Out of Use
6. Provision for depreciation in the Profit and Loss Account shall be the method for charging the cost of the asset to income. Therefore, the cost of the fixed asset shall be reflected in the Income and Expenditure Account over time until the full cost has been fully depreciated.
7. When an asset has been purchased the individual Fixed Asset's account shall be debited with the full cost of the asset. The full cost of the asset shall include:
- The full purchase prices
 - The cost of freight and insurance while in transit
 - The customs, clearing and forwarding charges

- Transportation up to the Organisation's premises
- The guiding principle is that all incidental expenses to enable the delivery of the asset to the Organisation's premises shall be deemed to comprise part of the Total Cost *provided such expenses are material*
- When the incidental expenses are not material, then they shall be expensed off in the same year of purchase

14.2 CAPITALISATION

14.2.1 Freehold land:

Freehold land shall be capitalised at cost. However, as permitted under generally accepted accounting principles, if applicable, such property may be re-valued in the balance sheet based on a valuation performed by a reputable independent appraiser. Free hold land shall not be depreciated and therefore shall be reflected at either cost or revalued amount in the statement of financial position.

Land held under lease shall be depreciated over the life of the lease under the relevant generally accepted accounting principles. Revaluations of such leaseholds shall be permitted if appropriate.

14.2.2 Buildings

Buildings shall be capitalised at cost. However, as permitted under generally accepted accounting principles, if applicable, such property may be re-valued in the balance sheet based on a valuation performed by a reputable independent appraiser. Buildings shall be capitalized and amortized in accordance with the applicable accounting standards. Revaluations of such buildings shall be permitted if appropriate.

14.2.3 Fixed Assets through Grants:

The value of fixed assets that are donated must be brought fully into income in the year of receipt.

14.4 DEPRECIATION OF FIXED ASSETS

14.4.1 Fixed assets, except freehold land, shall be depreciated, assuming nil scrap or residual value, on a reducing balance basis in accordance with the following recommended rates:

Building	2%
Furniture and Fixtures	12.5%
Computer equipment	33.3%
Motor vehicle/cycles	20%
Office equipment	12.5%
Investment Property	As appropriate
Project vehicles	40%

Where local regulations stipulate different depreciation and revaluation methods, these may be followed but the method used must be disclosed fully in the notes to the accounts.

14.4.2 Re-Valuation of Assets

- I. Freehold land/property shall be revalued every five years and shall be reported at revalued amounts. Freehold land/property shall not be depreciated because it has infinite useful life.
- II. All fixed assets except for; computers, office equipment and furniture, shall be revalued after every five years. The revaluation shall be guided by mainly possibility of increased useful life or increase in market value of such an asset. Upon revaluation, the assets shall be restated and presented on basis of revalued amounts

14.5 SALE OF FIXED ASSETS

14.5.1 Approval for Sale:

MDMS Management must get prior approval from the Board before any fixed assets are sold. When the sold fixed assets are not freely usable by the Organisation, the income shall be credited to a designated reserve such as a Commodity/Asset Replacement Fund. The Fixed Assets Register shall be updated to take into account the sale/disposal.

2. **Asset disposal and Statement of Financial Position:**

In any event, the gross capitalised amount and related accumulated depreciation/amortization of the asset shall be removed from the statement of financial position upon the sale or other disposition of the asset.

14.6 MOTOR VEHICLE/CYCLE MANAGEMENT POLICIES

14.6.1 Policy Overview

The policy shall have information on use, control, insurance, maintenance, safety & protection, accidents and theft of MDMS Motor vehicles/cycles. MDMS Office maintains a fleet of Motor Vehicles/cycles to support project activities. The policy shall refer to all MDMS Motor vehicle/cycles. The policy shall also give a provision of compensation when private Motor vehicle/cycles are used for official work.

MDMS project motor vehicle/cycles are authorized for project-related activities only. They shall be legally registered and properly titled with the MDMS authority, and be legal to operate. The Finance Manager shall be responsible for registering all MDMS motor vehicle/cycles.

14.6.2 MDMS Drivers

Licensed MDMS drivers are the only staff authorized to drive project motor vehicle/cycles. Violation of this policy will result in administrative action and may result in termination of employment. The Finance Manager is responsible for maintaining documentation attesting to the drivers' legal authorization, health, and ability to operate the motor vehicle/cycles.

14.6.3 Personal use of project motor vehicle/cycles.

Project motor vehicle/cycles shall be used to support the project's objectives and are not to be used for the personal benefit of staff. MDMS motor vehicle/cycle Policy prohibits using project motor vehicle/cycles for any personal purpose. In certain environments,

an exception to this rule may be granted with prior written approval of the DHC. Exceptions to this rule may be authorized by the DHC under the following categories:

- I. Unsafe or unavailable public transportation;
- II. Medical or safety/security emergency;
- III. Transportation of dependent children to and from school when other transportation is unavailable;

14.6.4 Un authorised Use of Project Motor Vehicles/Cycles:

Any unauthorized use of a project motor vehicle/cycle could result in employment termination of the individual(s) involved. If unauthorized use of a project motor vehicle/cycle results in any damage (to the motor vehicle/cycle and/or other motor vehicle/cycles, persons, or property) the individual(s) involved will be responsible. Only MDMS employees and persons officially participating in program activities are permitted to travel in/on a project motor vehicle/cycle.

14.6.5 Authorisation:

Only MDMS employees are permitted to drive project motor vehicles/cycles and the designated user of each motor vehicle/cycle must sign a Motor vehicle/cycle Release Form to acknowledge they assume responsibility for the safekeeping, proper use and maintenance of the motor vehicle/cycle in accordance with this motor vehicle/cycle policy. In no case shall an MDMS Office motor vehicle/cycle be used without authorization because the office shall be liable for accidents involving project motor vehicle/cycle;

No staff/driver shall be allowed to drive/ride MDMS motor vehicle/cycle unless they have a valid driver's licence and have attended the defensive drivers training and been certified.

14.6.6 Insurance:

All project motor vehicle/cycles must have locally-purchased motor vehicle/cycle insurance. The insurance should be comprehensive and include third party coverage and must

include liability insurance for property damage or bodily injury, and collision coverage for losses that result from a collision with any object or from the motor vehicle/cycle overturning. This coverage is to be used if a motor vehicle/ cycle accident occurs while the project motor vehicle/cycle is being used by an official employee for official project business.

14.6.7 Time restrictions:

There shall be time restrictions regarding the use of MDMS and project motor vehicle/cycles. No motor vehicle/cycles should be used when it is dark outside. Project motor vehicle/cycles may be used one hour before sunrise and one hour after sunset depending on the urgency of the activities. For avoidance of doubt, no project motor vehicle/ cycle may be operated before 06:00HRS and after 19:00HRS/7pm. The FM must approve any variations to this time restriction policy.

14.6.8 Use of Motor vehicle/cycles Outside of Office Hours:

The PM **must** approve in advance all motor vehicle/cycle use outside of the time restrictions above and holidays and weekends. This can include early pickup of motor vehicle/cycle in the morning, and use on weekends and holidays for work purposes consistent with program activities. Drivers picking up motor vehicle/ cycles for use outside of normal motor vehicle/ cycle office usage hours **must** obtain approval from the FM and coordinate a time to retrieve the keys and the motor vehicle/ cycle with the Admin Officer.

14.6.9 Motor vehicle/cycle Safety and Security:

The following motor vehicle/cycle safety guidelines must be followed at all times:

- I. Seat belts must be worn by the driver and all passengers at all times. The driver is responsible for ensuring all passengers use a seatbelt at all times when the motor vehicle/cycle is in motion;

- II. Motor vehicle/cycle cannot be driven when it is dark outside (see above:1 hour before/after sunrise/sunset exception);
- III. Motor vehicle/cycle cannot carry more passengers than the designated seating capacity or number of seatbelts available;
- IV. All mobile phone use is prohibited while driving project motor vehicle/cycle (including text messaging and emailing);
- V. Drivers must drive defensively, strictly observe all traffic regulations, drive within established speed limits, adjust speed as appropriate to the terrain, and in a way that ensures the safety of passengers and cargo and minimizes wear to the motor vehicle/cycle;
- VI. Drivers should be particularly observant of pedestrians, bicycles, animals, motor vehicle/cycle, or any other potential hazards on the road;
- VII. Any driver found guilty of careless or dangerous driving or not following local traffic laws will be personally liable for any related fines and will also be subject to disciplinary action, which may include employment termination; (Refer to SOPPP manual)
- VIII. Drivers and passengers must wear helmets/seat belts at all times while driving/riding a motorcycle. The driver has the authority to decide whether the motor vehicle/cycle and/or conditions are safe for travel. If the driver determines the motor vehicle/cycle and/or conditions are unsafe to travel, he/she must notify the Finance Manager to jointly determine next actions.
- IX. MDMS shall provide first aid training for drivers and first aid kits and fire extinguishers in each motor vehicle/cycle. Drivers shall notify the Finance Manager when certification is needed and/or when first aid supplies need to be replenished.
- X. Drivers are responsible for attending to the security of the motor vehicle/cycle, which includes:

- Never leaving motor vehicle/cycles unattended if there is any doubt about their security;
- Always parking motor vehicle/cycles at the office compound or secured location at least 1 hour before sunset; and,
- Always locking motor vehicle/cycles when parked.

XI. When travelling, drivers must always park motor vehicle/cycles in a secure location, particularly at night. Secure location means one where the risk of vandalism to the motor vehicle/cycle or theft of the motor vehicle/cycle (or any of its contents) is negligible.

XII. Motorcycle steering mechanisms must be locked when not in use.

XIII. Drivers must return motor vehicle/cycle keys to the FM prior to close of business for safekeeping in office.

XIV. Drivers approved to pick up motor vehicle/cycles outside of office hours must coordinate handling of keys with the Admin Officer. Only the DHC and the FM may access the separate set of keys for emergency use, stored in the safe in the Finance Manager's Office.

XV. **Accident Reporting:** All accidents must be reported by the Admin Officer immediately to the police and the insurance company. The driver must complete the Incident Report Form and shall endeavour to obtain contact details of any other parties involved in the accident or witnesses to the accident; take photos of the motor vehicle/cycle (if possible) to document damage; do not move the motor vehicle/cycle, if at all possible, until after reporting to the police; and, take steps to protect the motor vehicle/cycle and any luggage from damage or theft, by moving to the nearest secure location before leaving it unattended.

XVI. Any traffic offence for which the driver is booked by the police should be reported to the Finance Manager. Drivers not reporting accidents, traffic offences, or other incidents are subject to disciplinary action.

XVII. Drive Hours: In the interest of passenger safety and driver health, drivers may not drive for extended periods without a break. The following time restrictions must be strictly adhered to:

- Drivers may only drive for maximum 10 hours in any one day;
- Drivers should take short break of minimum 15 minutes, after at least every 3 hours; and,
- For drives of 6 hours or more, drivers must break for lunch after a maximum of 5.5 hours.

XVIII. Driver's Health: Drivers are responsible for ensuring that they are sufficiently fit to carry out their duties effectively and that none of their judgment, abilities, or reflexes may be impaired. This may involve taking the following precautions:

- Ensuring that they have sufficient sleep prior to undertaking a long journey;
- Avoidance of alcohol prior to a journey; and,
- Maintaining general good health and fitness.

Drivers are required to have vision tests on an annual basis and submit documentation to HR. Drivers have a duty to report to the Finance Manager immediately if they feel unwell or unfit to drive for whatever reason.

XIX: Driving under alcohol influence: Any driver found operating a motor vehicle/cycle under the influence of alcohol or drugs will be subject to immediate suspension and will be subject to employment termination.

14.6.10 Motor vehicle/cycle Scheduling:

The Admin Officer in consultation with the FM is the overall manager of MDMS fleet of motor vehicle/cycles, ensuring strict adherence to motor vehicle/cycle policies and efficient use of motor vehicle/cycles consistent with project activities.

The Admin Officer is responsible for motor vehicle/cycle scheduling and will update movement board daily by posting motor vehicle/cycle schedules that include: travel dates, departure and arrival times, planned itineraries/routes, driver and passenger names, and any deviations from the journey.

To permit scheduling, staff planning to travel must submit all staff transport requests to the Admin Officer 1 day in advance for local travel and 5 days in advance for travel requiring an overnight.

As the approval of motor vehicle/cycle use outside of normal motor vehicle/cycle operating times may trigger the need for overtime, the driver should ensure that overtime is approved prior to motor vehicle/cycle use.

To maximize efficiency and cost savings, staff are expected to respect scheduled travel times and itineraries and coordinate motor vehicle/cycle usage when appropriate.

14.6.11 Motor vehicle/cycle Movement and Fuelling

GPS Tracking Systems, Budget allowing, all MDMS vehicles shall ensure that GPS motor vehicle/cycle tracking gadgets are installed in each project motor vehicle/cycle during start-up.

14.6.12 Motor vehicle/cycle Log Procedures

A motor vehicle/cycle log is placed and kept in each project motor vehicle/cycle until the end of the last page of the log, and then it is handed over to the Admin Officer for filing.

Drivers are responsible for keeping logs up to date at all times, which means:

- Completing the Motor vehicle/cycle and Fuel Usage Log every time the motor vehicle/cycle is used including fuel refills;

- Completing the Motor vehicle/cycle Maintenance Log every time supplies are procured and maintenance is performed.

Motor vehicle/cycle logs are to be collected on monthly cycles. At the end of each month, the Admin Officer shall review and analyzes all logs submitted by the drivers and submits to the Finance Manager for approval.

14.6.13 Motor vehicle/cycle logs

These should be filed by motor vehicle/cycle users. Motor vehicle/cycle and Fuel Usage Log Completion and Review: This log documents and monitors appropriate use of project motor vehicle/cycles including fuel consumption. It collects information on when, how far, why, and by whom a motor vehicle/cycle is used as well as motor vehicle/cycle refuelling dates/time and amounts. The driver is responsible for completing the Motor vehicle/cycle Usage Log to document by providing the following information:

- Date
- Trip purpose
- Departure time
- Departure point or location
- Odometer reading at departure
- Arrival time
- Arrival point or location
- Odometer reading on arrival
- Litres of fuel added when refuelling
- Driver signature
- Passenger(s) signature
- Witness signature for fuel refills

The Admin Officer in consultation with the FM are responsible for reviewing the logs to ensure they are consistent with fuel receipts, trip reports, GPS data (if applicable), and other documentation and will immediately report any inconsistencies to the DHC. Specifically, logs are reviewed to ensure that:

- I. Motor vehicle/cycles have been used as assigned;

- II. Fuel intake is reasonable in accordance with kilometres driven;
- III. Motor vehicle/cycles have only been used by authorized staff;
- IV. Maintenance needs are anticipated and in accordance with kilometres and locations driven; and,
- V. Log data corresponds with project data.

14.6.14 Fuel Usage:

MDMS projects provide fuel to staff who implement the activities under the project. Before fuel is approved, the staff has to share a work plan with their supervisors to be approved by the PM and FM. Even MDMS vehicles must be requested for through the same procedure, justifying the request. Secondly, the requesting staff must possess a valid driver's licence. MDMS shall maintain an account with at least one selected vendor in each district/area of operation. To the extent possible, all fuel should be purchased from approved and selected vendors using purchase orders or fuel purchase cards. MDMS shall use the below motor vehicle/cycle refuelling procedure:

- I. Drivers shall request to refill fuel by submitting a Fuel Request Form to the Admin Officer who will counter check the log book and endorse the request then forward the it to the Accountant who reviews and verifies the need against the motor vehicle/cycle log or and computes the number of kilometres driven against the previous refill records since the last filling.
- II. The request is approved and authorized for a refill and process the Purchase Order fully signed by FM and returns the approved form/ Local purchase order to the driver.
- III. The driver goes to the approved selected fuel vendor station to obtain a full tank of fuel using the purchase order or credit card. The approved selected fuel vendor issues a receipt to the driver and the driver documents the number of litters added to the tank in the motor vehicle/cycle log.

- IV. The driver then returns the receipt to the office.
- V. The selected fuel vendor will also provide monthly documentation to the MDMS Office for processing to be reviewed and verified against receipts received by the driver.
- VI. Fuel purchases when the selected vendor is unavailable:
 - The driver or another staff receives a fuel advance prior to travel.
 - Fuel purchases needed during trips should be made from these funds and a receipt obtained indicating the number of litres purchased, price per litre, and the amount paid. Inputs of fuel should also be recorded on the motor vehicle/cycle log.
 - The receipt(s) and unused advance funds should be returned to the Office to clear the advance.

14.1.15 Fuel Accountability

A mileage claim form shall be filled at the start and end of the journey together with the activity report to account for fuel used.

Fuel used will be computed as follows:

Fuel requested=distance to be covered/1 litre covering 7 kms

Fuel used=the fuel rate x no of litres

Actual fuel paid for=actual distance covered x the actual price of fuel

14.6 15 Motor vehicle/cycle Maintenance

All project motor vehicle/cycles must be maintained regularly and serviced based on the manufacturer's service recommendations Drivers are responsible for:

- Attending to the security of the motor vehicle/cycle;
- Checking that motor vehicle/cycles are in a roadworthy condition and
comply with all motor vehicle/cycle legislation (valid licenses, tax and

- insurance etc.) before they are used;
- Conducting routine checks of oil, fuel, battery, brake and clutch fluid,
and radiator water level;
 - Checking that first aid kits and motor vehicle/cycle repair tools (jacks, triangles, etc.) are appropriately supplied and that fire extinguishers are valid for use; and,
 - Cleaning the motor vehicle/cycle both inside and outside as required.
 - Reporting any maintenance or repair needs to the Admin Officer as soon as identified. If a motor vehicle/cycle cannot be driven due to an accident or mechanical reasons, the driver must consult with the Admin Officer and should remain with the motor vehicle/cycle if possible, prior to taking any actions to arrange motor vehicle/cycle towing or repair.
 - Any repairs required while on travel must be verified and authorized by the technical officer in charge.

14.6.16 Wear and tear on Vehicles

This refers to the depreciation amount that is spread over the useful life of a non-current asset that is not hired for use but is used anyhow for project work. The Project shall be charged wear and tear based on the net Value of the asset at a given rate and agreed time. Wear and tear shall be charged on the project budget on a monthly and annual basis on all MDMS vehicles assigned to Project activities. The FCOB shall determine every three months since it will be hard to come up with fixed rates to be used for a year.

14.6.17 Replacement of POVs

When a POV has been used in the life span of a project, the project should provide for its replacement at the end of the project. This is because the wear and tear provided and maintenance cannot replace for a used car.

14.6.18 Project Vehicles:

Where Projects have not provided vehicles for their project activities and MDMS has to use its vehicles that were not fully dedicated to project activities, The project shall be charged an amount to be approved by FCOB for movement within and outside the region of operation. This shall not include fuel consumed during the execution of project activities. The Admin Officer maintains the project activity vehicle use and each trip must be approved by the PM. In case project provides for their activities, then the same procedure shall be followed in terms of maintenance, fuelling etc to justify the expenses relating to project vehicles.

14.6.19 Use of Taxis or Motor vehicle/cycle Rentals and Privately Owned Motor vehicle/cycles:

Staff must use project motor vehicle/cycles for work purposes. Using a taxi for work purposes shall be approved by the PM but the use of Privately Owned Motor vehicle/cycles must be approved by the DHC and is only permitted:

- When the Office does not have program motor vehicle/cycle;
- When all Office motor vehicle/cycles are in use and the official project;
activity cannot be delayed until an office motor vehicle/cycle is available;
- When the travel occurs outside of normal motor vehicle/cycle usage
hours and it is more cost efficient;
- When a specific type of motor vehicle/cycle is needed for activities;
- In emergencies where there are no motor vehicle/cycles available at the time of the emergency. While used for project-related work, motor vehicle/cycle rentals and POVs must have fully comprehensive insurance coverage equivalent to the insurance coverage described in this chapter. The PM is responsible for verifying rental motor

vehicle/cycle and insurance coverage and maintaining evidence on file prior to authorizing.

The Use of Taxis & Motor vehicle/cycle Rentals shall only apply if its for work purposes. Procedures for prior-request of hired motor vehicle/cycles, identification of providers and monitoring of roadworthiness of hired units must be periodically vetted by PM to reduce organizational risk/staff exposure.

The PM & the DHC may approve emergency taxi hires.

The Rates applicable shall be determined by FCOB

14.6.20 Usage logs for POVs

To document use of a POV for project business: For accountability, the log collects information on the type of motor vehicle/cycle used, when, how far, and why, and must include a certification from the motor vehicle/cycle owner on its use.

To ensure that the Office collects consistent information about POV use and that the POV user will provide all information required for documentation and mileage reimbursement. The POV usage log must be:

- Completed for each trip the motor vehicle/cycle is used for implementation of project business.
- Signed by the individual and submitted monthly with an expense report claim for reimbursement.

14.6.19 Mileage Reimbursement for POVs:

For approved, project business-related POV use, MDMS shall allow for per distance unit compensation to cover the cost of fuel and motor vehicle/cycle “wear and tear.” MDMS will reimburse staff at a rate per km, which rate shall be fixed by FCOB provided that:

- The DHC or PM has given prior authorization; and,

- The staff maintains and submits a POV Usage Log in a complete and timely manner (as described below). Instructions for use of this log:
 - The log is to be completed for each event (i.e., trip) that the POV was used during implementation of MDMS activities.
 - The log is to be signed by the individual and submitted with an expense report claim for compensation.

14.6.20 Shared Motor vehicle/cycles

If more than one project is using a motor vehicle/cycle, motor vehicle/cycle use procedures and cost methodology for allocating motor vehicle/cycle usage costs between projects must be detailed in a memorandum of understanding (MOU) between the programs. The project that has purchased or leased the motor vehicle/cycle(s) maintains overall stewardship of the motor vehicle/cycles. The PM is responsible for complying with the motor vehicle/cycle management procedures.

15.0 PAYROLL PREPARATION AND PAYMENT

15.1 A payroll documentation file shall be established in the Accounts section

to contain the following details: -

- Letters of appointment
- The employee's (Tax Identification Number) TIN number
- The employee's National Social Security Fund (NSSF) number
- Salary increment letters
- Contract renewal letters
- Non statutory deductions documentation
- NSSF contributions by both the employee and the Organisation

- LST deductions

15.2 Segregation of Duties:

Control practices must be made to ensure that there is segregation of duties between the preparation, review and authorization of the payroll.

3. The Finance Officer shall be responsible for preparation of payroll.
4. The payroll calculations shall be reviewed and approved by PM and
authorised by the DHC
5. The payroll calculations must include all statutory deductions of, un-accounted advance deductions, NSSF, PAYE and Local Service Tax (LST).
6. For non-statutory deductions, there must be an authority or agreement by
staff to make such deductions from their salaries.
7. The NSSF shall be calculated and paid as per the provisions of the NSSF act 1985. The employee contributes 5% of his/her gross salary and the employer's contribution is 10% of the employee's gross salary. The total shall be submitted to each individual employee's Account at the National Social Security Fund.
8. The payroll PAYE and LST shall be calculated as per the provisions of the Income tax act and payments made to the authorities as per statutory requirement. **PAYE & LST computation guide is provided as Annex 16**
9. Payments of salaries shall be by crossed cheques, instructions to credit
individual staff members' accounts or electronic transfer only.

10. Pay slips shall be prepared for each staff showing details of calculations of their net pay. These must be issued on payment of salaries.
11. Staff shall sign a payment voucher for Salaries paid by cheque or cash.

16.0 MANAGEMENT INFORMATION AND REPORTS

16.1 PRINCIPLES OF FINANCIAL MANAGEMENT REPORTS

1. Financial management reports are intended primarily to act as a tool for information and decision-making for the organisation's management from time to time.
2. All documents used to record financial records and accountability shall be properly filed in such a way that they can be available for review 5 years after the final audits have been done.
3. The Organisation's financial reports shall reflect compliance with the principles of efficiency, transparency and accountability. They are meant to ensure that programme funds are used effectively and efficiently, within the agreed time frame and budget. They are an integral part of the programme's activities and are supported by periodic monitoring and review.
4. The Organisation's management shall present annual financial audited statements and management reports to the Board Members and the Donors as required.

16.2 MONTHLY FINANCIAL REPORTING

2. The finance department shall prepare financial reports, which shall be aggregated into a quarterly report and report to the Board Chairperson on a quarterly basis. These reports shall include: -
 - Bank Reconciliation
 - Petty Cash Counts
 - Trial Balance
 - Budget Monitoring Reports
 - Internal Auditor's Report
 - Monthly Management Report.
3. The FM shall submit the above financial reports to the Board

Chairperson for review, and endorsement and appropriate action.

4. The Internal Auditor shall be responsible for reporting to the Board Members on compliance with the regulations in this manual and transparency, accountability and value for money for all procurements.

17.0 AUDIT

17.1 INTERNAL AUDIT

17.1.1 The Internal Auditor shall ensure adherence of all offices, whether Headquarters or in the field, with MDMS policies, regulations and internal control systems.

17.1.2 They shall carry out routine and periodic financial and management audits and submit reports of the observations and recommendations to the DHC and Board Members.

17.1.3 They shall initiate and disseminate internal audit and risk management policies at all levels of MDMS work.

17.1.4 They will assist in responding to the external auditor's Management Letter.

17.1.5 They will ensure implementation of the recommendations in the external audit Management Letter.

17.2 ANNUAL EXTERNAL AUDIT

17.2.1 Audits are an important tool for reassuring the public and donors that money is being properly spent. They may also uncover irregularities whether due to fraud, corruption or laxity in following laid down practices. A comprehensive audit conducted by external auditors shall therefore be carried out annually.

17.2.2 The FM is required to prepare and submit annual accounts to the FCOB which shall in turn submit them to the Full Board. These shall be prepared within a period of 8 weeks after the end of the financial year of MDMS.

17.2.3 The Board Members shall appoint the external auditors. In cases where any donor has a list of approved and recognised auditor that they prefer they shall be

accommodated as long as this is not unnecessarily disruptive to the financial management of the Organisation. At the end of their annual audit, the auditors shall produce the following reports (and any other as deemed appropriate by the Board Members).

- Report expressing an opinion on the audited financial statements.
- A Management Letter

17.2.4 If some donors want to use their own auditors for transactions that pertain solely to their own funded projects, they may do so if the additional expense was part of that particular project's budget or if they shall meet the additional cost themselves.

17.2.5 Any audit firm that is appointed must be a recognised and registered member of the Institute of Certified Public Accountants of Uganda (ICPAU) and must be authorised to audit and certify accounts according to Ugandan law. The Firm shall be given a three-year contract, renewable for one more term of three years before changes can take place.

17.2.6 Before the appointed auditors commence their assignment, they shall be given terms of reference detailing how the audit shall be run, specifying the timetable, presentation of findings and reports that must be produced.

17.2.7 The Board Members shall agree to the audit fees in advance when reviewing and approving the Annual budgets and before the actual audit commences.

17.3 AUDIT MANAGEMENT LETTER

17.3 The Board Chairperson shall bring the Audit Management Letter that comments on the system of internal control and the adherence to the accounting procedures, to the attention of the Board Members when the annual audited Financial Statements are presented for review.

- 17.3** MDMS Senior Management Committee shall respond to all the issues raised by the auditors and propose strategies how the weaknesses that are pointed out by the auditors may be addressed.
- 17.3** The Organisation Senior Management Committee must conduct a mid-year review to see how far they have gone towards implementing the proposed remedial strategies.
- 17.3.4** Where the weaknesses persist in spite of the implementation of the proposed remedial strategies that were proposed, then the management team must revisit the recommended strategies and either strengthen them or adopt new alternative strategies.

18.0 CUSTODY OF FINANCIAL DOCUMENTS AND ARCHIVING

18.1 ACCOUNTS DOCUMENTS STATIONERY REGISTER

1. All pre-numbered documents used to capture financial information shall be properly recorded and stored under lock and key.
2. Every time that pre-numbered financial information documents are printed or purchased, they shall be recorded in the Accounts Documents Stationery Register.
3. The documents to be recorded in the register shall include (and this list may not be exhaustive):
 - Cheque Payment Vouchers
 - Petty Cash Payment Vouchers
 - Payment Requisition
 - Purchase Order
 - Goods Received Notes
 - Stores Requisition Vouchers
 - Stores Issue Vouchers
 - Delivery Notes
 - Stores Requisition and Issue Vouchers
 - Stores Return Note

- Acknowledgement for Receipts of Payment
 - Cheque Books (if more than one is obtained from the bank at any one time)
 - Any other pre-numbered financial document
4. The Accounts Documents Stationery Register shall have the following details
- A separate page for each individual document
 - A description of the document
 - Date of receipt
 - Serial numbers for each individual book
 - Date of issue
 - Name of person to whom issued
 - Signature of the person to whom issued
 - Date of return of used book (when all leaves of the book have been used up)
 - Signature of the person who has returned it
5. The Accounts Documents Stationery Register shall be used as a tool to monitor usage of the accounts books/ documents and as an early re-order warning system.

18.2 FINANCIAL INFORMATION ARCHIVES

2. All financial information and documents of the organisation shall be properly and securely stored in such a way that they can be available for review 5 years from the date that the final reviews and audits were passed.
3. The FM shall be responsible for safe custody of all such documents

19.0 MISMANAGEMENT OF FUNDS

19.1 The mismanagement of funds shall constitute the occurrence of any of the following actions or practices:

- Using funds for purposes other than what was agreed in the Financing/Contract Agreement;
- Fraud and corruption (refer to the Fraud Control section below);
- Failure to adhere to the procedures in this manual and the grant management manual;
- Failing to give genuine third-party documentation to support use of the funds;
- Failing to account for any funds;

19.2 When mismanagement of funds is suspected, immediate intervention shall be made and the implementation of the project investigated.

19.3 The FM shall be fully informed and depending on the seriousness of the mismanagement, shall recommend to DHC one or more of the following disciplinary options:

- Stop further grant payments until remedial action has been taken to the satisfaction of MDMS Senior Management;
- Demand refund of all or part of the grant so far disbursed;
- Take legal steps to redress the situation;
- The Senior Management may take other appropriate disciplinary action.

19.4 FRAUD CONTROL

19.4.1: Fraud

FRAUD is a generic category of crime that involves an individual or groups of individuals dishonestly obtaining property or some financial advantage by means of deception. Perpetrators may seek to gain money, property, time, information or influence. Fraud prevention should aim to maximise crime reduction without imposing unrealistic burdens on the organisation.

19.4.2 Fraudulent Practice

"Fraudulent Practice" includes a misrepresentation of facts in order to influence a procurement or disposal process or the execution of a contract to the detriment of the procuring or disposing entity, and includes colluding with bidders prior to or after bid submission designed to establish bid prices at artificial non-competitive levels and to deprive the organisation of the benefits of free and open competition;

19.4.3 Fraud Prevention Strategy

MDMS shall come up with strategies and put such measures in place so as to:

- Identify and limit the opportunity to commit fraud;
- Control the issues that affect employee motivation to commit fraud;

- Reduce the ability of the employee to rationalise his behaviour as acceptable; and
- Facilitate effective response to reported instances of fraud.

19.4.4 Fraud Control Emphasis

1. Management support is required to establish, implement and effectively manage the fraud control and compliance policy. Emphasis shall be on fraud prevention rather than on deterrence-based approaches.
2. Of the programs that can advance a company's fraud prevention agenda, a hotline and an ethics program are the two most popular and effective. A hotline program allows a company to establish an anonymous process for employees to report questionable activities.
3. A complaint or tip hotline can help strengthen the early detection of fraud as calls are monitored and acted upon. Confidentiality and outsourcing the phone line to a third-party shall be considered as it provides the added benefit of ensuring there is no personal bias in its operations and resulting follow up.
4. Another important policy in a fraud prevention program is the collective group of policies referred to as a code of conduct. A Code of Conduct policy is a set of ethical standards or policies designed to guide the behaviour of all members of staff at their different levels. MDMS has a Code of Conduct or Ethical Policy which clearly stipulates action defined in this category and the subsequent consequences/discipline measures.

19.4 5 Fraud Awareness and Education

Fraud Education and training are needed to supplement communication and create awareness at all levels of the organization. The DHC, and financial personnel shall undertake

extensive training in the inner workings of the organisation's programs and ethical issues, as well as a broader and deeper perspective on how and where fraud occurs.

There is a need to protect PINs (Personal Identification Numbers) and passwords. Staff shall be educated and encouraged to take greater care of their cards (e.g. the organisation's Identity Cards and their own ATMs i.e. Automated Teller Machine cards).

Care shall be taken that when giving information to staff, so that they are not alerted to ways in which they may act dishonestly themselves.

Be especially vigilant and alert with staff when redundancy or organisational restructuring may be being considered.

19.4.6 Personnel Monitoring.

Modern technology enables some staff to have access to security equipment, to sensitive and confidential information, passwords and account records thus giving them the ability to commit fraud either on their own or in collusion with other parties within or outside the organisation.

It is therefore important for interview panels to be well trained in interviewing skills to ensure that dishonest conduct in a potential employee's past can be unearthed before they are engaged by the organisation. Pre-employment integrity screening is therefore very important and an assessment made whether the potential employee's dishonest behaviour in the past is likely to re-occur in the future.

On-going monitoring shall also be carried out so that the organisation is able to identify changes in an employee's behaviour, social characteristics or working patterns. Such changes can be pointers to a more serious problem that may lead to fraudulent tendency or actual commitment of fraud. Job

rotation (if applicable) can also minimise fraud. Having separate control and division of duty systems in place is advised e.g. making sure that the personnel responsible for purchases is not the one responsible for payments as well.

Making people aware of the new programmes and organisational changes and getting them to accept them from the familiar requires a comprehensive program of change management. Communicating the organisation's messages requires consistent information about what is taking place. Different messages must be tailored to employees, management, and other groups with specific fraud-prevention responsibilities, such as internal audit, senior management, and the Board Members. The organisation has incorporated "zero tolerance to fraud" into its code of conduct policy.

The organisation shall ensure that the Identity Cards given to staff must be of latest technology and difficult to forge. The cards shall clearly show the expiry dates on the cards. If funds allow, it is best that new cards are issued every year. On separation with the organisation, the human resources administrator shall demand the return of the IDs before the employee leaves the organisation. If the employee has any benefits accruing to him, s/he shall not get the benefits before handing over the organisation's Identity Card.

As much as possible, bio-data must be obtained when an employee is being appointed. (Given in the SOPP manual)

19.4.7 Transaction Monitoring

Cash transactions shall be reduced to the minimum. Crossed Cheques, telegraphic Transfers (TTs), Real Time Gross Settlements (RTGS), or Electronic Fund Transfer System (EFTs) shall be the modes used for payments. For those accounts that are more active or handle big amounts, the bank shall be given instructions to submit Weekly bank statements so that suspicious entries can be quickly spotted in time. Confirmation Letters to confirm all payment instructions shall be sent to the

bank. Instructions shall be given to the bank to check with the FM by phone for payments that exceed a certain amount (regardless of the Confirmation Letter having been received by them).

The Confirmation Letters shall be delivered to the banks by separate cover for

Every payment instruction given to the bank whether made by cheque, by electronic or by other means.

19.4.8 Fraud Response Plan

It is important that quick action is taken in the face of suspected fraudulent activity. This can dramatically cut losses. Internal forensic experts, or an external team, shall investigate all suspected fraudulent activities.

Since this may not always be possible, when fraud has been suspected, staff shall voice their suspicions to their supervisor so that the person suspected is closely monitored.

When fraud has been detected, a report shall be made to the FM and action shall be taken depending on the gravity of the fraud and/or degree of loss incurred or likely to have been incurred if it had not been detected.

Disciplinary measures shall be taken immediately to minimise damage or loss.

For serious cases a report to the police shall be made immediately whether prosecution is being contemplated or not.

The DHC and Senior Management shall take the decision to prosecute or not after consulting with the FM and HRM depending on the seniority of the employee and the gravity of the

fraud. Prosecution and dismissal of the employee are options and that the organisation shall always be ready to take



ANNEX 1: CHEQUE PAYMENT VOUCHER

S e r i a l
 No:.....

N a m e o f
 Payee:.....

P r o j e c t
 Name:.....

A / C C o d e
 details:.....

Cheque No	Detailed Description	Budget Line	Amount
T o t a l Amount			

Prepared By :
 Signature:.....Date:.....

C h e c k e d
 By:.....Signature:.....
 Date:.....

A p p r o v e d
 By:.....Signature:.....Date:

R e c e i v e d B y :
 Signature:.....Date:.....

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ANNEX 2: PETTY CASH PAYMENT VOUCHER

Serial No:.....

Name of payee:.....Date:.....

Project Code:.....

Detailed description	B u d g e t Line	D e b i t Amount	C r e d i t Amount

Prepared By :
 Signature:.....Date:.....

C h e c k e d
 By:.....Signature:.....
 Date:.....

A p p r o v e d
 By:.....Signature:.....Date:

Received By :
 Signature:.....Date:.....

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ANNEX 3: RECEIPT FORMAT

No. 001	Particulars	D a t e

R e c e i v e d
from.....
.....

Address.....
.....
.....
.....

Being payment for (description of type of payment)

A m o u n t
Received in Cash / by Cheque
No.....

Signed(Finance

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ANNEX 4: LOCAL PURCHASE ORDER

P r o j e c t
Name:.....
.....

P r o j e c t C o d e :
P.....
.....

I s s u e
to:.....
.....

D a t e o f
Issue:.....
.....

Please supply the following Items:

Serial No	Qty	Unit	U n i t Cost	Description and specifications	T o t a l amount(U gs)
				Total Shs	

Delivery: The goods shall be delivered within.....days from the date shown above;

Payment: Payment shall be effected within.....days of full delivery of the goods;

Distribution:
Original-Supplier
Duplicate -Finance
Triplicate-Stores
Fourth-Book Copy

Prepared By:.....Signature.....Date:.....

Approved By:.....MASAKA DIOCESAN MEDICAL SERVICES (U) LTDDate:.....

Received By:.....Date:.....



ANNEX 5: GOODS RECEIVED NOTE FORMAT

P r o j e c t
Name.....

GRN No 0001:.....Date
.....

Supplier.....
.....

A d d r e s s o f
Supplier.....
.....

S u p p l i e r ' s D e l i v e r y N o t e
Dated.....

L P O . N o
Dated.....

Quantity	Unit Cost	Description and Specifications	Amount in U.Sh

Received/Prepared by
Signature.....

Inspected by
Signature.....

Supplier's Signature.....
Date.....



ANNEX 6: STORES REQUISITION/ISSUE ORDER FORMAT

SRIV No 0001:.....Date

Delivered / Issued to - (Project Name)

Delivered / Issued to - (Officer's Name)

Quantity	Unit	Particulars / Description

Requisitioned by.....
 Signature.....

Approved by.....
 Signature.....

I s s u e d
 by.....Signature.....

P o s t e d
by.....Date.....
.....

- Distribution:**
Original-Supplier
Duplicate -Finance
Triplicate-Stores
Fourth-Book Copy



ANNEX 7: CHEQUE REGISTER AND DISPATCH BOOK FORMAT

CHEQUE REGISTER AND DISPATCH BOOK								
Date	P V No.	Chq. No.	Amou nt	Paye e	Signatu re A	Signatu re B	Take n By	Date of Recei pt



ANNEX 8: FIXED ASSETS REGISTER FORMAT

FIXED ASSETS REGISTER					
Acquisition / Purchase Date	Cost / Value	Purchase Ref & Asset Description	Location & Custodian	Serial Numbers	Model Number

Estimated useful life	Accumulated Depreciation	State of Asset / In / Out of Use			



ANNEX 9: ACCOUNTS DOCUMENTS STATIONERY REGISTER FORMAT

ACCOUNTS DOCUMENTS STATIONERY REGISTER						
Description of Document - (<i>say e.g. Cheque Payment Vouchers</i>)						
D a t e r e c e i v e d	S e r i a l n u m b e r s	D a t e i s s u e d o u t	N a m e o f p e r s o n	P e r s o n' s s i g n a t u r e	D a t e r e t u r n e d	P e r s o n' s s i g n a t u r e



ANNEX 10: MONTHLY BUDGET MONITORING REPORT

P r o j e c t
 Name:.....

S t a t i o n /
 Field:.....

For the month of..... Year
 20.....

Budget line	Budgeted Amount	Actual for the month	Cumulative Expenditure	Balance	% Rate of expenditure
TOTAL					

Finance Officer.....
 Date.....

Project Officer Date
.....

Approved by(PM)..... Date
.....



ANNEX 11: QUARTERLY FIELD ADVANCE PAYMENT REQUEST FORMAT

Date:.....

Station / Field

 ..

P r o j e c t
 Name:.....

Name of
 applicant.....Designation.....

Total Amount of Budget

Percentage applied for this
 time.....

Amount Required U.Shs.

DESCRIPTION OF ACTIVITIES TO BE CARRIED OUT

Activities	Amount

TOTAL U.SHS.	

Approved by Official (Name).....

Designation.....

Signature.....

Approved by Program Manager (Name)..... Signature.....

NB: Attach copy of
Schedule.

) Budget Release



ANNEX 12: MONTHLY STATEMENT INCOME AND EXPENDITURE REPORT FORMAT

For the month of..... Year 20.....

NAME (of Project) and Station / Field.....

.....

.....

.....

.....

Name of Officer:.....

Designation.....

INCOME	EXPENDITURE **
---------------	-----------------------

D a t e received	Amount	Total	B u d g e t line	Amount	Total
	TOTAL			TOTAL	

Balance remaining unutilised / unaccounted for U.Shs.
Signed byDesignation.....Date.....

**** Attach account documentation. MASAKA DIOCESAN MEDICAL SERVICES (U) LTD hird party**

Received by FM.....



ANNEX 13: BANK RECONCILIATION STEPS

Every month the cashier shall do a Bank Reconciliation by taking the following steps. *(In this illustration it is assumed that the bank account is not in any way overdrawn)*

1. Obtain a bank statement of the Grant Bank Account for that particular month from their bank

2. The official responsible for bookkeeping and accounts shall tick each entry in the cash book against the entries on the bank statement
3. That official shall also check whether the month-end balance shown on the bank statement is the same as the cashbook balance in the Organisation's cash book.
4. If the two documents show different month-end balances, he/she shall proceed to take steps to reconcile the two.
5. The reconciliation shall deduct the amount of those cheques that were drawn by the Organisation but have not yet been reflected on the bank statement (unpresented cheques) from the balance shown on the bank statement
6. The reconciliation shall also deduct any bank charges (levied by the bank during the relevant month but not reflected in the Organisation's cashbook) from the balance shown on the bank statement. Documentation to validate these bank charges shall be obtained from the bank.
7. The reconciliation will then take the amounts that the Organisation has banked during the month but have not been reflected in the bank statement (unreflected deposits) and add them to the balance shown on the bank statement
8. After steps 5, 6, and 7 have been done, the total net sum shall reflect what the Organisation has as the month-end balance in its cashbook. This means that the reconciliation has been successfully done. (Also refer to Annex 16 below to see an example of a template that illustrates this bank reconciliation procedure as detailed here).
9. The bank charges that the Organisation did not have in its cashbook (as in 6 above) shall be posted in the cashbook *in the following month* (because the cashbook is ruled off by the time of doing the bank reconciliation)
10. All the items identified in 5,6, and 7 shall be followed up while doing the bank reconciliation of the following month to ensure that remedial measures have been taken (in the following month) by the bank in their statement or in the Organisation's cashbook as the case may be.

11. After the official responsible for bookkeeping and accounts has done the Bank Reconciliation, he/she shall present it to the FM for review and endorsement.
12. The FM shall inform the bank in writing of any errors or discrepancies that the bank is responsible for. The letter shall instruct the bank to rectify those errors and/or discrepancies and confirm whether this has been done in the following month's bank statement.
13. A copy of the Bank Reconciliation, duly endorsed by the FM, shall be sent to the board members at the Head office.



ANNEX 14: MDMS BANK RECONCILIATION TEMPLATE

	A m o u n t U.Shs.	A m o u n t U.Shs.
Month-end balance as per Bank Statement		
(a) Deduct Unpresented Cheques:-		
.....		
.....		
.....		
.....		
.....		
.....		
.....		
Sub-total of unpresented cheques		
(b) Deduct the bank charges for the month		
.....		
Total deductions (a + b)		
		deduct (a + b)
(c) Add Un reflected Deposits		

.....		
.....		
Total additions		
		add (c)
Month-end balance as per Cashbook		

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**ANNEX 15: FIELD REMITTANCE ADVICE /
ACKNOWLEDGEMENT OF RECEIPT**

**FIELD REMITTANCE ADVICE / FIELD ACKNOWLEDGEMENT
OF RECEIPT**

FIELD REMITTANCE ADVICE

Date.....

Station / Field

.....

P r o j e c t

Name.....

.....

A m o u n t R e m i t t e d
U.Shs.....

Refer Quarterly Field Advance Payment Request dated
.....

Approved by Programme Manager

Signature.....

A p p r o v e d b y D H C

Signature.....

FIELD ACKNOWLEDGEMENT OF RECEIPT

Date

R e m i t t a n c e r e c e i v e d b y (n a m e)

.....

Designation.....

MASAKA DIOCESAN MEDICAL SERVICES (U) LTD

Signature.....



ANNEX 16: GUIDE TO PAYE COMPUTATION

<u>Income Bracket</u>	<u>Tax Rate</u>	<u>PAYE amount</u>
Below 235,000	0%	0
235,000 – 335,000	10%	10,000
335,000 – 410,000	20%	15,000
410,000 – Above	30%	

For instance, an individual earning a salary of 600,000 will be taxed as follows.

$$\begin{aligned} & \{(600,000 - 410,000) \times 30\% \} + 25,000 \\ & (190,000 \times 30\%) + 25,000 \\ & 57,000 + 25,000 \\ & 82,000 \end{aligned}$$

Note: PAYE on amounts below 410,000 is 25,000. This simplifies the computations process.

LST computation

<u>Income Range</u>	<u>Tax</u>
1,000,000 and Above	100,000
500,000 – 1,000,000	50,000

LST is an annual amount corrected quarterly

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ANNEX 17: DETAILED CHECKLIST FOR MDMS: VOUCHER DOCUMENTATION CHECKLIST FOR PLPs

All MDMS expense vouchers should have the following backup documentation in addition to signed Purchase Orders and payment request forms.

TYPES OF VOUCHERS AND REQUIRED BACKUP DOCUMENTATION

1. Staff travel advance

- Respective staff advance reconciliation ledger report. This is to ensure that no staff receives more than one advance at a time. (Project accountant to clear respective for the new advance)
- Scope of work (SOW): signed by staff and approved by the supervisor.
- Advance request form with all approval signatures (Travel/ Per diem Calculation sheet follow policy)
- Vehicle request form, if applicable.
- Acknowledgment of funds/receipt. This can be EFT or any other proof of payment form used by the PLP. If payment is through a mobile money platform, attach the mobile money payment slip that shows the cash transfer aligns with the staff member's name and phone number.
- Advance accountability. Trip report fully signed by the respective staff and approved by the supervisor and attach receipts where applicable.

Note: For situation where staff are not booked in a hotel and are advanced accommodation money; the respective staff should endeavour to provide a hotel receipt

2. Mobile Money Advance Replenishment (e.g., Beyonic, Pegasus, Yo Uganda! Etc.)

- Memorandum of understanding with the service provider.
- With reference to Organizational electronic cash transfer policy, set the advance limit to the mobile money platform.
- Detailed activity budget lines for which the advance to the mobile money platform is to pay.
- Approved replenishment advance cash request.

Note; the mobile money platform was approved for payment of field structures such as PSW's, Expert clients, DBT's, CBT's, SINO's, ECD's and Linkage facilitators and Staff advances (Per diem), Air time and data payments not vendors and other services providers not stated above.

3. Documentation for staff salaries

- Approved consolidated payroll clearly indicating Levels of Effort for each staff to be paid on relevant project Activity. (All required fields such as NSSF (5% & 10%), PAYE, LST, Total contribution by relevant project activity, etc. should be included
- Footnotes to the payroll for any unknown calculations and deductions (salary increases, bonus, etc.). attach back up documentation to the actions taken
- Fully signed and approved Timesheets (manager/supervisor/COP/Executive Director).
- Leave application form if applicable--if leave was taken, dates/number of hours/types of leave should match the timesheet.
- Provide a copy of project Activity staff contracts for all including those on shared LOE. These is done once in a year and as and when a new staff is brought on board.
- Proof of salary payment (Bank on-line salary payment report/statement (EFT)).
- NSSF and PAYE payment vouchers and proof that the PAYE and NSSF have been paid to the relevant authorities

4. NSSF and PAYE

N.S.S.F

- Copy of the approved payroll
- NSSF system generated payment registration report.
- NSSF system generated Transaction Reference Number
- Proof of payment (Bank transfer to NSSF)
- NSSF e-receipt

PAYE

- Copy of the approved payroll
- PAYE system generated payment registration report.
- URA system generated Payments Reference Number (PRN)
- Proof of payment (Bank transfer to URA)
- URA e-acknowledgement for remittance of funds
- Confirmation for payment report (To be attached by the Contracts Officer)

5. Training/Workshop expenses

- Coded Activity Budget line
- Approved Concept Note and agenda for the workshop

Logistics; Accommodation, meals, training materials/stationery, transport and facilitators

✓ Accommodation;

- Prequalification documentation for the service provider
- LPO/ Hotel bookings
- Check in guest register
- Copy of participant list
- E-invoice

✓ Meals and training materials/stationary;

- Pre-qualified list of vendors, if applicable
- Approved procurement request form
- Vender profile for the case of community meals and refreshments i.e. LC1 recommendation letter and vender national ID
- Proforma Invoices which should be fully signed off by the committee.
- Bids Analysis and recommendation from the procurement committee
- Procurement minutes fully signed off by all procurement members on each and every page and approved say by the head of programs
- Local Purchase Order
- For training materials/Meals & refreshments delivery and goods received note.
- Acknowledgment of training materials by the lead facilitator or by the organizers
- Copy of participant attendance lists
- E-Invoice

- Signed and approved training report
- Proof of payment

✓ Facilitators

- Signed and approved Service Level Agreement (Approved by appropriate authorities)
- Signed and approved Trainers activity report (approved by the activity head)

6. Payment to Consultants, if applicable

- Approved Concept Note for the consultancy
- A copy of the consultant contract
- Scope of work/activity report
- Proof of payment (EFT)
- Tax withholding receipt (6% WHT)
- Receipt/acknowledgment of funds by the consultant

7. Equipment Purchases

- Note; waiver from WEI/B for the purchase of IT related gargets
- Approved budget line
- Pre-qualified list of vendors, if applicable
- Approved procurement request form
- Proof of bids request
- Proforma Invoices which should be fully signed off by the committee. (For purchases above \$500, include three quotes)
- Bids Analysis and recommendation from the procurement committee
- Procurement minutes fully signed off by all procurement members on each and every page and approved say by the head of programs
- Awarded vender verification report
- Local Purchase Order
- Delivery Note
- DRN (after verification of the supplied items)
- Beneficiary/end user acknowledgment

8. Vehicle hires

- Refer to the approved prequalification list of service providers and if not in place go through the procurement process to have the service provider in place
- Approved Service Level Agreement between the vender and Organization
- Travel SOW/or Travel itinerary/or Concept Note depending on the activity that requires the vehicle.
- Weekly travel plan.
- Clearly filled in, signed and approved log sheets to support in vehicle mileage computation/ analysis.
- Vehicle mileage computation/ analysis.
- Original invoices.
- Evidence of payment from your organization (EFT or any other form of proof of payment).

9. Data Entrants

- Contracts with Data Entrants clearly showing terms of payment, duration of work,
- Data entry report,
- Scope of work or concept note.
- Respective data entrant Daily Data Entry Tracking Tool fully signed by the data entrant and the supervisor upon verification of the tools captured into the system.
- Depending on the arrangement, respective data entry Demand Note
- Proof of payment

10. Vehicle and Motorcycle Maintenance/Repair Expenses

- Driver/Ridders assessment report.
- Procurement request form
- Refer to the approved prequalification list of service providers and if not in place go through the procurement process to have the service provider in place
- Service provider assessment report
- LPO
- Work completion certificate/report
- Invoice/demand note from the service provider
- Proof of payment

11. Field Structure Payments; PSW's, DBT's, CBT's, SINO, Expert Clients, Linkage Facilitators and Social Workers.

PSW's

- Budget line/activity Code
- Service level agreement/contract
- Relevant Project Activity Transitioned HH Re-assessment & Enrolment Tracking Tool (these summarizes in total tools i.e. Home Visit or Enrolment collected by a respective PSW in a period of time verified and recommended by the M&E department for payment)
- Summarized payment analysis sheet

DBT's, CBT's & SINO Facilitators

- Budget line/activity Code
- Service level agreement/contract
- Certified copy (by M&E department) of the training participant attendance registers
- Monthly consolidated activity report (by the respective technical lead)
- Summarized analysis schedule for the sessions trained clearly indicating facilitator phone number and name to pay
- Proof of payment

Linkage Facilitators

- Budget line/activity Code
- Service level agreement/contract
- Fully signed and stamped Facility attendance register (facility ART in charge)
- Monthly consolidated activity report (by the respective technical lead)
- Summarized analysis schedule for the sessions trained clearly indicating facilitator phone number and name to pay
- Proof of payment

Social Workers (SW)

- Budget line/activity Code
- Service level agreement/contract (It should attract a 6% WHT as they are hired on a consultancy like basis).
- Monthly planned activity targets
- Fully signed by the SW and approved by the immediate supervisor time sheets
- Approved monthly individual SW activity report
- Summarized payment analysis schedule

12. Fuel Replenishments for both (specific) Activity Project Vehicles and Motorcycles

- With reference to Organizational vehicle and fuel management policy, set the advance fuel limit. (recommended to used fuel cards)
- Approved weekly travel/movement plan
- Reviewed and approved log sheets
- Fuelling receipts
- Vehicle mileage computation/analysis.
- Request for replenishment

13. Financial Report

- Financial report (See embedded Financial Reporting template)
- Updated pipeline report
- Reconciled monthly cash book for both Bank and Mobile Money Accounts
- Monthly Bank reconciliation report
- Monthly Bank Account Statement
- Monthly Mobile Money Account Statement
- Monthly VAT report
- Monthly advance liquidation report
- Updated questioned cost report

14. Cash Request

- Cash request template (See embedded Cash request template)
- Monthly funds projections
- Monthly approved financial report.

General Documentation Recommendation:

- Cost sharing of expenses shared by more than one project.
- All Vouchers, including supporting documents, must be stamped '**PAID.**'
- Purchase Order **Cover Page** should be signed and dated by the DHC.
- As indicated across this document, all payment above \$500 must go through a competitive process of soliciting three quotations. If your organization has a lower threshold for obtaining three quotes, use that threshold.
- Vouchers that involve currency exchange should include the exchange rate in the backup documentation.
- For petty cash expenses, attach a spreadsheet that summarizes the costs entered into a voucher.
- If applicable, any adjustments (re-class) need to have copies of the original vouchers being re-classed attached with a complete explanation and original signature by an authorized individual.
- Visual compliance certificate (SAM debarment and anti-terrorism financing checks) for all vendors irrespective of value. Visual compliance checks must also be conducted for all Employees, Consultants, and Subcontractors.
- For money taken out or returned to **PETTY CASH**, a copy of the cash journal should be attached, showing the amount spent or returned.
- Documentation for PLP per diem rate & Shared Office Costs such as rent and utilities should be available for MDMS's Contract Officers to review as requested.