



ACCOUNTING AND FINANCIAL POLICY AND PROCEDURES MANUAL

Table of Contents

ACKNOWLEDGEMENTS.....	6
ACRONYMS USED IN THIS MANUAL.....	7
SECTION ONE.....	8
INTRODUCTION TO THE MANUAL.....	8
1.1 Background to the Agency For Health and Food Security	8
1.2 Rationale for The Manual	8
1.3 The Purpose of The Manual.....	8
1.4 The Basis of the Manual	9
1.5 Procedure for Revision of the Manual	9
1.6 The Arrangement of The Manual.....	9
SECTION TWO.....	10
ACCOUNTING POLICIES AND PROCEDURE.....	10
2.1 Accounting Policies.....	10
2.2 Responsibility And Management Of The Finance Function	11
2.3 General Ledger System.....	12
2.4 Books Of Accounts	13
2.5 Routine Monthly Procedures	13
2.6 Year End Procedures	13
2.7 Financial Reporting	13
SECTION THREE.....	15
OPERATION OF BANK ACCOUNT.....	15
3.1 Bank Account	15
3.2 Signatories and Authorization	15
3.3 Deposits And Remittances.....	16
3.4 Bank Reconciliation	16
SECTION FOUR	17
CASH MANAGEMENT POLICIES AND CONTROL PROCEDURES	17
4.1 Cash Procedures And Controls.....	17
4.3 Controls Over Value Books (Receipts, PVs. Cheque Etc.).....	18
4.4 Safety And Storage Of Accounting Records And Documents	18
4.6 Payment Procedure.....	19
SECTION FIVE	20
FRAUD PREVENTION	20
5.0 Introduction.....	20
5.1 Actions Constituting Fraud	20
5.2 Policy on Fraud Management	20
5.3 Investigation Committee.....	21
5.4 Procedures for Reporting Fraudulent Acts	21
5.5 Key Fraud Prevention Measures at AHEFS.....	22

5.6 Risk Management	23
SECTION SIX	24
PAYROLL MANAGEMENT	24
6.1 Introduction	24
6.2 The Internal Control objectives:.....	24
6.3 Payroll For Temporary Employees’	25
SECTION SEVEN	26
MANAGEMENT OF FIELD ADVANCE	26
7.1 Processing Of Field Advance.....	26
7.2 Accounting For The Field Advance	26
7.3 Controls Over Field Advance.....	27
SECTION EIGHT	28
PETTY CASH MANAGEMENT	28
8.1 Petty Cash Imprest.....	28
8.2 Petty Cash Book And Payment Procedure.....	28
SECTION NINE.....	30
EXPENSE CLAIM	30
9.1 Policy and Procedure	30
9.2 Per Diems	30
SECTION TEN	31
PROCUREMENT PROCEDURE.....	31
10.1 Introduction.....	31
10.2 Procurement Of Goods	31
10.3 Procurement of Services	31
10.4 Procurement Of Consultancy Services.....	32
10.5 Supplier Enlistment	33
SECTION ELEVEN	35
STORES PROCEDURE.....	35
11.1 Policies.....	35
11.2 Receiving Of Items Into Store.....	35
11.3 Issuing Items from Stores.....	35
11.4 Stock Control.....	35
SECTION TWELVE	37
FIXED ASSETS MANAGEMENT	37
12.1 Control Objective Of Fixed Asset Management.....	37
12.2 The Policies	37
12.3 Fixed Asset Register	38
SECTION THIRTEEN.....	39
BUDGET AND BUDGETING CONTROL.....	39
13.1 Introduction.....	39

13.2 The Objective Of The Budgeting Process.....	39
12.3 The Budgeting Process	40
13.4 Budget Framework and Timetable.....	40
13.5 Budgetary Control	41
SECTION FOURTEEN.....	42
VEHICLE USAGE AND MAINTENANCE	42
14.1 The objective.....	42
14.2 Vehicle usage.....	42
14.3 Maintenance And Repairs Vehicles	42
SECTION FIFTEEN.....	44
AUDIT	44
15.1 Internal Audit.....	44
15.2 External Audit	45
SECTION SEVENTEEN	46
REFERENCES/ LEGAL FRAMEWORK	46
LEGAL B FRAMEWORK	48
Policy Approval:.....	50
APPENDICES	51
AGENCY FOR HEALTH AND FOOD SECURITY	52
Appendix 1: Petty Cash Book	52
Appendix 2: Cheque Payment Cash Book	52
Appendix 28: Request for Fund Form	53
Appendix 4: Out-Going Cheque Register	54
Appendix 5: Accountable Document Register.....	54
Appendix 11: Petty Cash Top-Up Request Form.....	54
Appendix 10: Physical Cash Count Form	55
Appendix 12: Expense Claim Form	56
Appendix 13: Per Diem Form	56
Appendix 14: Travel Authorization Form	57
Appendix 15: Purchase Requisition Form	57
Appendix 16: Purchase Order	58
Appendix 18: Conflict Of Interest Register	59
Appendix 19: Stores Receipt Form	59
Appendix 20: Tally Card.....	60
Appendix 21: Stores Request Form.....	60
Appendix 22: Stores Issue Form	61
Appendix 7: Field Advance Request Form.....	61
Appendix 8: Field Advance Retirement Form	62
Appendix 24: Fuel Request Form	62
Appendix 23: Vehicle Service Form.....	63
Appendix 27: Vehicle Log Sheet	64

Appendix 4: Out-Going Cheque Register 64

Appendix 3: Accountable Document Register..... 64

Appendix 9: Honour Certificate..... 65

Appendix 17: Job Order Form 65

Appendix 25: Cheque Payment Voucher 66

Appendix 24: Cash Payment Voucher 66

ACKNOWLEDGEMENTS

The Agency For Health and Food Security (AHEFS) extends sincere gratitude to all individuals and institutions whose invaluable contributions shaped this Accounting and Financial Practices and Procedures Policy Manual.

We deeply appreciate the strategic guidance and oversight provided by the Board. Special thanks to the Accounts and Finance Department of the AHEFS for their technical expertise and operational insights.

Our profound appreciation goes to the Ministry of Health for their policy alignment support and institutional partnership.

We also acknowledge the professional diligence of our external auditors in strengthening financial governance frameworks, and the dedicated efforts of HBT Consult's team members in drafting, refining, and finalizing the updated manual.

This collaborative effort underscores our shared commitment to transparency, accountability, and excellence in advancing health outcomes across Ghana.

The current Finance Policy Manual was developed in 2018 and become operational in 2019. Management believes that with changing trend of global commerce and innovations and changes in Accounting and Financials regulations it will be prudent to update the Financial Policy Manual to reflect current trends.

Among others are changes in GAAP/IFRS regulations, Ghana IRS tax laws, anti-money laundering (AML) current rules, and data privacy laws all comes under consideration.

Changes in audit standards or increased regulatory scrutiny requiring clearer documentation and stricter controls, and removal obsolete steps or policies no longer relevant due to technology or organizational changes all inform the decision for the update.

ACRONYMS USED IN THIS MANUAL

ES	Executive Secretary
DFO	Director of Finance and Operation
FO	Finance Officer
FBM	Finance and Budget Manager
FAR	Fixed Asset Register
FIAC	Finance and Internal Audit Committee
AGM	Annual General Meeting
GAAP	Generally Accepted Accounting Principles
AHEFS	Agency For Health and Food Security
HRO	Human Resource Officer
MOU	Memorandum Of Understanding
NGOs	Non-Governmental Organisations
OD	Organizational Development
PCPV	Petty Cash Payment Voucher
PR	Purchase Requisition
PO	Purchase Order
PV	Payment Voucher
SIV	Stores Issue Form
SRV	Stores Requisition Voucher/ Stores Receipt Voucher
STC	Stock Taking Committee
TOR	Terms of Reference,
VFM	Value for Money

SECTION ONE

INTRODUCTION TO THE MANUAL

1.1 Background to the Agency For Health and Food Security

AHEFS was established and registered in May 2007 as a company limited by guarantee under the companies' code 2019, Act 992.

"The mission of AHEFS is to provide public health and safety interventions across the Ashanti region through evidence based advocacy, empowerment of members, innovative programming, OD services and social and behaviour change communication. AHEFS has a long-term goal of enhancing the capacities of members in project communities to enable them influence health policy and practice towards the attainment of universal access and quality health care for all. Overall, the AHEFS largely depends on external and internal funding to deliver its objectives therefore it has become necessary to put in place controls and procedures to efficiently and effectively manage the resources of AHEFS.

1.2 Rationale for The Manual

This manual is meant to promote transparency and accountability of the financial transactions of the AHEFS as well as Value for Money. This manual highlights a well laid down financial management system to ensure a transparent, accountable and VfM transactions. The manual therefore has been prepared to document the internal control procedures for AHEFS. This is to ensure that resources are safeguarded, that finances are managed with responsible stewardship and that financial statements are in conformity with generally accepted accounting policies and principles (GAAP)¹.

1.3 The Purpose of The Manual

The main aim of this manual is to document the policies and procedures for managing the assets of AHEFS and to provide assurance that all transactions are recorded as necessary and according to laid down principles and procedures. Specifically, the Manual aims among other things to:

1. Provide a reasonable assurance to both funders and beneficiaries that the assets of AHEFS are safe because there is evidence of the implementation of checks and controls in all financial transactions.
2. Formally set out in a written document the accounting system and internal control procedures to be followed by AHEFS to ensure proper bookkeeping and systematic recording of all financial documents and transactions at all times.
3. Ensure that relevant accounting regulations, standards and other requirements are complied with.
4. Ensure efficient and effective use of AHEFS resources
5. Ensure integrity and legitimacy of financial transactions
6. Provide reference and guideline to staff and management in the acquisition, disbursement and management of funds and other assets of AHEFS
7. Ensure appropriate segregation of functional responsibilities involved in the authorization of transactions, record-keeping and physical control or custody of assets
8. Ensure the completeness, accuracy and consistency in management and recording of financial transactions

1.4 The Basis of the Manual

The manual is derived from a variety of sources such as GAAP, IFRS, national legislations regarding issues as tax, social security etc, as well as best practices adopted from other NGOs.

1.5 Procedure for Revision of the Manual

Like any living thing, this manual is expected to always be relevant and therefore will require revision as the need may be to conform to current trends, statutory regulations and other international regulations. Suggestions for the revision of the manual should be directed to the Director. The FIAC shall be expected to recommend in writing to the BoT for approval of any major changes and or additions that it deems necessary. The recommendation shall state inter alia:

- The present policy and procedure
- The problems encountered with the present policy and procedure
- The recommended policy and procedure
- The benefits of the recommended policy and procedure

As the head of the Secretariat, all revisions to the manual and implementation are therefore the responsibility of the Director. On approval of any changes or additions, the Director shall inform all staff in writing of the change(s) and send out the relevant page(s) of the manual to all staff. In addition, the Director shall maintain a separate file on which he/she shall keep all memoranda authorizing modifications in the manual.

1.6 The Arrangement of The Manual

The manual is organized into fifteen (15) main Sections. Section one gives the background of AHEFS. It also contains the purpose, basis, and revision of the manual. Section two gives an overview of the accounting policies and procedures, responsibility and management of the finance function, the ledger system and financial reporting. Section three discusses the system and procedure of operation of bank including the procedure for the preparation of bank reconciliation. Cash management policies and control procedures over cash, payment procedures, receipt and cheque book and safety and storage of accounting records and documents is discussed in Section four.

Section five, six, seven and eight looks at Payroll management, the policy and procedure for field advance petty cash management and expense claim. Section nine and ten is dedicated to the procedure for procurement and stores, respectively while section eleven and twelve looks at the policy and procedure for fixed asset management and budget and budgetary control. Vehicle usage and management is explained in section thirteen. Section fourteen talks about audit and the last section, section fifteen explains the financial procedures and requirement at the regional levels.

SECTION TWO

ACCOUNTING POLICIES AND PROCEDURE

2.1 Accounting Policies

The following are the principal accounting policies adopted for the preparation of financial statements by AHEFS.

2.1.1 Financial Year

The financial year of AHEFS shall be January 1st to December 31st each year.

2.1.2 Accounting Convention

The accounts of AHEFS shall be prepared under the historical cost convention “accrual” and in accordance with GAAP, IFRS and other applicable Accounting Standards.

2.1.3 Bases of Accounting

AHEFS’s accounts has the following accounting bases:

- Income is recognized at the time of remittance.
- Expenses are recognized at the time they are incurred.
- Fixed assets purchased within a period shall be expenses to the appropriate cost.
- Accrual method for grants and multi- year projects centre(s) for the purpose of internal management reporting.

However, fixed assets with values greater or equal to \$1,500 shall be capitalized for statutory account purposes at the end of the year.

Stock are expenses at the time of purchase. However, stocks on hand at the end of the accounting year shall be valued and stated as notes to the accounts.

2.1.4 Depreciation

Depreciation of fixed asset shall be calculated on the straight-line basis to write off the cost of each fixed asset over its estimated useful life. Full year depreciation shall be charged in the year of purchase of an asset irrespective of the month it was purchased within the year. However, no depreciation shall be charged in the year of disposal of the asset.

The following annual rates shall apply:

Table 1: Depreciation

Asset	Estimated Useful Life	Depreciation Rate
Furniture and Fittings	5 years	20%
Motor Vehicles	5 years	20%
Office Furniture	4 years	25%
Software	4 years	25%

Foreign Currency Transaction

1. Each transaction denominated in foreign currency shall be translated into cedis and recorded at the exchange

rate in operation on the date on which the transaction occurred.

2. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency shall be translated by using the exchange rate ruling at the balance sheet date or were appropriate the exchange rate fixed under the terms of the transaction.
3. Any foreign exchange differences (gain/loss) shall be dealt with in the income statement for that period.

2.2 Responsibility And Management Of The Finance Function

The overall responsibility of ensuring that efficient and effective financial systems are established shall rest with the Board . The overall responsibility for the compliance and implementation of the policies and procedures stated in this manual shall be the Director. However, the day-to-day management of the financial systems of AHEFS shall be responsibility of the finance team led by the Director of Finance and Operations. It is also expected that all staff and health AHEFS members shall be committed to the full implementation of this manual.

2.2.1.1 The Responsibilities Of The Board

The BoT holds AHEFS's assets in trust and funders and are responsible for ensuring that they are used to achieve the aims for which AHEFS was established. To this end, the responsibilities of the Board among others shall be as follows;

- Authorize the opening and closing of all bank accounts.
- Approve financial systems, procedures and management
- Approve salary increments and new posts
- Approve major procurements
- Signatories to Bank Accounts

2.2.1.2 The Responsibilities Of The Finance and Internal Audit Committee

The Finance and Resource Mobilization Committee (FRMC) is responsible for supporting the Board in its work as far as the strategic decisions on finance and resource mobilization of the AHEFS is concerned. The responsibilities of the FIAC include but are not limited to the following:

- Shall assist the Board to institute a prudent financial management system in AHEFS at all levels.
- Shall advice the Board in all matters relating to finance and budgeting.
- Shall provide internal audit functions for the Secretariat activities to ensure that internal control systems are adhered to and recommend corrective measures to the Board
- Shall be responsible for resource mobilization to finance AHEFS's budget including grants, donations etc
- Shall present quarterly financial statements to the Board at its quarterly meetings and

shall submit annual financial reports to the Board.

2.2.1.3 The Responsibilities Of The Director

The Director has the overall responsibility of ensuring that all financial systems and procedures specified in this manual are adhered to by all staff. The Directors' responsibilities among others shall be:

- Approve monthly payroll
- Signatory to all the AHEFS's bank accounts

- Authorise all expenditure
- Authorise all official travels
- Approve liquidation of field advances
- Ensures that all statutory deductions have been accurately done and paid to the relevant authorities on time as stipulated by the laws of the country
- Make recommendations for review of manual, opening of bank account, new post etc to the Board

2.2.1.4 The Finance Department

The Finance department shall be headed by the Director of Finance and Operation who shall be responsible to the Executive Secretary but have functional reporting to the FIAC To this end, he/she shall be the secretary to the FIAC. The Director of Finance and Operation shall be supported by the Finance Officer. The Director of Finance and Operation shall be responsible for the day-to-day administration and management of the finance function of AHEFS.

However, in his/her absence, Assistant shall play that role until the position is formally filled. Therefore, for the purpose of this manual, the FO is used in place of the Director of Finance and Operation.

The overall functions of the Finance Department among others are;

- Maintain and safeguard all books of account and other financial records, documents and assets of AHEFS.
- Comply with all statutory and other international accounting policies.
- Provide timely and accurate accounting information to management for effective decision making and planning.
- Meet all reporting needs of donors and other statutory agencies.
- Process payroll.
- Prepare final accounts for audit and other accounts and reports required by Management.
- Process all transactions in accordance with approved budget(s).
- Manage petty cash.
- Set up and maintain satisfactory financial controls over the resources of AHEFS.
- Reconcile all bank accounts at the end of each month.
- Prepare monthly/quarterly and yearly management reports.
- Conduct financial management training for the non-finance staff occasionally.

2.3 General Ledger System

The Finance Department shall ensure that all transactions are legitimate and appropriately recorded. AHEFS shall use appropriate designed worksheets in Microsoft excel to record all transaction until appropriate accounting software is acquired. The work sheets have been designed to help management among others to;

- Provide a basis for providing financial, cost and management accounting information on a regular basis.
- Provide adequate classification and analysis of financial and management accounting information on regular basis.
- To make it possible for management to control its budgets.

2.4 Books Of Accounts

1. AHEFS shall maintain two main books of account for accounting transactions as follows;
 - a. Petty cash book (Appendix 1) with a running balance into which all petty cash receipt and payment shall be recorded
 - b. Cheque payment cash book (Appendix 2) with a running balance into which all receipts and payments by cheque shall be recorded.

2.5 Routine Monthly Procedures

The FO shall undertake the following month end procedures among others.

1. Obtain bank statements from the bank for all bank accounts
2. Preparation of bank reconciliation statement for all bank accounts
3. Close all cash book for the month
4. Process payroll
5. Prepare all statutory deduction schedules and process payment to the relevant agencies

2.6 Year End Procedures

The following procedures shall be carried out at the end of each year-end to ensure that the financial statements which are produced are materially complete and accurate. The Finance and Administrative Officer shall be responsible and coordinate the year end procedures.

- There shall be physical cash count of all cash amounts in the AHEFS at the end of the year to support the year-end book figures.
- All petty cash balance at the end of the year shall be lodged into the bank account and the petty cash book closed for the year
- All cash and bank accounts shall be reconciled and any adjustments incorporated in the general ledger.
- Stock of unused stationery and other stock items shall be taken and valued for inclusion in the Balance sheet.
- Ensure that all field advances to staff have been liquidated at the end of the year
- The fixed assets register shall also be updated with depreciation charge.
- Physical inventory shall be taken of all fixed assets and agreed to the fixed assets register.

2.7 Financial Reporting

The following reports shall be generated as per the periods indicated and these reports shall be the responsibility of the FO.

1. Monthly reports: Such as BRS, reconciliation of petty cash, payroll etc shall be ready by the 5th of the month immediately following the month to which the report relates with the exception of the payroll which shall be ready by the 25th of the month in question.
2. Quarterly Management reports: This should be ready by the end of month immediately following the quarter. This is a summary report that shows actual expenditure against budgeted expenditure for the period. It gives a summary of the financial performance of AHEFS every quarter. This shall be made up of both narrative and accounts.
3. Annual Report: This should be ready by mid-February. This shall be in the form of both narrative and accounts

explaining in detail the financial performance of in totality for the year.

4. Annual Financial Statements (Audited)
 - a) The annual financial reports must be filed with the Registrar General's Department (RGD) and Ghana Revenue Authority (GRA).
 - b) The statements must be prepared under Ghana Accounting Standards and audited by a licensed Ghanaian auditor.
 - c) The statements must includes Balance Sheet, Income/Expenditure Statement, Cash Flow Statement, and Notes.
 - d) Income Tax Returns: Despite tax exemptions, NGOs must file annual returns (Form ITR 1A for exempt entities).
 - e) Withholding Tax Returns: Monthly filings for taxes withheld on payments (e.g., contracts, services).
 - f) VAT Returns: If engaged in taxable activities (though many NGO activities are exempt).
5. Donor Specific Report: Project specific reports showing pertinent financial performance on projects shall be generated. This should be in accordance with the date and format agreed with the donor as highlighted in project contract/MOU.
6. Exceptional report: These are reports that management, the Board or donors may require for planning or decision making. This will be requested as and when necessary.

SECTION THREE

OPERATION OF BANK ACCOUNT

3.1 Bank Account

1. AHEFS shall operate two main bank accounts; a US Dollar (US\$) account and a Ghana cedis (GH¢) account. The US Dollar (US\$) account shall be used for receiving transfer of grants from Donors that are in US Dollars.
2. Where there is the need to open a new account, management shall conduct due diligence, considering the integrity, reliability, reputation, proximity and whether the services offered by the bank gives value for money.
3. The Director shall recommend to the Board for the opening of a new bank account after undertaking the due diligence described in Section 3.1.2
4. The Board shall be responsible for approving the opening of a new bank account
5. A separate account shall be opened for each donor/project unless otherwise agreed with the donor. Where it is required that a separate account be opened for such donor/project, the provision of Section 3.1.2, 3.1.3 and 3.1.4 shall apply.
6. The account name of all bank accounts shall be Agency For Health And Food Security {AHEFS }'.

3.2 Signatories and Authorization

- a. There shall be three authorization levels as followsLevel 1 shall consist of the Director . He/she shall have unlimited authority
 - b. and shall be signatories to all bank accounts
 - c. Level 2 shall consist of the Director of finance . He/she shall also be signatories to all bank accounts. He/ She can sign and authorize cheques not exceeding GH¢25,000.00 and US\$ 5,000.00 .
 - d. Level 3 shall consist of the Director of Operation who, for convenience may be so designated. The mandate of level 3 shall be limited to the Ghana cedi account only and shall not exceed GH¢10,000.00.
 - e. A separate account specifically for savings shall be opened and signatories to this account shall be:
 - i. the director
 - ii. the chair of the finance and Internal audit committee c. a member of the finance/internal audit committee
- NB: (the mandate of the account shall be the national chair and any other personnel on the FIAC.)
1. All cheques shall bear the signatories of two authorized staff to make if legitimate. At least one person shall have authority to approve the face value of the cheque
 2. The Director shall inform the bank in writing of the list of signatories to the account and their authorization limits.
 3. In the event of change in the signatories to the account or a signatory left, the bank shall be advised immediately in writing by the Board with the list of new signatories to the account.
 4. Separate cash books shall be kept for each bank account for the recording of payment and receipts either by cash, transfer or cheque
 5. The cash book shall be updated daily and checked regularly to ensure that there is enough funds to meet all payment obligations at every point in time.

3.3 Deposits And Remittances

3.3.1 Remittances

1. The major sources of funds for AHEFS are: Grants, Funds from Donors, , fund raising etc
2. All remittances shall be recorded in the appropriate cash book immediately they are received.
3. Where remittances are received directly through the bank, a credit advice from the bank indicating the amount and the related charges if any or email or letter from the remitter shall be evidence of funds received
4. Based on the credit advice, email or letter, an official receipt shall be issued in duplicate and the original shall be attached to a cover letter of acknowledgement of receipt of funds and shall be sent to the donor/remitter within five (5) working days of bank confirmation of receipt of remittance.
5. Where cheque/cash are received from donors, Section 3.3.1.4 shall apply.
6. Official receipts shall be prepared to cover other receipts such as proceeds from the sale of paraphernalia, staff field advance returned etc immediately it is received.
7. All projects under the ambit of AHEFS shall be expected to contribute to the running cost (overhead/indirect cost) of AHEFS. The percentage of contribution shall be as stated in the project proposal and the MOU.
8. The FO shall open an account in the General Ledger for each bank account. In addition, a Cash Book will be kept for each bank account by the FO.

3.3.2 Deposits

1. All receipts (cash/cheque) shall be lodged into bank within 24 hours at which the amount is received.
2. Copies of the bank pay-in-slip should be maintained as part of the documents in the bank statement file for easy audit trail.
3. All cheque/cash received must be secured in cash safe under lock and key until they are deposited.

3.4 Bank Reconciliation

The purpose of the Bank Reconciliation is to find errors or irregularities/differences in items between the bank statement and AHEFS's cash book. The following procedures shall apply;

1. All bank accounts shall be reconciled at the end of every month
2. Bank Reconciliation Statement (BRS) shall be prepared not later than the 5th of the month following the month to which the reconciliation relates
3. The FO shall prepare the BRS and the National Coordinator shall approve it.
4. The approved BRS shall be filed appropriately.
5. All Regions shall send a copy of the bank reconciliation statement, bank statement and the cash book to the FO monthly

SECTION FOUR

CASH MANAGEMENT POLICIES AND CONTROL PROCEDURES

4.1 Cash Procedures And Controls

Since cash is the most liquid and for that matter the most vulnerable of all assets and can easily be misappropriated or misused, its management must be properly controlled. To ensure adequate control over cash, the following procedures shall be followed:

1. All Cash shall be kept in a safe under lock and key, and only authorized persons shall have access to the key.
2. Monies received shall not be used to make cash payments
3. All cash receipts shall be lodged intact into the bank account daily and independently accounted for. If cash is received at the weekend or on a holiday it must be lodged before the close of the next working day.
4. There shall be separate responsibility for handling cash and recording of cash related items.
5. All disbursement shall be by cheque except small amounts that will be disbursed through the petty cash imprest.
6. All cash disbursement must be supported by a complete set of prescribed documents that have been duly authorized and approved according to the authorization levels.
7. All cash disbursement and/or receipt shall be recorded immediately in the appropriate cash book
8. As much as possible, care should be taken to avoid robbery and theft. However, in the event of robbery or theft of money, staff concerned must immediately report to the police and immediately thereafter

4.2 Cheque Procedures And Controls

1. All cheque receipts shall be receipted and lodged intact into the bank account within 24 hours.
2. Immediately after lodgement of these cheques, the FO shall record the lodgement in the appropriate cashbook.
3. The FO shall issue an official receipt to the donor/remitter as soon as these cheques are received as evidence of receipt.
4. The duties of cheque book custody, writing of cheques and signing the same should be separated for control purposes
5. All cheque payment shall be registered in an out-going cheque register before it is issued out to the payee
6. The details of the cheque should be written on the cheque stub (the counterfoil). The reason/transaction for which cheque is written including the PV number should also be stated for audit trail.
7. Under no circumstance shall a cheque be signed before full details of the payee and sum payable have been entered.
8. All unused cheque books shall be kept in safe custody by the Director of Finance and Operation. These will be issued out for use in numerical sequence. Only one cheque book per account shall be in use at a time. Issues of a new cheque book shall be made only when stubs of fully utilized ones have been produced.
9. Un-cashed cheque: If for any reason a cheque is returned un-cashed by the payee, such cheques must be considered as void. The original entry should be reversed and the cheque cancelled.
10. In case of lost cheques (signed and unsigned), the FO shall issue a letter to the bank stopping payment of the lost cheque. All requests to stop payment should include the date the cheque was issued, the payee and the amount involved. Upon receipt of the bank's confirmation that it has halted payment of the cheque and of a signed letter of indemnity from the payee, the following actions must be taken. - The disbursement voucher against which the lost cheque was originally issued, should be cancelled - A replacement cheque for the same

amount should be issued by preparing a new disbursement voucher.

11. In case of a mutilated cheque, it will be returned and the same procedures for a lost cheque as described above should be applied. Please note that in this case, neither a stop payment order nor a letter of indemnity need be issued. The mutilated cheque must be attached to “Cancelled Disbursement Voucher” and filed.
12. Any outstanding cheques for the period of two (2) months or more must be followed up by the drawer. If upon investigations, it transpires that the cheque is missing, then the cheque must be stopped. However, if the cheque is found, but cannot be honoured by the bank because of the expired date or some imperfection, it must be returned by the payee, cancelled and replaced with a new cheque. The cancelled cheque must be attached to the disbursement voucher.
13. There should be no alteration on cheques. In the event that a cheque leaf has to be cancelled, the word “cancelled” must be written across the face of the cheque leaf and cheque stub in ink. The PV must be similarly marked and noted in the cashbook.
14. All cheques must be accounted for, and any mutilated or void cheques must be attached to the Disbursement Voucher and noted separately on the list of cheques, at month end.

4.3 Controls Over Value Books (Receipts, PVs. Cheque Etc.)

1. All value books shall be printed in duplicate and be serially numbered.
2. There shall be only one value book/cheque book in use at every point in time.
3. Printed value books and cheque books shall be recorded in the Accountable Documents Register (Appendix 3) indicating the date of acquisition and their serial numbers.
4. The Director shall keep all value books under lock and key and issue them out as and when required.
5. Before a new value book is issued, the used one must be returned to archives.
6. All staff who are not signatories to the bank account and have nothing to do with the writing of financial records should not have unsupervised access to cheque books and value books.
7. All cancelled, stale and mutilated value and cheque books should be retained in the books and filed at a secure place for audit verification.

4.4 Safety And Storage Of Accounting Records And Documents

1. Atax laws of Ghana. However, if there is any revision of this law in future, the new regulation shall apply.
2. Where a donor’s requirement for the retention of financial documents is a longer period from the statutory requirement stated above, the donors’ requirement shall prevail for that particular donor.
3. All finance documents (Cheque books, value books, reports etc) shall be kept in a safe and secure custody and in a manner that shall facilitate easily authorized access to the appropriate officials.
4. Only authorized staff shall have access to AHEFS’s value books and other financial documents.
5. All documents including grant transfer documents, bank transfers and other financial correspondence shall be filed in appropriate file folders with a schedule for tracking and reference to documents.
6. All Electronic Accounting records shall be stored on external hard drives as back-up. Back up of all electronic accounting records shall be done at the end of every week.

4.6 Payment Procedure

1. All payment shall be made based on generated documents. This may be in the form of memorandum explaining the activity to be carried out and the associated cost, request for payment from third parties, invoices etc.
2. The request for payment shall be reviewed by the Director of Finance and Operation. The review process shall include some or all of the following as the case may be:
 - Checking of the arithmetic accuracy of the figures
 - Compliance with laid down financial policies and procedures
 - Verify the authenticity of the document/expenditure
 - Verify the payee
 - Check for value for money (is the expenditure worth the cost?)
 - Checking the quote value against budget
 - Checking the required authorization from the , Board etc as the case may be (Reference should be made to appropriate authorization level in force).
 - The FO then minutes on the payment request after all these checks, signs and dates it.
3. The Director or whoever has the authority in accordance to the authorization limit shall approve the reviewed document.
4. A payment voucher shall be processed by the FO/Administrative Assistant as the case may be by completing a payment voucher (PV) (Petty Cash Payment Voucher (PCPV) for petty cash payment and Cheque Payment Voucher (CPV) for cheque payment) (Appendix 2) in duplicate and the cheque.
5. The Director or the Board chairperson shall approve the PV and sign the accompanying Cheque according to the authorization limit after which the other signatories would sign.
6. The Cheque shall be registered in an Out-going Cheque Register (Appendix 4) and released to the payee.
7. AHEFS shall request for official receipt for all Cheque payments. In cases where it is impossible to obtain a receipt, the payee must acknowledge receipt in writing for such payment.
8. The FO shall make entries in the cash book and then file the PV and its attachments.
9. The cashbook shall be entered daily.

SECTION FIVE

FRAUD PREVENTION

5.0 Introduction

Fraud prevention in a typical Ghanaian organization like AHEFS involves a combination of policies, internal controls, technology, and employee awareness to mitigate risks. Given the increasing cases of fraud in some NGOs in Ghana, AHEFS must adopt robust measures to safeguard assets and maintain integrity especially with international partners to ensure future engagements.

The fraud policy is established to facilitate the development of controls that will aid in the prevention and detection of fraud against AHEFS. It is the intent of AHEFS to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. AHEFS is committed to prevent fraud and corruption from occurring, and will not tolerate fraud, impropriety or dishonesty.

This policy applies to any irregularity, or suspected irregularity, that involves employees as well as AHEFS consultants, vendors, contractors, agencies doing business with employees, and/or any other parties of any business relationship with AHEFS. Any investigative activity if required, will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to AHEFS.

5.1 Actions Constituting Fraud

The terms fraud and irregularities refer to, but are not limited to:

- ✓ Any dishonest or fraudulent act
- ✓ Misappropriation of funds, securities, supplies, or other assets
- ✓ Impropriety in the handling or reporting of money or financial transactions - Profiteering because of insider knowledge of AHEFS activities
- ✓ Disclosing confidential and proprietary information to outside parties
- ✓ Disclosing to other people, securities activities engaged in or contemplated by AHEFS.
- ✓ Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to AHEFS.
- ✓ Attaining double earnings from doing the same work.
- ✓ Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or Any similar or related irregularity

5.2 Policy on Fraud Management

To help develop and maintain an anti-fraud culture AHEFS will

- Develop and maintain effective controls to prevent fraud, including continuous monitoring of financial transactions by the internal audit unit. Management of AHEFS is responsible for the detection and prevention of fraud, misappropriations, and other irregularities.
- Ensure that each member of the management team is familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indication of irregularity.

- Ensure all staff understand the risk of fraud faced by AHEFS, that fraud is serious and diverts resources away from AHEFS's primary objectives.
- Ensure that any irregularity that is detected or suspected will be reported immediately to the Director, who will institute a committee to investigate the irregularity. Where the Director is suspected to have been involved, the irregularity should be reported to the Board.
- Ensure all investigations of fraud are carried out objectively, confidentially, and independently of the line management for the area in which fraud has occurred or is suspected.
- Take appropriate disciplinary and legal action in all cases where justified, after the investigation. This includes prosecution of anyone who commits fraud and recovering assets through legal means.
- Co-operate with the police and other appropriate authorities in the investigation and prosecution of those suspected of fraud.
- Ensure the Director is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed as and when necessary.
- Record identified fraud and corruption cases in a Fraud Register
- Maintain a fraud response plan which acts as a checklist of actions and a guide to follow in the event of fraud being suspected.

5.3 Investigation Committee

Members of the investigation committee:

- Will investigate suspected fraudulent acts to have occurred as defined in this policy.
- Will have free and unrestricted access to all AHEFS records and premises, whether owned or rented
- Will have the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
- Will not disclose or discuss investigation findings with anyone other than those who legitimately need to know. This is important to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the AHEFS from potential civil liability.
- Shall treat all information received confidential.
- Does not have the authority to implement or enforce any action (such as punishments and termination of appointment) to resolve the case.

5.4 Procedures for Reporting Fraudulent Acts

An employee who discovers or suspects fraudulent activity will contact the Director immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Investigations Committee. No information concerning the status of an investigation will be given out. The reporting individual should:

Not contact the suspected individual to determine facts or demand restitution.

Not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Director

or investigation Committee.

5.5 Key Fraud Prevention Measures at AHEFS

a. Strong Internal Controls

1. Management should ensure no single employee has control over all aspects of a financial transaction (e.g., authorization, recording, custody).
2. AHEFS must institute and implement multi-level approval processes for payments and sensitive transactions as prescribe in the Financial Policy Manual.
3. Management should ensure and monitor that there is frequent reconciliation of bank statements, inventory records, and financial reports to detect discrepancies early.

b. Fraud Risk Assessment & Audits

1. Conduct regular audits (both scheduled and surprise) to detect irregularities. 2. Engage forensic auditors when fraud is suspected to investigate deeply.
2. Establish confidential reporting channels (hotlines, emails) for employees and stakeholders to report fraud without fear.

c. Employee Due Diligence & Training

1. The Human Resource department must screen employees before hiring, especially for finance and procurement roles.
2. Educate staff on common fraud schemes (e.g., payroll fraud, procurement fraud, ghost workers).
3. Enforce that all staff observe strict ethical guidelines with consequences for violations.

d. Technology & Digital Security

1. Use secure financial software with audit trails to track transactions.
2. Restrict system access based on roles (e.g., only authorized staff can approve payments).
3. The IT Department must endeavour to protect the organisation against cyber fraud (phishing, malware) with firewalls, encryption, and multi-factor authentication (MFA).

e. Procurement & Vendor Management

1. There should be a conscientious effort to ensure transparency in procurement processes and to prevent bid-rigging and kickbacks.
2. There should be a committee that conducts due diligence on suppliers to avoid fictitious vendors.
3. Track contract execution to prevent overbilling or diversion of funds.

f. Financial Governance & Compliance

1. Regulatory Adherence: Follow Ghana's Companies Act, Anti-Money Laundering (AML) laws, and Public Financial Management Act (for public institutions).
2. Board Oversight: Ensure active involvement of audit committees and independent directors in fraud oversight.

g. Fraud reporting

Fraud reporting in AHEFS will be structured around legal protections, internal policies, and external enforcement agencies. It is envisaged that challenges will be encounter as fraud reporting is a very sensitive issue.

AHEFS will ensure that proper whistleblower mechanisms and corporate governance will be strengthened to help combat fraud effectively.

Fraud reporting in Ghana is supported by several laws and regulations, including:

The Whistleblower Act, 2006 (Act 720)– Which provides protection for individuals who report wrongdoing (including fraud) in both public and private sectors.

5.6 Risk Management

Provisions of the Public Financial Management Act, 2016 (Act 921) and Public Financial Management Regulation, 2019 of Ghana requires a statement indicating development and implementation of a risk management policy for the organizations, including identification therein of elements of risk, if any, which, in the opinion of the Board, may threaten the existence of the organization.

In line with AHEFS's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the objectives of the AHEFS attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Our risk management approach is composed primarily of three components:

Risk Governance Risk Identification

Risk Assessment and Control

a) Risk Governance:

- The Board provides policy, oversight and review of risk management
- Audit and Risk Committee Overseas regular review of risk management activities
- The Director is responsible for managing risk on various parameters and ensures the implementation of appropriate risk mitigation measures. He drives a culture of risk management and signs off on an annual basis risk attestation
- The Risk Management Committee and the Audit Committee provide oversight and review the risk management policy from time to time.
- Staff and Contractors Comply with risk management policies and procedures
- The strategic risk register is prepared by the Chief Risk Officer and reviewed by the Audit Committee on a quarterly basis.

b) Risk Identification:

External and internal risk factors will be identified in the context of operational objectives.

c) Risk Assessment and Control:

This comprises the following:

- Risk assessment and reporting
- Risk control
- Capability development

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the AHEFS Secretariat. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitates proactive risk management.

SECTION SIX

PAYROLL MANAGEMENT

6.1 Introduction

This section presents the processes and procedures to be followed by the Secretariat in administering Payroll; the key documentation to be used; the roles and responsibilities to be performed in order to control and account for the payment of personnel emoluments in AHEFS. The payroll procedures include communication/notification procedures which the Human Resource Department would follow to inform the Finance Director of staff engagements, promotions, discipline, dismissal, separation and/or demise.

6.2 The Internal Control objectives:

The Internal Control objectives for this function are as follows:

- that Payroll is managed efficiently within the constraints of the Employees Compensation budget ceiling of the Secretariat.
- that only staff belonging to the Secretariat and are at post have their names on the payroll.
- that officers are paid emoluments commensurate to their grades and salary levels.
- that the monthly payroll is certified by people acting within the scope of their authority.
- that recordings on personnel and payroll are made only by individuals acting within the scope of their authority.
- that all documents of personnel and payroll are kept at a secure place and easily retrievable.

6.2 Preparation of Payroll

1. The FO shall maintain employee payroll information and record all disbursements. All deductions and allowances relating to payroll shall be processed by the FO.
2. The document of evidence for inclusion of staff on the payroll shall be the accepted letter of appointment forwarded to the Finance Department by the Human Resource Officer (HRO). In the absence of an HRO, the Executive Secretary shall play this role
3. The individual staff shall remain on payroll until otherwise advised.
4. Deletion of names from the payroll as well as salary changes and reclassifications of employees should always be evidenced by a written approval of the Director/Board and submitted to the FO.
5. All personnel cost from projects shall be transferred into AHEFS's main cedi account from which all salaries shall be paid.
6. Payroll for all staff in AHEFS shall be prepared by the FnO. This shall be ready for review by the 25th of every month.
7. Payroll shall be prepared strictly in accordance with contractual conditions of service agreed in staff appointment letters.
8. All staff are required to provide their accounts details and social security numbers to the finance department on assumption of office.
9. The FO shall prepare the payroll for the month using the appropriate worksheet designed purposely for Payroll and generate the following reports:

- The Payslips
 - SSF report
 - Income tax/PAYE report
 - Bank letters
10. The FO shall sign off two copies of the payroll to evidence his/her review. The HRO/Director shall also append his/her signature as a confirmation of the correctness of the report. The Board Chairperson shall approve the payroll before payments are effected.
 11. A copy of each set of the payroll shall be filed appropriately. The FO shall distribute the payslips to all staff.
 12. Payroll deductions to 3rd parties e.g. SSF, Tax etc. shall be paid by following the payment procedure described in Section 4.6 above. Statutory deductions must be paid to the appropriate authorities by the 15th of the following month as stipulated by law to avoid penalty.
 13. Staff who have nothing to do with payroll preparations should not have access to payroll records.

6.3 Payroll For Temporary Employees'

1. Each month the Director shall provide the list and gross amount of temporary staff to be paid to the FO. The list may include National Service Persons, interns etc.
2. The FO shall prepare a separate payroll for the temporary staff. Note that National service personnel and student attachés do not pay income tax and social security.
3. The FO shall sign off two copies of the temporary staff payroll, the Director shall also countersign and the Board Chairperson shall approve it.
4. Cheque will be made out for the individual staff in accordance with the payment procedure prescribed in Section 4.6
5. Copies of the temporary staff payroll shall be filed appropriately.

SECTION SEVEN

MANAGEMENT OF FIELD ADVANCE

7.1 Processing Of Field Advance

Sometimes, it becomes necessary for a member of staff to take money to carry out programme activities such as payment of allowance to participants during workshops etc. Such funds however, must be properly accounted for immediately after the activity is completed. As much as possible field advance shall not be used for procurement. The procedure below shall be followed:

1. The staff requesting for the field advance shall fill a field advance request form (Appendix 7) attaching a detailed budget describing the activities and the cost.
2. The FO shall review the activities and amount being requested and recommend to the Director for authorization or recommendation to Board Chairperson for approval.
3. The Director shall minute on the request to the FO for review in accordance to Section 4.6 above for the approval of the Board Chairperson.
4. The field advance shall be processed for payment in accordance to Section 4.6 above.
5. The staff receiving the field advance shall be debited with the amount taken. Hence, he/she is a debtor to AHEFS until the advance is liquidated. The ledger entries shall be to debit the receiver with the total amount taken and credit bank account.

7.2 Accounting For The Field Advance

As much as possible all field advances must be accounted for immediately the activity has been completed. At best the advance should be accounted for within five working (5) days after the activity has been completed. The procedure below shall be followed:

1. The staff shall fill a field advance retirement form (Appendix 8) indicating that the exercise is over and he/she is accounting for the advance taken. The form shall give details such as indicated below:
Name of staff retiring the field advance
 - The date advance was taken
 - The date the advance is being retired
 - The reason for advance
 - The PV number
 - The amount of advance taken
 - List of expenditure incurred
 - The balance/deficit to staff
2. All relevant documents such as receipt, vouchers etc. shall be attached to the form and deposited with the FO. A Certificate of honor shall be accepted in situations where it becomes extremely difficult to obtain genuine receipts. The staff making the payment shall sign an Honor Certificate (Appendix 9), declaring that the payment was made for which an official receipt was not available and that the payment was made in the best interest of AHEFS.
3. The FO shall review the document (following the review process described above) and certify them to be

genuine and accurate before approval by the Director.

4. The FO shall collect any balance returned, issue a receipt to that effect, and bank the cash immediately. In the case of a deficit, a reimbursement to the staff shall be made following the payment procedures described above.
5. Documents relating to the retirement and the deposit slip of advance that have been returned and banked should be file appropriately.
6. The Account of the staff who retired the advance shall be credited with total expenses made and any balance returned in the field advance register. Bank account shall be debited with any balance returned
7. Working advance taken but no longer required should be returned immediately to the bank.
8. No advance shall be allowed for a staff who defaults in the liquidation of field advance taken until the defaulted advance has been fully recovered
9. Advance not accounted for after one month shall be recovered from the staff in question's salary
10. The FO shall keep a Field Advance Register (Appendix 26) in which all advances taken and liquidated shall be recorded.
11. The FO as part of his/her management report shall prepare a schedule detailing the status on all field advance at the end of every month

7.3 Controls Over Field Advance

1. Advances must be accounted for immediately the activity is completed
2. Taking large sums of cash as advance should be avoided as much as possible. If possible service providers should be paid directly by cheque
3. Multiple advances should not be encouraged (Bad planning does not constitute emergency)
4. All advances should be liquidated before proceeding on leave or before the Secretariat goes on end of year break.

SECTION EIGHT

PETTY CASH MANAGEMENT

8.1 Petty Cash Imprest

1. AHEFS shall maintain a petty cash to facilitate Administrative and Programme work. This shall be handled at the head office by the Administrative Assistant and the Finance officers at the regions.
2. All petty cash floats shall be maintained on the imprest system. That is replenishment shall not exceed total disbursement. The following ceiling of imprest and payment limit shall apply;

Table 2: Imprest ceiling and maximum payment

Imprest Ceiling GHC	Maximum Payment GHC
5,000.00	500.00

3. Replenishment shall be made using the appropriate forms (Appendix 10 & Appendix 11) once petty cash imprest reaches a minimum level. Request for replenishment shall be reviewed by the FO and approved by the Director.
4. All petty cash replenishment shall be made from the bank account by drawing cheque the amount of which must not exceed total disbursement
5. The Administrative Assistant shall be responsible for petty cash management.
6. The FO shall make weekly cash count in addition to random cash count using the cash count form (Appendix 10).

8.2 Petty Cash Book And Payment Procedure

1. All petty cash payment shall be in respect of properly authorized expense made for the purpose of work of AHEFS
2. Petty cash payment shall be limited to staff claims for amount not exceeding the amount stated in Table 2 above. However, where it becomes necessary to pay third parties in cash, the amount shall not exceed the amount stated in Table 2 above.
3. All petty cash payment shall be approved by the FO
4. All transaction processed for payment shall be properly approved and supported with proper documents to show evidence of transaction by following the procedure in Section 4.6 above.
5. A petty cash book (Appendix 1) shall be maintained to record all receipt and payment. This book shall have the following columns:
 - Date of transaction
 - Particulars of transaction
 - Project/Account Code
 - PV Number
 - Receipts
 - Payments
 - Balance
6. All receipts shall be recorded at the receipt column and all payments at the payment column. A running balance shall be extracted and recorded at the balance column after every entry.
7. The petty cash book shall be updated daily upon any receipt or payment.

8. At the end of every month, the FO shall write a memo to request for refund of all expenses incurred through petty cash payment from the account of each of the projects that petty cash expenses have been incurred for.

SECTION NINE

EXPENSE CLAIM

9.1 Policy and Procedure

1. All claims must be for expenses incurred by staff on behalf of the AHEFS and must be in accordance with stated policy.
2. Examples of such expenses include, but not limited to, transport cost of official rounds/trips, hotel expenses on official trips and other such expenses incurred by the employee of which AHEFS is not paying directly to the supplier of service.
3. An Expense Claim Form (Appendix 12) must be filled indicating the details of the claim. All receipts and other supporting documents shall be attached to the form. In circumstance where genuine receipts are not obtainable, a Honor Certificate (Appendix 9) may be accepted
4. The completed form shall be authorized by the FO as the case may be where the amount can be paid out of petty cash. However, where the amount exceeds the petty cash limit, the normal authorization procedure shall apply.
5. The completed and approved claim shall be reviewed by the FO and processed for payment by following the payment procedure prescribe in Section 4.6 above.

9.2 Per Diems

1. All per diems shall be paid on the basis of a Travel Authorization approved by the Executive Secretary. The Director's claim shall be approved by the Board chairperson.
2. As much as possible per diem will be paid before staff travels (As much as possible AHEFS should not encourage payment of per diem to staff from Field advance)
3. The relevant form for per diem claims and travel authorization form (Appendix 13 & 14) shall be completed at all times and be duly authorized. The per diem claims shall be for days specified in the supporting travel authorization form.
4. Upon the receipt of the approved Per diem and supporting Travel authorization form, the FO shall process for payment in accordance with the prescribed procedure in Section 4.6.
5. A Staff /Board who is required in the course of his/her duties to spend at least a night on official duty away from their duty station with approval from the Director shall be paid per diem
- 6 All per diem for staff shall be as approved by the Board.
7. Per diem rates specified in the Human Resource Manual shall apply.
8. Where it become necessary that a staff exceeds the approved number of days for which per diem was paid, approval should be sought from the and/or the supervisor. In such a case the staff shall be paid per diem for the extra days.
9. No per diem shall be paid for the extra days when approval is not sought.

SECTION TEN

PROCUREMENT PROCEDURE

10.1 Introduction

For this manual, procurement in AHEFS will be classified into three (3) major categories namely procurement of goods, services and consultancies. AHEFS believes that the Procurement of Goods and Services must be done in a competitive, transparent and cost effect manner. In furtherance of the above, the following procurement procedures shall be followed.

10.2 Procurement Of Goods

1. Procurement of goods shall be made in accordance with the Procurement and Assets Management Policy.
2. The request for procurement of goods and services shall be made in writing by filling a purchase requisition (PR) form (Appendix 15)
3. The PR shall be reviewed by the FO and approved by the Director.
4. Approved requisition shall be submitted to the schedule officer in charge of procurement to source for invoices from at least 3 sources to ensure that procurement is done on competitive basis especially where the procurement is above GH¢3,000.00 .
5. Where the goods are less than and equal to GH¢3,000.00, AHEFS shall request invoice from one of the suppliers listed in the permanent suppliers' list
6. The selected quotation/invoice shall be reviewed by the FO and approved in accordance with existing authorization limits
7. In case of major procurement, a Tender Committee shall be set to handle the procurement process by following all the procurement procedures stated in this manual.
8. The Board shall approve all major procurements
9. All procurement must not exceed the budget provision and so must be checked against the budget before approval and authorization.
10. Upon approval a Purchase Order (PO) Form (Appendix 16) in duplicate shall be used to order the goods from the selected supplier. The original copy shall be sent to the supplier to supply the goods and the duplicate shall be attached to the PR to process payment after goods are received.
11. Procurement of goods that are less than GH¢ 1,500 do not require the use of PO.
12. When goods are supplied, the store procedure and payment procedure prescribed in Section 10 and Section 4.6 shall apply.
13. In case of extreme emergency, prior permission with justification must be sought from the Director. Administrative negligence or delays caused by poor planning and management cannot be invoked to skip the normal procedure.
14. All statutory deductions like withholding Tax should be deducted at source during the processing of payment for any good, service and consultancy.

10.3 Procurement of Services

Services to be procured may include but not limited to the following;

1. The request for procurement of services shall be made in writing addressed to the Director for approval.
2. A competent artisans or technicians shall be identified to carry out these services. Where the artisan/technician is listed in the supplier list, they could be called to submit invoices for consideration.
3. When an artisan or technician is identified and selected, a Service Order Form (Appendix 17) shall be filled for the service. Note that this form is not a request for payment. The artisan/technician must request for payment which will be attached to this form.
4. When a Job is completed, the artisan or technician shall inform AHEFS in writing requesting for payment and the supervisor of the Job shall indicate in the form of a minute on the note that satisfactory job has been done and therefore pass for payment.
5. The documents (memo requesting for procurement, quotations, Service Order Form, request for payment for services etc.) shall then be passed on for payment following the payment procedure described in Section 4.6 above.
6. Where the cost of service exceeds GH¢5,000 the procedure prescribed in Section 9.4 shall apply.
7. The policy in Section 9.2.11 and 9.2.12 shall apply for the procurement of services.

10.4 Procurement Of Consultancy Services

1. Consultancy services shall be procured for the purpose of evaluations, Capacity building, Technical support, Organisational Development etc
2. AHEFS shall keep a register of potential individual consultants and consultancy firms with their expertise and CVs to facilitate the award of contract if appropriate.
3. The following principles will determine the process to be used in the award of contracts.

Engagement Thresholds:

- a. If the contract value is GHC5, 000– GHC10,000 then it may be direct invitation and contract negotiations with one consultant from the AHEFS's Register of potential consultants.
- b. If the contract value is between GHC12,000– GHC30,000 then pre-qualification through a short-list of 3-5 consultants from the register. The consultants shall submit a technical and financial proposal.
- c. Where the contract value is above GHC30, 000 then open bidding by advertisement in the newspapers shall apply
- d. Under exceptional circumstances where it is advantageous to engage or continue with a specific consultant, AHEFS may approach the firm or individual, which has a close association with a similar project, has expertise not widely available or has undertaken similar assignments and has a good working relationship with AHEFS. In such a case a detailed justification shall be documented in writing prior to entering a contract with the consultant.

The Selection process:

- a. AHEFS shall set up a three-member Evaluation Committee to evaluate the bids/proposals and make recommendations for the award of contract. Persons with technical expertise in relation to the contract may be co-opted as and when required.
- b. All engagement shall be based on a clearly stated terms of reference (TOR). The TOR must be clear and precise and include but not limited to the following:

- Objectives of the assignment.
 - Output required of the assignment.
 - Scope of work and activities related to the achievement of the output.
 - Inputs to be provided by client (staff involved, documents).
 - Duration and timing of the assignment
 - Consultants input (profile and minimum qualification); etc.
- c. The Evaluation criteria must be agreed upon before the deadline for the submission of proposal.
 - d. Each member of the selection team shall fill a conflict-of-interest register (Appendix 18) to declare any relationship with any of the potential consultants short listed for selection.
 - e. If any of the committee members have any relations that may compromise the judgment of the selection, that member would have to opt out of the selection committee for such a contract.
 - f. A contract document shall be prepared for all contract engagements which shall be duly signed by both parties before the commencement of any assignment
 - g. Where the terms of payment require an advance payment, this shall not exceed 30% of the contract sum.
 - h. The consultant shall invoice based on the terms of the contract for every payment
 - i. The payment shall follow the procedure described in Section 4.6 above
 - j. AHEFS shall maintain a Contract Register for each contract with the following details:
 - Date of contract
 - Contract Number
 - Description of assignment
 - Name of consultant
 - Contract Sum
 - Implementation period
 - Amount paid
 - Remarks (Satisfaction or not with assignment)
 - k. As much as possible there should be well documented records of all correspondence with the consultant before, during and after the award of contract for clear audit trail.
 - l. The policy in Section 9.2.12 shall also apply to the procurement of consultancy

10.5 Supplier Enlistment

1. A database of suppliers pre-selected through an objective process shall be maintained by AHEFS for each category of goods and services that are procured on a regular basis.
2. The Director shall set up a three-member committee to carry out a survey of suppliers for the list (The members shall be made up of a member each from finance, Administration and programme)
3. The selection of suppliers to be incorporated in the list shall be guided by but not limited to the following criteria:
 - term relationship
4. The team shall present a report and the selected list of potential suppliers to be incorporated in the list to the Director for approval.
5. The nature of the relationship with the suppliers can affect quality, timeliness and the prices of supplier's goods

and services. The Team has to make sure that the suppliers have an appreciation of the quality requirement, schedule of delivery, payment systems and above all the procurement procedure of AHEFS.

6. The supplier list shall be updated annually.

SECTION ELEVEN

STORES PROCEDURE

11.1 Policies

Materials and supplies such as computer consumables, stationery etc may be purchased and stored for future use. Subsequently, it is the responsibility of the Director to ensure that such materials are safeguarded against misuse, theft, damages, deterioration and misappropriation. The following policies shall therefore apply for stores to ensure proper control over store items;

1. The Director shall delegate stores responsibility to identified staff member. However, the Director shall be accountable for the proper care and custody and use of materials in accordance with AHEFS's objectives
2. Adequate storage facility shall be provided to safeguard items
3. Effective records shall be kept on all stock movements
4. Periodic physical stock counts shall be conducted and documented.

11.2 Receiving Of Items Into Store

1. All items coming into AHEFS shall be accompanied by a waybill or any delivery document
2. Items shall be physically checked for quality, right type of items ordered, the right specifications etc. by the storekeeper.
3. A Store Receipt Voucher (SRV) (Appendix 19) shall be filled after which goods shall be taken into stores.
4. Tally Cards (Appendix 20) for the items shall be updated using the SRV. This should be done at least by the close of work on the day of receipt of items.
5. The original copy of the SRV and the Waybill shall be attached to the PV.

11.3 Issuing Items from Stores

1. Request for items from stores shall be on a Store Requisition Voucher (SRV) (Appendix 21) duly authorized by the appropriate authority.
2. On the receipt of the SRV, the Storekeeper shall process the issue of the items by raising a Store Issue Voucher (SIV) (Appendix 22).
3. The FO or the designated official shall approve the SIV.
4. The receiver shall sign the appropriate portion of the SIV before the items are finally released to him/her.
5. Tally Cards for the items shall be updated using the SIV.

11.4 Stock Control

1. Except management deems it fit to change the schedule; a complete stock taking shall be conducted twice a year under the supervision of the Director.
2. The Storekeeper should update all stock records in readiness for the count.
3. The Board shall compose a three-member Stock Taking Committee (STC) made up of staff independent of the store function. The members of the STC shall be appointed at random for every stock taking period
4. The STC shall within five (5) working days do physical count of all stock items on a pre printed physical count

worksheet supplied by the storekeeper. Each item should be counted in the presence of the storekeeper

5. The appropriate portions of physical count worksheet shall be signed by the STC and the storekeeper to evidence the acceptance of work done. A copy of this should be attached to the report to be submitted by the STC.
6. The Committee shall submit a report to the BoT through the Director within two working days after the completion of the stock taking. The report shall indicate any discrepancies, investigations undertaken, identification of obsolete and damaged stock and make recommendations for appropriate actions to be taken on their findings.
7. The Board shall take immediate action on the STC's report and inform the FO and the storekeeper of management decision on stock writes off
8. The FO shall use the final copy of the physical stock count worksheet as approved by the Board to adjust the book value to the physical value.
9. Before stocks are replenished, a physical count should be carried out to ascertain stock on hand before procurement is done.
10. The storekeeper shall prepare on half yearly basis a report of stock balances. The report should show for each item the following:
 - Opening balance
 - Receipts during the period
 - Issue during the period
 - Closing balance
 - Value amount

SECTION TWELVE

FIXED ASSETS MANAGEMENT

12.1 Control Objective Of Fixed Asset Management

The Finance Officer shall be responsible for the management of all assets

of AHEFS. The objectives of the asset management units include, but not limited to the following:

- a. To define and maintain the fixed assets register
- b. To ensure that fixed assets are acquired with proper authorisation
- c. To keep records of all fixed asset transaction against each individual asset at the time when such transaction occurs. The transaction shall include, depreciation, asset transfer, addition, disposal and deletion and removal of the asset
- d. To carry out physical inventory of fixed asset at least twice a year and advice management of any discrepancy in the book value
- e. To ensure that fixed assets are properly maintained and used only for the purpose of the business of AHEFS.
- f. To ensure that disposals are properly authorized and that proceeds of disposals are recorded and accounted for.
- g. To create identification numbers for all fixed assets based on the format agreed by the AHEFS and ensure that all assets are duly labelled.

12.2 The Policies

The following policies shall be applied for the acquisition, disposal, safeguarding and use of fixed assets:

1. All acquisition and disposal of fixed assets should be properly authorized.
2. All fixed assets purchase whose value is not less than the equivalent of \$1,500 shall be capitalize for statutory account purposes
3. All fixed assets shall be labelled with the appropriate code in alphanumeric sequence and traceable to the fixed asset register. The labelling shall be made up of the corporate identity, the class of asset and the sequential number
4. Where Donors require that assets donated or purchased with their funds should be labelled or treated in a way different from AHEFS's policy, the Donor's policy shall apply.
5. All fixed assets shall be adequately insured. All fixed assets shall be insured at invoice prices at the time of acquisition.
6. An appropriate insurance cover should be taken for all Motor vehicles
7. In addition to the physical inventory of fixed asset by the Asset Management Unit (A representative of finance Department), the Director or any other person designated by him/her shall carry out surprise physical verification of asset at least once in a year.
8. All assets shall be depreciated based on the depreciation policy stated in this document
9. All fixed assets shall be classified under the following class:
10. Motor Vehicle Furniture & Fittings Office Equipment Computers Software
11. The Board shall authorize the disposal of all assets and property of the AHEFS upon recommendation of the Director when the need arises.

12. Disposal shall be by public auction after valuation by independent recognized institutions and a committee constituted by the Board
13. In the case of motor vehicles/bikes, AHEFS will employ the services of a recognized Motor Transport Engineering firm to do the valuation.
14. In the case of other assets, a Committee shall be constituted by the Board to undertake an assessment of the assets to be disposed off and make recommendations for disposal to be approved by the Board.
15. The sale proceeds of the disposal of assets shall be lodged in the appropriate bank account. The finance department will pass appropriate journals to remove the assets sold from the asset register.
16. Assets that have been assessed to have no market value shall be declared as obsolete or scrap. The means of disposal of such assets shall be approved by the Board.
17. In all cases, assets donated by donors or acquired from donor funds shall not be disposed off or transferred without the written approval of the donor.

12.3 Fixed Asset Register

1. The main file required for the maintenance of the fixed asset records shall be the Fixed Asset Register (FAR)
2. A Fixed Asset Register shall be maintained for all class of assets. A folio shall be open for individual items in each class of asset.
3. The FAR shall contain the following information among others for the individual asset
 - Date of purchase
 - Description
 - Cost price/original cost
 - Estimated useful life
 - Depreciation method
 - Depreciation rate
 - Condition of asset
 - Location
 - User
 - Serial number
 - Asset identification number, Etc
4. Every purchase of asset shall be received by the unit in the finance department responsible for the fixed asset management. All purchase of new asset shall follow the procurement and payment procedures prescribed in Section 4.6 and Section 9 above respectively.
5. The FAR shall be updated as and when new assets are purchased and when assets are disposed off.

SECTION THIRTEEN

BUDGET AND BUDGETING CONTROL

13.1 Introduction

Budgeting is one of the most important activities of all organisations and therefore, requires detailed attention. AHEFS needs to put in place systems to ensure effective management of its budgeting process and control.

A Budget is a quantitative expression of an approved plan of action prepared in advance of the period to which it is related. That is how much revenue the AHEFS Secretariat plans to receive within a period and spends in accordance with the objectives, priorities and needs for that period.

Budgets are thus an integral part of the planning process and focus attention on the achievement of targets set in line with the objectives and priorities.

The planning process shall involve the preparation of a five-year Strategic plan as well as Annual Work Plan for the year.

The Strategic Plan of AHEFS shall control the work of AHEFS Secretariat for the period it covers. It thus serves as the basis for the preparation of Annual Work Plan. The Strategic Plan shall cover a minimum period of 5 years but shall be revised by management when it is deemed necessary. The Strategic Plan shall be reviewed from time to time

The work output of the Secretariat for each year shall be based on the Annual Work Plan which shall indicate the outputs for the various departments and their associated activities. The Annual Work Plan serves as a major basis for the preparation of the Annual Budget. The Annual Work Plan for the following year should be ready by May in the current year.

The Planning process shall include-

1. A strategic plan which shall:
 - i. Set forth the desired position over the next five-year (or longer) period.
 - ii. be determined following an analysis of all relevant environmental factors;
 - iii. provide a focus for annual budgetary and resource management strategies and decisions
2. A system of resource management which shall focus on the outputs and the outcomes achieved by the various departments of the Secretariat. Such a system shall:
 - i. include a clear linkage with the strategic plan;
 - ii. group activities according to common purpose of management decisions and resource allocation; and
 - iii. include clearly stated, measurable objectives for the budgetary unit in the Secretariat.
3. A systematic performance evaluation and review which shall, as a minimum determine whether:
 - i. the policies, goals, and organizational unit objectives remain and are being achieved;
 - ii. Resources are optimally allocated across budgetary units at the Secretariat.

13.2 The Objective Of The Budgeting Process

1. To provide a detailed plan of action in both narrative and financial terms for the operation of AHEFS
2. To provide guidelines to staff of AHEFS especially project staff and the finance team on results they are expected to achieve over a period of time.
3. To serve as planning and control tool.

4. To provide a basis for performance monitoring
5. To aid in the co-ordination of the activities of AHEFS

12.3 The Budgeting Process

1. The budgeting process shall be led by the Director on behalf of the Board
2. The Director shall be responsible to submit a detailed budget to be reviewed by the Board prior to each year of implementation.
3. The annual plans and budget shall show income projections of all expected sources as well as projected expenditure for the entire AHEFS.
4. The budget shall be a Multi- Year Budget. It shall indicate a column for previous years budget figures to serve as guide.
5. The budget should take into consideration and indicate:
 - Reserve funds
 - LiquidRatio
 - Contingency Planning
6. The FO shall issue guidelines and budget worksheet for the budget exercise.
7. An allocation shall also be made for the running of the Secretariat as well as the work of the standing committees
8. The budgeting process shall aim at bottom-up flow of information/data. i.e the process shall be participatory with each team working together to come out with their plans and budget based on the income allocated.
9. The Board shall convene a budget hearing with representative of all Committee (Preferable the Chairperson and the Treasurer) and the Director to justify all estimates after which figures shall be consolidated into a master budget for AHEFS as a whole.
10. The FO and the Director with the support of the FIAC shall consolidate plans and budget from the various plans and budget for review by the Board for subsequent approval .
11. The Director shall lead in the preparation of project narrative write ups for the year which shall be reviewed, budgeted for and consolidated into the annual plans and budget.
12. The ultimate budget holder under this policy shall be the Board. However, the day to day implementation of the content of the budget shall be the responsibility of the Director.
13. The annual plans shall have implementation plans against which the Board will measure progress
14. Re-allocation of budget shall be made upon the approval of the BoT and/or the project financier.

13.4 Budget Framework and Timetable

The Director shall constitute a Budget Committee which is made up of all Departmental Heads including the Director. The Committee shall be chaired by the Deputy Director/ Finance Director. The Budget Committee shall undertake the following responsibilities:

1. Determined the budget timetable based on the Ministry of Health budget timetable.
2. Issue budget guidelines to all departments and member institutions.
3. Conduct Budget Conference to assist all budget management centers to prepare their budget through workshops.

4. Allocate resources based on programs/projects, objectives, outputs and activities
5. Consolidate the Secretariat .
6. Attend budget hearings at the Ministry of Health and the Ministry of Finance.
7. Submit the current budget to the finance committee of the board for approval.
8. Monitor the performance of the budget; and
9. Review, in detail, the current year's budget at the end of every quarter.

Budget committee shall meet once every quarter to review the budget on quarterly basis.

13.5 Budgetary Control

1. Budgetary control is a control technique whereby actual results are compared with budgets either to secure prompt action by management to conform to the original budget or to provide justification for its revision.
2. The Director shall be responsible for monitoring the budgets with the support of the FO.
3. The FO shall prepare quarterly budget variance reports for management decision making 4. The Board shall conduct a mid-year review every year to ascertain whether or not the programmes being undertaken is achieving the results planned and whether or not plans are on course.

SECTION FOURTEEN

VEHICLE USAGE AND MAINTENANCE

14.1 The objective

The use of AHEFS vehicles shall be controlled for the following reasons:

1. Personal safety of all staff
2. To ensure that the vehicles are always available for the use of the AHEFS's purposes when they are needed
3. To safeguard the assets of the AHEFS
4. To prevent misuse for private purposes
5. To reduce the financial impact and save cost for the AHEFS

14.2 Vehicle usage

1. Vehicles shall be strictly restricted for official duties. Written permission must be sought from the Board for any other use.
2. Only qualified licensed professional drivers employed by AHEFS and any other person authorized by the Board shall drive official vehicles.
3. A driver must always sign the Vehicle Movement Register before and after using the vehicle
4. All AHEFS vehicles shall be appropriately marked for easy identification.
5. Each vehicle shall be allocated a log sheet (Appendix 27) in which information about the vehicle usage shall be recorded.
6. The driver shall complete the relevant portions of the log book with particulars of vehicle's movements on a daily basis and with fuel consumption as and when fuel is bought.
7. AHEFS shall identify a fuel station and arrange with them where possible for the supply of fuel against authorized forms.
8. The request for Fuel Request Form (Appendix 24) shall be approved by the Director or his/her designated official. The authorized signatures of the officials should be lodged with the fuel supplier.
9. Any time fuel is to be purchased, the Driver shall fill the fuel form in duplicate and have it authorized by the appropriate officials. The approved form/coupon shall be presented to the supplier for the supply of fuel.
10. After the supply of fuel, the driver shall sign his/her portion and the supplier shall do the same and then keep the original copy.
11. The supplier should submit the bill to AHEFS (based on the agreed time of payment - monthly, bi-weekly etc) and attached the copies of the fuel form.
12. The FO shall review the bill and the attachment and process payment in accordance to the payment procedure described in Section 4.6 above

14.3 Maintenance And Repairs Vehicles

1. Vehicles shall undergo periodic routine and preventive maintenance to always keep it in good shape.
2. Routine maintenance on the vehicles shall be carried out after every 5,000 Kilometres and shall be the responsibility of the driver. The driver shall give enough notice (at least three working days) to the FO before taking the vehicle for the routine maintenance.

3. AHEFS shall identify and maintain a service agreement with a workshop for the repair and servicing of its vehicles
4. The following should be taken into account in the selection of a service centre:
 - Quality of service
 - Technical know-how
 - The cost (reasonable cost)
5. For normal service or specific repair of vehicle, the Driver shall inform the HRO that the vehicle is due for servicing or needs to be repaired and then fill 2 copies of the vehicle service form (Appendix 25). Details of any job to be done on the vehicle shall be stated on the form.
6. The FO shall recommend on the servicing form for the approval of the Director.
7. The driver shall send the vehicle and the approved forms to the service agent for the servicing and repairs of the vehicle after which the service agent shall sign off both copies of the form, keep a copy and give the other copy to the driver with the vehicle and the bill for processing for payment.
8. In cases where old parts are changed, the Administrative Assistant shall inspect the old part before it is disposed of.
9. Where an extra job is identified by the service agent which has not been indicated on the vehicle service form, approval should be sought from the Director before the extra job is done.
10. Where it is a major repair work, AHEFS should request cost estimates from at least three service agents and then select the appropriate service agent for the job to be done.
11. When the service agent is selected, the Service Order Form should be filled for the service agent and the vehicle service form attached.
12. After work is complete, the service agent shall send his/her bill for processing for payment.
13. The FO shall review the bill process for payment following the payment procedure described in Section 4.6 above.

SECTION FIFTEEN

AUDIT

15.1 Internal Audit

15.1.1 The Purpose

The main aim of the internal audit is to test the adequacy and effectiveness of the internal control systems in mitigating risks facing AHEFS.

15.1.2 The Procedure

1. The FIAC shall carry out periodic internal audit function for AHEFS.
2. The internal audit shall be carried out once every quarter to ensure that problems are identified and corrected on a timely basis. This also allows for enough time to implement recommendations, at the same time providing timely feedback.
3. The FIAC shall report to the BOT.
 - Perform an assessment of fraud risks
 - Sanction any member/staff that have perpetuated fraud.
 - Create a culture of accountability and integrity
 - Ensure whistleblower complaints have been properly investigated and reviewed
 - Consider corruption and regulatory issues as well as typical fraud related to financial reporting and misappropriation of assets

15.1.3 The Work Of The FIAC

The focus of the internal audit work includes but not limited to the following:

1. Review AHEFS's risk register (if any), as well as the Financial Policies and Procedures Manual.
2. Follow up any recommendations from previous audits, to check that actions have been taken.
3. Check a sample of transactions or processes to confirm that the proper procedures have been followed.
4. Conduct interviews with various staff, Board, or beneficiaries to confirm understanding and application of policies and procedures.
5. Visit to project communities to confirm the existence and quality of projects.
6. Discuss findings and recommendations of corrective and/or preventive action
7. Monitor adherence to the budget.
8. Set long-range financial goals along with funding strategies to achieve them.
9. Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
10. Present all financial goals and proposals to the Board for approval.

Reporting

Develop useful and readable report formats with staff.

Work with staff to develop a list of desired reports noting the level of detail, frequency, deadlines, and recipients of these reports.

Present the financial reports to the Board.

15.2 External Audit

1. The accounts of AHEFS shall be audited annually by an independent professional auditing firm
2. The selection of the auditing firm shall follow the procurement procedure prescribed in Section 10.2 above
3. The auditor shall be recommended by the Board.
4. The statement required for the audit is the trial balance, statement of income and expenditure, balance sheet and the statement cash flow. In addition to these reports, the auditor may request other analysis and documents.

SECTION SEVENTEEN

REFERENCES/ LEGAL FRAMEWORK

A. MAJOR CONVENTIONS AND REQUIREMENTS GOVERNING SME ACCOUNTING UNDER IFRS FOR SMES.

I. Financial Statement Presentation & Fundamental Concepts (Sections 1-8):

1. Section 1: Scope - Defines eligibility (entities without public accountability).
2. Section 2: Concepts and PGP - Core qualitative characteristics, elements (assets, liabilities, equity, income, expenses), recognition/derecognition criteria, measurement bases (historical cost, fair value, etc.).
3. Section 3: Financial Statement Presentation - Mandates minimum components: Statement of Financial Position (Balance Sheet), Statement of Comprehensive Income (and separate Income Statement), Statement of Changes in Equity, Statement of Cash Flows, Notes. Requires comparative information.
4. Section 4: Statement of Financial Position - Specifies minimum line items.
5. Section 5: Statement of Comprehensive Income and Income Statement - Allows single- statement or two-statement approach. Specifies minimum line items.
6. Section 6: Statement of Changes in Equity and Statement of Income and Retained Earnings - Details required reconciliations.
7. Section 7: Statement of Cash Flows - Requires using the direct or indirect method (direct encouraged for operating activities). Classifies activities as Operating, Investing, Financing.
8. Section 8: Notes to the Financial Statements - Specifies structure and minimum disclosures (accounting policies, judgements, estimates).

II. Recognition & Measurement of Assets/Liabilities (Sections 9-23):

9. Section 9: Consolidated and Separate Financial Statements - Requires consolidation for control. Simplified definitions and procedures.
10. Section 10: Accounting Policies, Estimates and Errors - Hierarchy for selecting policies (SME Standard > IFRS Conceptual Framework). Correction of errors retrospectively.
11. Section 11: Basic Financial Instruments - Simplified classification: "Basic" (e.g., cash, receivables, payables, simple loans) vs. "Other" (Section 12). Amortized cost generally used for basic instruments.
12. Section 12: Other Financial Instruments Issues - Covers more complex instruments (e.g., derivatives, embedded derivatives). Requires fair value through P&L unless hedging. Simplified hedge accounting available if criteria met.
13. Section 13: Inventories - Measured at lower of cost and estimated selling price less costs to complete and sell. Cost methods: FIFO or weighted average cost. LIFO prohibited.
14. Section 14: Investments in Associates - Equity method required unless held for sale.
15. Section 15: Investments in Joint Ventures - Equity method required unless held for sale. Proportionate consolidation prohibited.
16. Section 16: Investment Property - Cost model or fair value model (if reliably measurable). Choice applied consistently to all investment property.

17. Section 17: Property, Plant and Equipment (PPE) - Cost model or revaluation model. Depreciation required over useful life. Component depreciation encouraged but not mandated.
18. Section Intangible Assets other than Goodwill - Similar recognition criteria to full IFRS. Internally generated intangibles generally expensed (especially R&D). Cost model only (revaluation not permitted). Amortization required if finite life.
18. Section 19: Business Combinations and Goodwill - Acquisition method. Goodwill recognized as asset. Mandatory amortization over useful life (max 10 years if life not reliably estimable). Impairment testing only if impairment indicators exist.
19. Section 20: Leases - Finance Lease vs. Operating Lease model (lessee accounting similar to IAS 17, not IFRS 16). Lessor accounting largely unchanged.
20. Section 21: Provisions and Contingencies - Provisions recognized if obligating event, probable outflow, reliable estimate. Contingent liabilities disclosed (unless remote).
21. Section 22: Liabilities and Equity - Distinguishes debt vs. equity based on substance. Compound instruments split into liability and equity components.
22. Section 23: Revenue - Core principle: Recognize revenue when/as control of goods/services transfers to the customer. Simplified guidance vs. IFRS 15, but core principle aligns. Specific rules for construction contracts, warranties, etc.

III. Specific Income/Expense Items & Other Topics (Sections 24-35):

23. Section 24: Government Grants - Recognize when there is reasonable assurance conditions will be met. Can use "Income approach" (deferral allowed) or "Capital approach" (treat as equity).
24. Section 25: Borrowing Costs - Expense all borrowing costs immediately (capitalization is prohibited).
25. Section 26: Share-based Payment - Requires recognition for equity-settled and cash-settled transactions. Simplified measurement (e.g., intrinsic value often permitted for non-market vesting conditions).
26. Section 27: Impairment of Assets - Test if indicators exist. Recoverable amount is higher of fair value less costs to sell and value in use. Impairment losses recognized immediately. Reversals required for assets other than goodwill if conditions change.
27. Section 28: Employee Benefits - Short-term benefits: Accrue as earned. Defined contribution plans: Expense contributions payable. Defined benefit plans: Significantly simplified (e.g., actuarial gains/losses recognized immediately in P&L, corridor approach prohibited).
28. Section 29: Income Tax - Temporary difference approach (similar to IAS 12). Recognition of deferred tax assets requires probable future taxable profit.
29. Section 30: Foreign Currency Translation - Functional currency concept. Foreign transactions translated at spot rates. Financial statements of foreign operations translated using closing rate for SoFP, average rate for P&L. Exchange differences in equity (Cumulative Translation Reserve).
30. Section 31: Hyperinflation - Restate financial statements using general price index if hyperinflationary economy.
31. Section 32: Events after the End of the Reporting Period - Adjusting vs. Non-adjusting events. Disclose material non-adjusting events and dividends declared after period-end.
32. Section 33: Related Party Disclosures - Disclose nature of relationship, transactions, and

33. outstanding balances (including commitments).
34. Section 34: Specialised Activities - Specific guidance for agriculture (fair value model permitted), extractive industries, service concessions.
35. Section 35: Transition to the IFRS for SMEs - Rules for first-time adoption (generally retrospective application with specified exemptions).

LEGAL B FRAMEWORK

1. Companies Act, 2019 (Act 992)
 - Governs incorporation and registration of NGOs (as companies limited by guarantee).
 - Requires proper bookkeeping, annual returns, and audited financial statements.
 - Non-compliance can lead to penalties or deregistration.
2. Income Tax Act, 2015 (Act 896) as amended
 - Regulates tax obligations and exemptions for NGOs.
 - NGOs must obtain tax-exempt status from the Ghana Revenue Authority (GRA).
 - Requires accurate financial reporting for tax assessment purposes.
3. Ghana Revenue Authority (GRA) Regulations
 - NGOs must file annual tax returns (even if exempt).
 - VAT, PAYE, and withholding tax compliance for employee salaries, vendors, and contractors.
 - Must maintain accurate payroll and financial records.
4. Public Financial Management Act, 2016 (Act 921)
 - While focused on public sector finance, it influences NGOs that receive public funds or donor support.
 - Promotes sound financial management, budgeting, and reporting.
5. Financial Administration Regulations, 2004 (LI 1802)
 - Offers guidance on financial reporting standards especially for public fund use.
 - NGOs benefiting from state or donor funds may be held to this standard.
6. Non-Governmental Organisations (NGO) Policy Framework (Ministry of Gender, Children and Social Protection, 2017)
 - Outlines operational and reporting standards for NGOs in Ghana.
 - Emphasizes transparency, accountability, and financial audits.
7. Internal Audit Agency Act, 2003 (Act 658)
 - Though mainly for public entities, NGOs partnering with government health programs may be subject to internal audit oversight.
 - Promotes internal control systems and risk-based audits.
8. International Financial Reporting Standards (IFRS) / IFRS for SMEs
 - Recommended standards for financial statements.
 - Most NGOs adopt IFRS for SMEs, aligning with donor requirements.
9. Development Partner and Donor Regulations
 - Many donors (e.g., USAID, DFID, Global Fund, WHO) require strict financial reporting, grant audits, and use of standard budget templates.

- NGOs must comply with donor-specific audit and procurement guidelines.
10. Financial Intelligence Centre Act, 2008 (Act 749)
- Requires NGOs to report suspicious transactions to the Financial Intelligence Centre (FIC).
 - Promotes transparency in financial dealings.

Policy Approval:

Approved By:

1..... Date of Approval:

[CHAIRMAN] Name and Signature

2..... Date of Approval.....

[BOARD MEMBER] Name and Signature

APPENDICES

1. APPENDIX 1: Petty Cash Book
2. APPENDIX 2: Cheque Payment Book
3. APPENDIX 3: Request for Funds Forms
4. APPENDIX 4: Out– Going Cheque Register
5. APPENDIX 5: Accountable Document Register
6. APPENDIX 6: Petty Cash Top- Up Request Form
7. APPENDIX 7: Physical Count Form
8. APPENDIX 8: Expenses Claim Form
9. APPENDIX 9: Per Diem Form
10. APPENDIX 10: Travel Authorisation Form
11. APPENDIX 11: Purchase Order
12. APPENDIX 12: Conflict of Interest Register
13. APPENDIX 13: Stores Receipt Form
14. APPENDIX 14: Tally Card
15. APPENDIX 15: Stores Request Form
16. APPENDIX 16: Stores Issue Form
17. APPENDIX 17: Field Advance Request Form
18. APPENDIX 18: Field Advance Retirement Form
19. APPENDIX 19: Fuel Request Form
20. APPENDIX 20: Vehicle Service Form

AGENCY FOR HEALTH AND FOOD SECURITY

Appendix 1: Petty Cash Book

PETTY CASH BOOK

Project Name:

Date	Details	PV No.	CHQ No.	Receipts GH¢	Payments GH¢	Balance GH¢
				XXXX.XX		XXX.XX
		001			XX.XX	XXX.XX
		002			XX.XX	250.00

Appendix 2: Cheque Payment Cash Book

CHEQUE PAYMENT CASH BOOK

Project Name:

Date	Details	PV No.	CHQ No.	Receipts GH¢	Payments GH¢	Balance GH¢

Appendix 28: Request for Fund Form

A. Cash payments for the period -----

Cost Item	Amount	Cumulated Total
Field advance		

B. Summarized Cash flow

Opening Bal.xxxx Add: Transfer for H/O	xxx
Field advance returned	xx
Less Payments:	xxx Xxxx
Total expenditure for the period	xxx
Balance as per cash book	xxxx

C. Immediate Outstanding Payments

Amount	Status
XHotel-Final payment	xxxxxx
Actual Servicing of vehicle	xxx
Estimate	xxxx

D. Reconciliation of Funds

Balance as per cash book	xxxx
Amount required for this request	xxxxxxx
Less immediate outstanding payments	xxx
Projected balance after outstanding payments	xxxx

Preparedby:..... Approved by:.....

Signature:..... Signature:.....

Date:..... Date:.....

Note: Please attached a detailed budget

Appendix 4: Out-Going Cheque Register

Date cheq. was written	Name of Payee	Amount GH¢	Cheq. no.	Receivers name	Receivers sign	Date cheq. was released.

Appendix 5: Accountable Document Register

ACCOUNTABLE DOCUMENT REGISTER

Date received	Serial No.	Issued by	Sign	Received by	Sign	Date of issue

Appendix 11: Petty Cash Top-Up Request Form

PETTY CASH TOP-UP REQUEST FORM

Petty cash book balance:GH¢..... TO : Chief Executive Officer

FROM : CASHIER

DATE :

SUBJECT: RE: PETTY CASH REPLENISHMENT

Please authorize a Cheque to be issued in the sum of GH¢

to replenish petty cash.

Requested by: Approved by:

Name:.....

Name:.....

Designation:.....

Designation:.....

Signature:.....

Signature:.....

Date:.....

Date:.....

Appendix 10: Physical Cash Count Form

PHYSICAL CASH COUNT FORM

Date of count:.....

Cashbook balance:¢.....

PHYSICAL CASH COUNT

Denomination	Quantity	Total GH¢
<i>Notes</i>		
GH¢50		
GH¢20		
GH¢10		
GH¢5		
GH¢2		
GH¢1		
<i>Coins</i>		
GH¢1		
50p		
20p		
10p		
5p		
1p		
<i>Total Amount in safe</i>		

Difference GH¢:.....

Comments:.....

Prepared by:.....

Checked by:.....

Appendix 12: Expense Claim Form

EXPENSE CLAIM FORM

Name of staff..... Position:..... Month:.....

Date	Description of item	Unit price GH¢	Total Price GH¢
<i>Grand Total</i>			

Submittedby:.....

Reviewedby:.....

Receivedby:.....

Approvedby:.....

Appendix 13: Per Diem Form

PER DIEM FORM

Name of staff..... Position:..... Month:.....

Date	Purpose of Trip/Location	No. days	Rate GH¢	Total Amount GH¢

<i>Grand Total</i>			
--------------------	--	--	--

Submitted by:..... Date:.....

Reviewed by:..... Date:.....

Approved by:..... Date:.....

Received by:..... Date:.....

Appendix 14: Travel Authorization Form

TRAVEL AUTHORISATION FORM

Name of staff:.....Position:.....Signature:.....

Purpose of Trip:.....Destination:.....

Date: From:.....To:.....Total no. of days:.....

Name of Supervisor:.....Project Bearing cost:.....

Travel Documents to be prepared

Action by whom

Ticket:.....

Visa:.....

Accommodation:.....

Others:.....

Supervisor Recommendation:.....

.....

Authorised by (Name):..... Sign:..... Date:.....

Attach all supporting documents (If any, especially for overseas travel)

Appendix 15: Purchase Requisition Form

PURCHASE REQUISITION FORM

Date of request:.....Project:.....

Budget Code:.....Budgeted Amount GH¢.....

Purpose of goods:.....

Description of goods	Quantity

Order placedby:..... Designation:.....

Reviewedby:..... Designation:..... Date:.....

Approvedby:..... Designation:..... Date:.....

Appendix 16: Purchase Order

PURCHASE ORDER

Date:..... InvoiceNo:.....

Name of Supplier:.....

Please supply us the following item (s)

No.	Description of item	Quantity	Unit price GH¢	Total Price GH¢

Grand Total

Prepared by: Reviewed by: Approved by:

Name:..... Name:..... Name:.....

Job Title:..... Job Title:..... Job Title:.....

Signature:..... Signature:..... Signature:.....

Appendix 18: Conflict Of Interest Register

SAMPLE CONFLICT OF INTEREST REGISTER

Name	Date Advised	Nature of Interest	Any Action to avoid Conflict	Signature

Appendix 19: Stores Receipt Form

STORE RECEIPT FORM

No. 0001

Received from:.....

Q'tity	Description of goods	Remarks

Date goodsreceived:..... Signed:.....

Appendix 20: Tally Card

TALLY CARD

Article:..... Stock No:..... Unit:.....

Date	From whom received or to whom issued	Invoice Or Reqn. No	Receipts	Issues	Balance	Remarks

Appendix 21: Stores Request Form

STORE REQUEST FORM

No. 0001

Storekeeper please issue to:..... Date:.....

Purpose:.....

Item No.	Description of item	Quantity

Signed:.....

Authorized by:.....

(Officer Requesting for items)

Appendix 22: Stores Issue Form

STORE ISSUE FORM

No. 0001

Issued to in accordance with request form

No. the following items on

for.....

Q'tity	Unit	Description of item	Remarks

Issued by:.....

Approved by:.....

(Storekeeper)

Appendix 7: Field Advance Request Form

FIELD ADVANCE REQUEST FORM

Name of staff:..... Project:.....

Amount requested (in figures) GH¢.....

Amount requested (in words):.....

.....

Reason(s) for advance:

.....

I understand that I have to use the advance for the above stated purpose(s) and that I have to account for the total sum of the advance as soon as the activity is completed. If I failed to account for the amount taken, any outstanding balances shall be recovered from my salary.

Requested by:..... Date:.....

Reviewed by:..... Date:.....

Approved by:..... Date:.....

Note: Please attached a detailed budget for the activity

Appendix 8: Field Advance Retirement Form

FIELD ADVANCE RETIREMENT FORM No.:0001

Date of Advance:..... P V No:..... Project:.....

Purpose of advance:.....

Total Advance: GH¢.....

Less Total amount of advance liquidated: GH¢.....

Balance returned to WAAF /refunded to Staff GH¢.....

	Details of Expenses:	GH¢
1.		
2.		
3.		
4.		
5.		
6.		

Total Expenses:

Submittedby:..... Date:.....

Reviewedby:..... Date:.....

Approvedby:..... Date:.....

Note: Attach all relevant documents such as receipts, invoices etc

Appendix 24: Fuel Request Form

FUEL REQUEST FORM No. 0001

Vehicle Registration No:..... Mileage:.....

Purpose of fuel:..... Project:.....

Authorizedby:..... Date:.....

Type of Product	Qty/Litres	Unit Price (GHC)	Total Amt (GHC)
<i>Total</i>			

Supplied by:..... Date:.....

Name of Fuel Station:.....

Received by:..... Date:.....

Kindly attach fuel and any other purchased items receipts

Appendix 23: Vehicle Service Form

VEHICLE SERVICE FORM

Vehicle Type:..... Vehicle Reg. No.:.....

Current Kilometre:..... Date of current Service:.....

Date of last service:.....Kilometres at last service:.....

No.	Description of service/parts to be changed

Requested by:..... Recommended by:..... Approved by:.....

Name of Service Agent:

Signature/stamp of service agent:..... Date:.....

Appendix 27: Vehicle Log Sheet

Date	Destination				Total KM	Litr of
	From	To	start	End		

Appendix 4: Out-Going Cheque Register

Date cheq. was written	Name of Payee	Amount GH¢	Cheq. no.	Receivers name	Receivers sign	Date cheq. was released.
15/03/12	X Hotel	2,876.10	56783			

Appendix 3: Accountable Document Register

ACCOUNTABLE DOCUMENT REGISTER

Date received	Serial No.	Issued by	Sign	Received by	Sign	Date of issue

Appendix 9: Honour Certificate

HONOUR CERTIFICATE

I, Certify that I have made the following expenses on behalf of Agency For Health and Food Security of which receipts are not obtainable.

No.	Date	Description	Amount (GH¢)
<i>Total Expenses</i>			

Submitted by:

Reviewed by:

Approved by:

Note: This is an internal form to be used by staff. This should not be used by non- staff to acknowledge receipt for payment made to them

Appendix 17: Job Order Form

JOB ORDER FORM

Type of Job:

Job requested by: Date:

Project: Reviewed by:

Name and address of Service agent:

DETAILS OF JOB REQUIREMENT

MATERIALS

1.....

2.....

Materials sub-total

LABOUR COST

1.....

Labour sub-total

Less 5% WHT

GRAND TOTAL

COST ESTIMATES (GH¢) Description

PAYMENT TERMS

Advance Payment

Payment due on completion

Signed:.....

(Service Agent)

Signed:.....

(Dir of Finance)

Date:.....

Date:.....

Appendix 25: Cheque Payment Voucher

CHEQUE PAYMENT VOUCHER

P V NO:.....

Date:.....

ChequeNo.:.....

Payee:.....

Amount in words:.....

Budget Item	Description	Amount (GHC)
Total Amount		

Preparedby:..... Signature:..... Date:.....

Reviewedby:..... Signature:..... Date:.....

Approvedby:..... Signature:..... Date:.....

Note: Please attached invoices, receipts and/or any other documentation to this voucher

Appendix 24: Cash Payment Voucher

CASH PAYMENT VOUCHER

P V NO:.....

Payee:..... Project:.....

Date:.....

Description	Budget Item	Amount (GHC)
<i>Total Amount</i>		

Preparedby:..... Reviewed by

Authorizedby:..... Received by:.....

Note: Please attached invoices, receipts and/or any other documentation to this voucher