

ACCOUNTING MANUAL

FOR



FEDERATION OF FISHERIES ORGANISATIONS UGANDA

(FFOU)

Drawn by

The FFOU National Executive Committee

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1.0 Introduction

The purpose of this manual is to set out the basic practices and procedures, which should be adopted in the accounting function of **Federation of Fisheries Organisations Uganda**. These policies are compulsory and it is FFOU management responsibility to implement these policies. Failure to follow the financial manual will be considered as a violation of terms and conditions of employment and will be dealt with as per the Human Resources Manual.

1.1 Who is this Accounting Manual for?

This manual is for **Federation of Fisheries Organisations Uganda** staff that deals with day-to-day financial matters. Overall responsibility for implementation of the manual rests with the Director of Finance and the entire Management team of Federation of Fisheries Organisations Uganda (FFOU).

The Director of Finance must brief all staff about the importance of a financial manual, induct new staff and other staff who has cash/spending responsibilities on the regulations in this manual as part of their standard cash spending procedures. It is the responsibility of the accounts department to ensure that the manual is understood by staff and is properly followed as a guide to the spending responsibilities.

The Director of Finance must provide relevant budget amounts and related codes and budget to the appropriate heads of department and the finance team. The Director of Finance and the Finance team must also provide an ongoing support and guidance to staff on any sections of the manual which they are unclear on.

1.2 Regional offices

Regional offices are responsible for the control of the cash held in their safe. This will be the work of a designated officer at the regional office and will be his/her responsibility to review all cash & bank transactions, performs cash counts, cash & bank reconciliations and report all transactions executed during the month to the Federation of Fisheries Organisations Uganda head office. The Director of Finance and the entire management should be informed of the any instances of rules being breached and should be reported as soon as possible.

1.3 What does the Accounting Manual do?

This manual points out the various controls and regulations that exist. It describes in detail how to perform reconciliations. The manual contains copies of the standard forms and the Federation of Fisheries organisation in Uganda specific forms. These forms can be photocopied or printed for use.

The manual includes standard procedures and controls. These ensure that resources are used in an appropriate manner and that the accounting system meets statutory and donor audit requirements. All staff with spending responsibilities should seek guidance from the accounts department on any section of the manual they are unclear on.

1.4 Recording Transactions and Records Required

Federation of Fisheries Organisations in Uganda Head office and Regional offices will operate a cash accounting system whereby a cash or cash advance system of recording daily expenditures will be applied. There is also a bank account to facilitate cash transfers, electronic transfers or cheque payments.

Each transaction must have relevant supporting documents filed for it. To enable the accurate recording of all cash and bank transactions the following books and forms are required. All transactions must be recorded in the cashbooks on the basis of the supporting documents.

Petty cash and safe cash limits are recorded in a separate document.

During working hours, the petty cash box is kept in a locked drawer. It is kept locked in the safe overnight. The custodian of the safe is the Cashier at the Head office and Cashiers at the regional offices. The keys for the respective safes/boxes are kept with the custodians. The accountant monitors the progress of the cash movements every day and does cash count on Friday.

1.5 Standard Documents used in Finance

- ✓ **Cash book**
- ✓ **Petty cash book**
- ✓ **Bank payment Voucher**
- ✓ **Cash payment Voucher**
- ✓ **Receipt books**
- FORMS**
- ✓ **Advance forms and expense sheet**
- ✓ **Cost Docket/Receipts**
- ✓ **Mileage sheets/Log sheets-KM allocations**
- ✓ **Overtime sheets**
- ✓ **Goods received note (GRN)**
- ✓ **Goods delivery note (GDN)**

- ✓ Quote evaluation
- ✓ Local Purchase order (LPO)
- ✓ Supplies request & Proforma invoices
- ✓ Journals

1.5.1 Cash Book

A cash book is a book where all **expenses and incomes are recorded** and should be maintained by the custodian who is the cashier or the accountant in a safe place in the office. All physical cash movements in and out of the bank should be **recorded immediately** in the cash book. It is a record of actual cash movements and supports the entries recorded in the computer cashbook.

Recording in Cash books

All transactions must be recorded in a cashbook. A separate cashbook must be kept for each “pool” of money and bank account that an office uses. In this manual, the term “cashbook” refers to both Petty Cash Books and Bank Books. The receipts and payment vouchers are the main sources of information for writing up the cashbook.

Payee:

The person to whom the money was given or received from. (In the case of advance retirement, the name of the person/supplier receiving the cash is deemed to be the payee, **NOT** the advance holder.)

Description:

Description of items, service rendered (or context of receipt). It is important to ensure the narrative is meaningful, consistent and includes explanations where necessary. Care is therefore required to ensure that the field is used as efficiently as possible.

The payee column is not shown on the management accounts. This is important where a staff member is being paid per diem or other form of travel allowance. In such cases, the staff member’s name needs to appear in the description column as well as the payee column.

Cost Centre: The location **where** the expense originated and the related department/programme.

Nom Code: The nominal code from the accounts code listing **what** best describes the expense that has occurred.

Job Code: Where applicable - to identify separate activity, staff/vehicles/partners. All grants to partners and all items charged to a transport (cost centre MUST have a job code).

1.5.2 Best Practice of Cashiers

1. Record everything you do. You must preserve an 'audit trail'. That means that another person must be able to follow all of your accounts just from what you have recorded, with no additional explanation.
2. Be organised. Make sure that all documents are properly filed, and all procedures properly followed.
3. Be consistent. If you do things one way in one month, then do them the same way the next month.
4. Keep on top of the books. Fill in all the proper books as the transactions happen: do not let a backlog build up.

1.5.3 Petty Cash Book

Petty cash book on the other hand is a cash book used to record petty cash transactions. It also helps on spot cash counts. It is a valuable tool for reconciling any differences should they arise. The computer cash book and manual cash book should be maintained for each month and soft copies filed on a month-by-month basis.

1.5.4 Advance Request Form

The Advance request form should be completed by staff who are authorised as advance holders when they require a cash advance. No advance should be issued to staff that have not yet cleared their first advance.

1.5.5 Advance Logbook

The Advance logbook tracks money given to authorised advance holders. The **cashier** can only give out cash advances on receipt of an authorised advance request form that is authorised by the manager of the department. The procedure is as follows: -

- The **Cashier** completes the first half of the advance logbook when s/he gives the cash to the advance holder. The advance holder signs the advance logbook to confirm the transaction and later the cashier records the transaction in the petty cash book.
- The **Cashier** completes the second half of the advance logbook when s/he receives a completed approved expense record sheet, together with supporting receipts or money, or a combination of both, which equal to the value of the original advance. Both the cashier & advance holder sign the advance logbook to close the advance off. The expenditure is then recorded in the cash book and the advance is then sealed off.

1.5.6 Expense Record Sheet

An expense record sheet is a sheet explaining how the expense was incurred and when. This is however done in the following ways: -

- Advance holder retiring an advance or
- Staff claiming for the reimbursement of expenses.
- If staff is retiring an advance, the expense record sheet should be approved by the original advance authoriser.

1.5.7 Cost Docket/Receipt

When it is not possible to get receipts from a supplier, for example when buying supplies from a small market trader, it is important that the person buying the goods fills out a Cost Docket/receipt and gets the trader/boda boda to sign it, to show that he or she has received the money from FFOU.

This form shows proof that money was spent on certain items. A Cost Docket/Receipt should only be used as a last resort in situations where the supplier has no registered business. Misuse of Cost Dockets will result in disciplinary action. The maximum value that can be claimed under a Cost Docket is UGX 30,000.

1.5.8 Payment Request Forms

The payment request can be for either a cash payment or a cheque payment. There are different payment request forms for cash and cheque payments. **The Payment Request Form must be supported where applicable** by the Supplies Request Form, Suppliers Goods Delivery Note, FFOU Goods Delivery Note, Quote Evaluation Form, Purchase Order Form or Contract, Supplier Invoice and FFOU Goods Received Note.

1.5.9 Cash Payment Voucher

Each transaction is given a unique reference number. For payment transactions, this is done using payment vouchers. The payment voucher book is pre-printed, numbered chronologically, completed in duplicate and maintained for each currency and for cash or bank. Payment vouchers should be completed in sequential order. The original voucher should be filed with the supporting documentation. Cancelled vouchers remain in the voucher book or are removed and filed. The **Cashier/Accountant** on receipt of the following completes a cash payment voucher:

- A completed & approved expense record sheet on retirement of a cash advance together with supporting receipts/invoices etc.

- A completed & approved expense record sheet for the reimbursement of expenses incurred by staff on behalf of FFOU together with supporting receipts/invoices.
- A completed & approved payment request form for payments direct to suppliers supported by an invoice, supplies request etc.

A cash payment voucher summarises the information from the expense record sheet or payment request form, which gives a budget code for each payment made. If the Accountant/Cashier.

Queries the budget codes used then s/he should refer to the chart of accounts, who will take the matter up with the relevant budget holder for clarification. If there is insufficient documentation to support the payment then the accountant/cashier should not complete the voucher or make the payment until all documentation has been attached.

The bank payment voucher is combined with the cheque payment request form.

Cheques should be filled out for signing by the accountant/cashier and signed by at least **two cheque signatories**. Supplier's details should be cross checked before completing the cheque and cheques should only be **made payable to the supplier**, (as per the Supplier name on the invoice) not to a nominated third party, **unless a satisfactory written explanation is obtained**.

The payment voucher must be prepared at the same time as the cash is paid/cheque is written.

In respect of payments for safe replenishments only, it is permissible to cancel the crossing on a cheque.

1.5.10 Cash/Bank Receipt Vouchers

FFOU **receipt vouchers** are used when recording incoming cash from whatever source. Where payments / cash transfers are made internally the payer completes a payment voucher in the normal manner, the recipient completes a receipt voucher and returns the top copy to the payer, files the second copy on its files and the third copy remains in the receipt book.

This is very important for cases of cash received from third parties. The payer (or giver) should be given one copy, signed by the person receiving the money. The second copy is filed in the monthly accounts' records.

The Receipt Book is pre-printed with each voucher in triplicate and numbered chronologically.

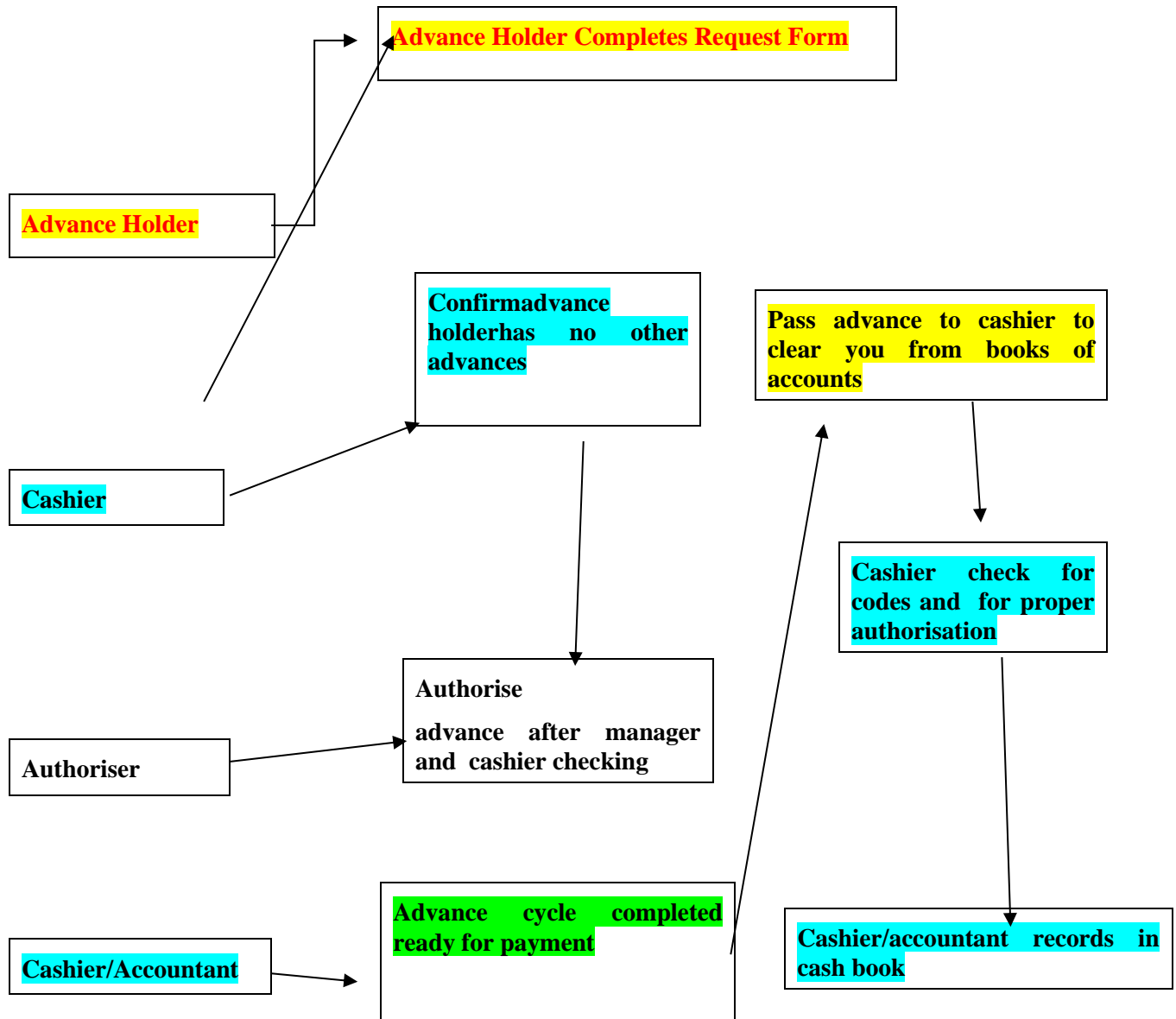
Paid Stamp All documents related to a payment must be stamped with a 'FFOU PAID' Stamp by the cashier immediately upon payment to avoid risk of duplicate

payments. Care must be taken while stamping. Stamping on figures and other necessary information is not advisable. As much as possible, blank spaces on the documents have to be used for this purpose.

1.5.11 Advance

The cash advance procedure is where staff are advanced on what to purchase supplies or make payments for the programme and then return with the relevant documentation as proof of payment. The person to whom cash is advanced is known as the advance holder. When the advance holder has finished purchasing, they fill out an expense record sheet to justify how the cash advance was spent. Advance holder should only purchase the items authorised on the advance request. If the advance holder purchases items not authorised s/he should bring this fact to the attention of the authoriser. The authoriser may accept or reject this additional expenditure on reviewing and approving the expense record sheet and should make a note on the expense record sheet explaining the decision.

1.6 Advance Cycle



1.6.1 Cash Advance Regulations

- Any individual advance holder can only hold **one** advance at any **particular** time.
- Advances will only be issued on retirement **previously** held advance.
- Advance can only be issued up to the maximum of the advance holder's limit.

- Advance holder cannot authorise his/her own float.
- Advance has to be retired within 5 working days of their issue, unless they are issued to an advance holder who requires the float for travel or travel related purposes.
- Advance should be retired in the office in which they were first issued.
- All advances should be cleared each month end.

Advances crossing over to the following Month

This facility is in place in order to provide for rear situations where, designated staff are involved in “direct implementation” activities, like training sessions, involving large amounts of cash, over a number of days.

The advance holder is allowed to “stagger” over a number of days so as to minimise cash in hand. Each daily amount of the staggered advance is recorded in the advance Log Book and Cash Log Book as per the normal procedures. The retirement is to be made in respect of the entire advance, once the training session (or whatever direct implementation activity the advance is required for) has been completed.

1.6.2 Payments

The Cashier/Accountant has permission to pay cash on receipt of the following, from staff:

- A completed & approved **expense record sheet** on retirement of a cash advance together with relevant backing documentation.
- A completed & approved **expense record sheet** for the reimbursement of expenses incurred by staff on behalf of FFOU together with relevant backing documentation.
- A completed & approved **payment request form** for payments direct to suppliers/grants supported by appropriate backing documentation.

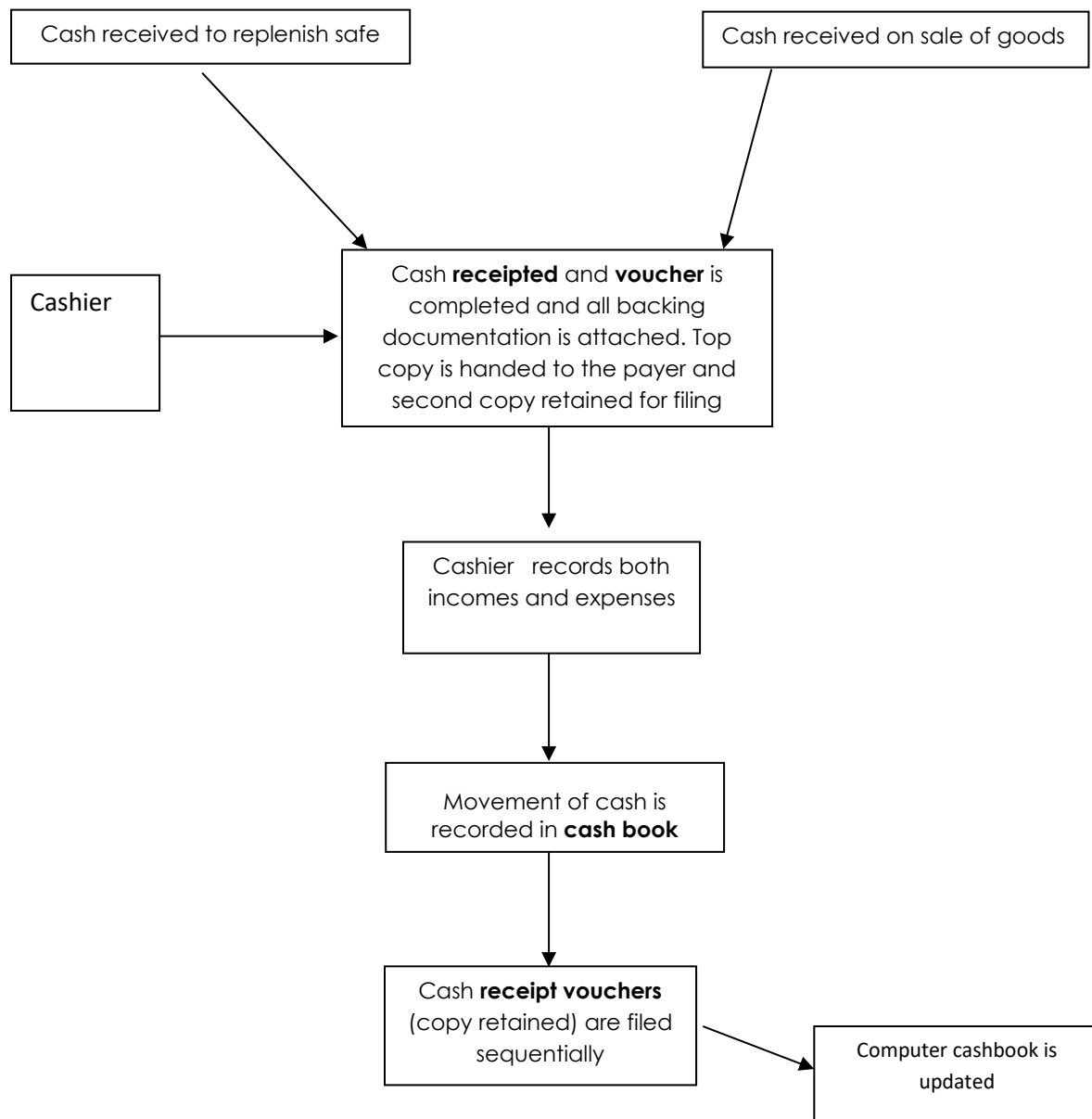
All relevant backing documents and FFOU generated vouchers must be stamped with a “FFOU Paid” Stamp for cancelling purposes.

1.6.3 Receipts

The **Cashier** completes a cash receipt voucher in each of the following cases:

- Cash from bank to replenish the safe.
- Sundry cash receipts on sale of goods e.g. an old vehicle) or services (e.g. reimbursement of personal telephone services) or a cash donation.

1.6.4 Receipts Process Flow:



Third parties will be advised to make direct deposits into a designated FFOU bank account.

1.6.5 Cash Payment

1. Procedural

- Payments to suppliers/third parties in excess of UGX 200,000 should be made by cheque or electronic transfer.

- All cash payments should be authorised by the authorised budget holder up to the amount of their limits.

1.6.6 Cash Counts

- Cash logbooks should be written up immediately by cashier to facilitate on the spot cash counts.
- The following cash counts should be carried out.
- Daily – Petty cash count. This should be done by the Cashier and confirmed by another staff member on the daily log sheet.
- Weekly – Petty cash and safe cash count. This should be done by the Cashiers and confirmed by the accountant as appropriate. A weekly cash reconciliation form should be completed for this purpose. At each month end – Petty cash and safe cash count. This should be done by the cashier and confirmed by the accountant.
- Additionally, cash counts should be carried out where the role of the custodian of either the petty cash or main safe is transferred from one person to another – such as in the event of leave or travel etc. The results of this count need to be documented.
- This form should be completed in duplicate, one copy for each party. The custodian's copy should be filed in a separate file. This should be done before keys are handed over and the cash logbook should be signed off by both individuals to indicate that this has been done. The procedure should be repeated when the custodian has returned.
- A signature by the approver on the Cash Reconciliation is taken as evidence that the cash was physically on hand on the date counted. If, subsequently, it is discovered that cash was physically missing from the amount stated on the date in question, disciplinary action will be taken by Concern. In addition, the amount of the shortage must be recovered from the responsible custodian.

1.7 Security Regulations

- The only person who should hold the keys to the safe is the accountant or cashier
- Only FFOU money or items belonging to FFOU can be stored in the safe. A safe register should be kept to record items kept in the safe and maintained by the custodian of the safe.
- Cash books, advance logbooks and payment voucher books, documents etc. related to accounts should be held in a locked drawer and should not be removed from the office.
- Any discrepancies (between cash count, cash log and/or cash reconciliation) must be reported in writing by the cashier to their line manager. a formal investigation into the source/circumstances of the discrepancy and submit

the investigation report, with specific recommendations to the Finance Director for appropriate action.

- When collecting cash from the bank, the Cashier should be accompanied by one other staff member (e.g. driver) for security purposes. The vehicle and driver should not be booked in advance and the route should be varied regularly.

1.8 Bank Account Operations

1.8.1 Security Regulations

- Cheque books (current & used) and FFOU stamps should be stored in the safe.
- Before the Cashier collects new cheque books from the bank the leaves should be counted and on arrival back in the office the cheque book must be handed over to the PM/CA who should also count the leaves and recorded on the safe register.
- A replacement cheque should not be issued until the bank has confirmed that the original payment has been stopped.
- Cheque leaves must be physically verified by both the Director Finance.
- The FFOU stamp (for bank purposes) and the cheque book remain in the custody of the safe key holder and are locked in the safe out of office hours.
- When a cheque is prepared, the cheque listing on the front of each cheque book should be completed.
- When the cheque is presented for signature, the cheque should remain attached to the cheque book. The signatory should verify that the cheque listing is complete and that there are no unexplained gaps.
- Chequebooks, when not in use, should be kept in the safe. When writing a cheque, it is important to complete the cheque listing also. If a cheque is cancelled for any reason, the cancelled cheque should be mutilated and attached to the stub; cancelled cheques must not be disposed of or destroyed. Blank cheques must not be signed under any circumstances. Post-dated cheques are not allowed.
- If cheques become stale (after 6 months) they should be written back to creditors or accruals. A replacement cheque can only be issued if the original stale cheque is returned.
- All cheques must be accounted for. If a cheque is cancelled, for any reason, the cancelled cheque should be mutilated by punching a hole through it using a standard paper punch and attached to the stub. If a cheque is lost, whoever discovers the loss must report the loss immediately to their line manager and the Director of Finance.

- If a cheque is lost, the Director of Finance should immediately inform the bank by telephone, to stop payment of the cheque. A letter should then immediately be sent to the bank, a copy of which should be kept on file together with the bank's subsequent acknowledgment letter. Once written confirmation is received from the bank that the payment has been stopped, a new cheque may be issued.
- All bank correspondence should be on the standard paper with the FFOU letterhead. All correspondence should be authenticated by the FFOU stamp and authorised by two of the cheque signatories. All the details on letters of instruction should be cross-checked prior to approval.

1.8.2 Changes in the Operation of the Bank Account:

Correspondence relating to changes in the operation of the bank account must be signed by the Executive Director and one other signatory. If a cheque signatory leaves FFOU, arrangements must be made to ensure s/he is removed immediately as a bank account signatory. Examples of such changes to bank accounts are as follows:

- Changes in cheque signatories
- Changes in bank mandate
- Closing the bank account

1.8.3 Electronic Banking

FFOU like any federation encourages the use of electronic payments to suppliers using its local banks in order to **reduce** security and forgery risk due no manual cheques being used.

-Recipients will be paid faster.

All payments greater or equal to Shs. 20,000,000 **must** be paid via electronic funds transfer (EFT) or Real Time Gross System (RTGS) through respective banks. This is Bank of Uganda requirement.

Any other banking like Domestic banking and foreign banking,

The user IDs and passwords held by each signatory must be kept secure and should not be written down unless absolutely necessary. If it is necessary to write them down, then they should not be kept in the same place.

Every time a person with access to electronic banking leaves their office, they should ensure that they are logged out of the system, even if the room will be going to be locked.

1.8.4 Cash Control

Bank reconciliations

Bank reconciliations should be prepared on the second working day of the following month on the designated bank reconciliation forms. These must be signed by the person preparing them, checked by the accountant and then approved by the Director of Finance. In addition, the year-end reconciliation needs to be approved by the President or Vice President, the Executive Director, as well as reviewing the reconciliations the approver must also review the printed cash books on a monthly basis.

A review seeks to carry out the following

- Ensuring that payments are authorised by the appropriate authoriser.
- Ensuring that the supporting documentation attached to payment & receipt vouchers is adequate.
- Ensuring that payment & receipt vouchers are totalling correctly.
- Checking that the budget codes used are correct.
- Ensuring that the cashier has input the information on the computer cashbook correctly.

By signing the monthly reconciliations, the approver is indicating that s/he has carried out this review.

On receipt of the monthly bank statement from the bank you must make sure that your cashbook figures are the same as the bank statement balance. This is what the reconciliation seeks to do.

The approver should check each of the following on every bank reconciliation:

- Does the bank balance per cash book on the bank reconciliation agree to the bankbook?
- Does the reconciliation add up?
- Does the list of outstanding bank cheques agree to cheques written up on the bankbook?

1.8.4 Possible reasons for differences

- Does the opening balance in the bankbook in the current month equal the closing balance in the previous month?
- Is the balance per the bank statement recorded correctly on the bankbook?
- Cheques have been paid out but the payment voucher has not been written up on the bankbook.
- Money has been received in the bank but the receipt voucher has not been written up on the bankbook.
- Bank charges on the bank statement have not been accounted for.

- Receipts and payments have been entered into the wrong columns (e.g. receipts in the payments column and vice versa) on the bankbook.
- Cheques outstanding from a previous month and still outstanding in the current month have not been shown as still outstanding on the reconciliation.
- The cheque amount on the bank statement is more/less on than the payment voucher/bankbook.
- Cheques are shown as outstanding on the reconciliation whereas they have actually cleared.

1.8.5 Cash Reconciliations

Cash reconciliations should be prepared at the end of each week and also for the last working day of each month on the designated cash reconciliation forms. These must be approved by the Director of Finance. In addition, the year-end reconciliation needs to be approved by the President or the Executive Director.

The basic principle of cash reconciliation is that the cash in the cash box plus the outstanding advance should equal the balance per the computer cashbook.

On every cash reconciliation the approver should check each of the following:

- Does the computer cashbook balance on the form agree to the computer print-out?
- Does the form add up?
- Does the list of outstanding advances agree to the advance logbook?
- In instances where the computer cash book is not up to date, does the physical cash count correspond with the cash logbook balance?

1.9 Handover responsibilities

When the cashier is going away for several days for example for leave, arrangements should be made to hand over the cash to the accountant or administrator. A full cash count by both the cashier and the acting cashier must always be performed before departure and on return. Cash certificates should be signed off by the two parties and should indicate how much is in safe and how much in the bank as at the time the hand over is done.

1.9.1 Segregation of duties

A standard financial control is to make sure different members of staff have responsibility for different accounting duties. It must be ensured that no single task is executed from the beginning to its conclusion by only one person.

Requests for payments cannot be self-approved.

By segregating various responsibilities this acts as a self-control mechanism as well as reducing the possibility of fraud and other related cash risks. At each point in the chain there are opportunities for individuals to question fellow staff members on the validity of purchases, payments, etc.

Such questions are as follows:

- Is this purchase necessary?
- Can we get it cheaper?
- Has the budget holder agreed to the purchase?
- Did we receive the goods?
- Was the service completed?
- Is the invoice correct and does it correspond to the quotes received? This constant self-questioning is to ensure that we are able to control cash and spend wisely.

2.0 Bank Balances

- The minimum and maximum limits applicable to bank accounts and cash holdings are set out in a separate document.
- The Director of **Finance, Accountant and cashier** must monitor the cash balances at all times. When the balance falls to the replenishment level they must ask for more cash to replenish the balance.
- The replenishment will be processed by the custodian preparing a Payment Request Form together with a photocopy of the related cash log book. The Payment Request is submitted to the relevant line manager for authorisation and action.
- The maximum balances should be reviewed at all times. If cash is withdrawn from the bank only once per month, then consideration should be given to requesting a reduction in the maximum cash limit.
- Likewise, if it appears that cash is withdrawn from the bank twice per week or more frequently, then consideration should be given to requesting an increase in the maximum cash limit, on a temporary basis initially.

All payments must be authorised and approved.

Clear procedures have been set up defining who can authorise what – as per Delegation Framework Document. The key aspect of this is having

named staffs who is allowed to authorise purchases and approve payments up to a specific limit and against a specific budget line. There should be no payment without proper authorisation

Possible reasons for differences

- Does the opening balance in the bankbook in the current month equal the closing balance in the previous month?
- Is the balance per the bank statement recorded correctly on the bankbook?
- Cheques have been paid out but the payment voucher has not been written up on the bankbook.
- Money has been received in the bank but the receipt voucher has not been written up on the bankbook.
- Bank charges on the bank statement have not been accounted for.
- Receipts and payments have been entered into the wrong columns (eg: receipts in the payments column and vice versa) on the bankbook.
- Cheques outstanding from a previous month and still outstanding in the current month have not been shown as still outstanding on the reconciliation.
- The cheque amount on the bank statement is more/less on than the payment voucher/bankbook.
- Cheques are shown as outstanding on the reconciliation whereas they have actually cleared.

2.1 Budget Monitoring

Approved budgets will be notified to the budget holders in advance by the Director of Finance Monthly management accounts will be compared to the actual expenditure against the approved budget. Appropriate action should be taken in response to significant variances. In addition, budget holders have no authority to incur any expenses which are not included or above the authorised budget without obtaining the presidents' approval.

2.1.1 Paid Stamp

All documents related to a payment must be stamped with a **Paid Stamp** All Care must be taken while stamping. Stamping on figures and other necessary information is not advisable. As much as possible, blank spaces on the documents have to be used for this purpose.

2.1.2 Month End Procedures

A Documentation to be produced at month end Finance Department.

- Final Soft copies of bank and cash books for back up
- Hard copies of bank and cash books with the reconciliations authorised by Finance Director.
- Original bank statements for the month
- Telephone log sheets (for charging personal calls)
- Copy of Advance Log Book & Cash Log Book(s)
- Copy of fuel bill for the month and related fuel analysis
- A Soft and hard copy of payroll.
- Monthly stock count results
- Cash count certificate
- Donor reports
- Cash flow forecast for the following months and expected budget.

If there is accountabilities that are needed from the field to be incorporated in the month end accounts, they should be forwarded to accounts before 4th of the following month. This is important because it's important to capture all donor expenses.

2.2 Partnership Agreement

Carry out a financial capacity assessment of the potential partner (Associations) Create a partner Financial Capacity Assessment Tool to help them achieve their objective. This tool must be approved by the Executive Director.

Partners or associations are supposed to have bank accounts which FFOU can use to channel their sub grants to them. FFOU will however not send cash to them through mobile money or take cash directly unless an express permission is granted by the President or his nominee.

The finance department will open a separate donor file for each donor contract.

Each donor file should be set up in the following format. This format should be attached and act as an index to the donor file.

- 1 Copy of Donor Contract
- 2 Contract Rules and Regulations
- 3 Donor Approved Budget
- 4 Copies of Financial Claims, with reconciliations to the general ledger
- 5 General Correspondence and exchange rates used.

2.3 Exchange Rates

Exchange rates must be used at the time of translating all transaction expenses, different exchange rates may be used if funds transferred by donors have been sent at different times. There are also situations under cash accounting where exchange rates for profit and loss accounts are either the average FX as per the donor requirement. Balance sheet items are translated at the month end exchange rate.

2.4 Accounting Software

FFOU will at all-time use a software to record their cash books and their incomes and expenditures accounts and will use the system to generate the report. The software will be tailored to suit the donor requirements.

2.5 Taxation

FFOU like any other organisations is liable to pay taxes as per the income tax regulations. The following is a summary of taxes affecting Organisations in Uganda; -

FFOU Policy is that all taxes are to be paid in accordance with the laws of Uganda.

1. **VAT**
2. **PAYE**
3. **Withholding tax**
4. **Local service tax (LST) and**
5. **NSSF Contribution**

2.5.1 VAT: VAT on supplies and imports must be paid and this cannot be reclaimed. VAT is 18% and must be paid on all VAT invoices.

2.5.2 Pay As You Earn (PAYE): All remunerations are taxed at the end of the month. Casual labourers who earn wages every month, their wages are aggregated and taxed if the payments fall in the same month.

2.5.3 Withholding Tax: FFOU withholding tax will deduct 6% and 1 % on agriculture produce, at source unless the suppliers or consultants are exempt and have exempt certificates- BUT charge 1% on agricultural supplies.

2.5.4 Local service tax: This is deducted from employee's salaries in four equal instalments on the July to October payrolls and paid to the respective authorities by 15th of the following month.

2.5.5 National Social Security Fund (NSSF)

Currently the employer has an obligation of 10% of gross pay.

The employee has an obligation to pay 5% of gross pay. The 5% is deducted from his/her monthly salaries.

2.5.6 Deadlines for Payment of Tax

PAYE – Within 15 days from the end of the month in which tax was deducted.

NSSF - Within 15 days from the end of the month in which the relevant wages were paid.

2.6 Fixed Assets Procedures

A fixed asset is defined as follows:

An item with a useful life of more than one year and with a cost of more than Shs. 500,000, Examples include cameras, printers, televisions, video recorders, mobile phones, etc. Fixed assets are recorded as an expense at the time of purchase; hence no depreciation arises. It is mandatory that each fixed asset has an identification number attached to it at time of purchase. If possible, it should be clearly marked as the property of FFOU to discourage theft. The markings should be engraved where possible.

A fixed asset register must be maintained for all assets including donated assets. The register should consist of the following: -

- Asset ID number.
- Date of purchase.
- Asset type e.g. Camera/Computer/Vehicle.
- Detailed description of asset e.g. Canon camera model 219.
- Cost (including transport and other costs if significant).
- Location.
- Donor (if applicable).
- Date of disposal.
- Reason for disposal.
- Disposal authorisation.
- Comments—any other relevant information.

A member of the finance team must verify this register annually, with a member of the Logistics /Admin Department. The person who normally maintains the fixed asset register should not be involved in this process. A copy of the verification, together with any recommendations, must be given to the Director Finance. The founder of the asset (if any), and the name of the funded project (if relevant), must be recorded in the asset register.

All assets should be kept in a secure location. All necessary security regulations need to be put in place to minimize the risk of theft or damage, e.g. offices should be kept locked when not occupied.

2.7 Procurement

The finance department must ensure that procurement guidelines are adhered to. No procurement should be carried out before a supplies request is affected.

2.7.1 Local Purchase Order (LPO)

Local purchase orders are used by organisations after pre-qualifying suitable vendors to supply items to the organisation. When an LPO is issued, the organisation should endeavour to pay within the first week of receiving the goods or service delivery but should not exceed thirty days. The cashier/Accountant should attach the LPO, goods delivery note (GDN), Goods received note (GRN) or a contract if it's a service procured.

2.7.2 Prequalification:

Vendors are prequalified in order to get the best supplier of goods and services. Prequalified vendors can be sustained for a period of twelve months unless the prequalified vendors supply substandard items.

2.7.3 Request for Quotation

The organisation may request for a quotation from the vendors especially if the organisation is going to procure a capital item like cars, heavy duty generators, items like life jackets, mosquito nets etc.

2.7.4 Fraud and Corruption

The donors require that FFOU audits vendors of goods and services observe the highest standards of ethics during the procurement of goods and services and service and should not breach the contract. Staff are encouraged to be honest while executing their duties and soliciting of bribes is highly prohibited.

Corruption

This is an act of soliciting money from a vendor or a service provider either directly or indirectly, falsifying, altering or concealing of evidence that harm the organisation's profile.

2.7.5 Fraudulent practice

Is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

2.8 Chart of Account

The Chart of accounts is program guidance on how resources are to be used or shared by the program team. **The Chart of accounts directs expenses to their right homes.** Expenses must be recorded correctly in the cash book using the

chart of accounts and it's this chart of accounts that directs transactions to the profit and loss account and the balance sheet.

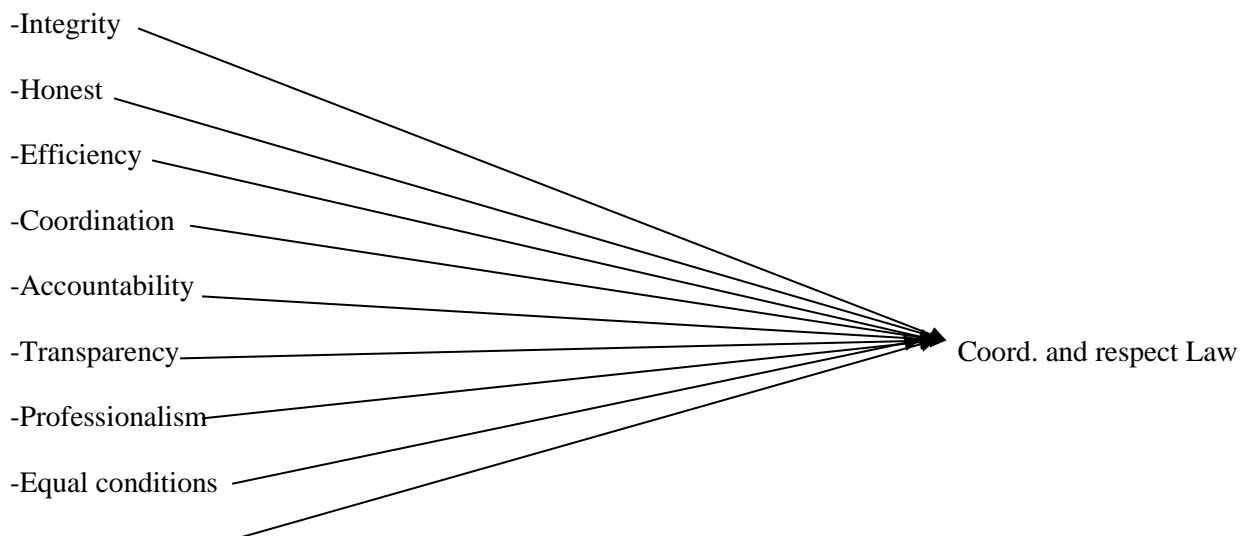
The Chart of accounts codes is used to distinguish different donor transactions and, helps not to mingle funds of different donors. However funded projects will be given a project, nominal and departmental codes.

Account	Type
2.8.1 Balance sheet codes	
CASH LC	Bank
CASH LC:10987 · OPERATIONAL: BANK: STANBIC KAMPALA 000000025	Bank
CASH LC:10987 · OPERATIONAL: PETTY CASH	Bank
1000 · Funds Transfer Ac	Bank
1200· All advances cleared	Accounts Receivable
1201 DUE to HQ	Other Current Asset
1202 Income from Associations	Other Current Asset
1204 · Tax Payable	Other Current Liability
1205 · Payroll payable	Other Current Liability
2000 · Opening Balance Equity	Equity
2001 Incomes from Donors	Other Current Asset
Profit &Loss Accounts	
2.8.2 Staff Costs	
1500-00 · Local Staff Salaries	Expense
1530-00 · Local staff Benefits	Expense
1550-00 · Local Severance	Expense
1560-00 · Local Benefits: Group personal Accident	Expense
1570-00 · Local Benefits NSSF 10%	Expense
1571-00 · Local Benefits NSSF 5%	Expense
1580-00 · Local Staff SDA, Perdiem	Expense
1581-00 · Local Staff Hotel Lodging	Expense
1582-00 · Local Staff travel abroad	Expense
1583-00 · Local Staff travel in Country	Expense
1585-00 · Staff Recruitment Costs	Expense
1586-00 · Staff Development: - training, tuition etc.	Expense
1587-00 Travel outside the country	Expense
1588-00 Travel within the country	Expense

2.8.3 Generators	
3502-00 · Generator maintenance	Expense
3502-00. Generator Fuel Head office	Expense
3502-00. Generator Fuel Field office	Expense
3503-00 · Equipment Insurance	Expense
2.8.4 Vehicle Expenses	
CAPITAL COSTS	
3000-00 · Generators	Expense
3001-00 · Vehicles (Cap. Purchases)	Expense
3002-00 · Motor bikes (Cap. Purchases)	Expense
3500-00 · Vehicle Insurance	Expense
3501-00 · Vehicle Rentals	Expense
3501-00 · Vehicle Repair & Maint. 01-UBD 000J	Expense
3501-00 · Vehicle Repair & Maint. 01-UBD 000J	Expense
3501-00 · Repair Operating & Maint. 01-UBD 000J	Expense
3501-00 · Vehicle Repair & Maint. 01-UBD 000J	Expense
3502-00 · Vehicle Fuel 02-UBD 000J	Expense
3502-00 · Vehicle Fuel 02-UBD 000J	Expense
3502-00 · Vehicle Fuel 02-UBD 000J	Expense
3502-00 · Vehicle Fuel 02-UBD 000J	Expense
3502-00 · Vehicle Fuel 02-UBD 000J	Expense
2.8.5 Motor bikes	
3503-00 · Motorcycle Maintenance	Expense
3504-00 Motor Cycle Fuel	Expense
1011-01 · Consultant	Expense
1012-00 · Translation & interpret of scripts	Expense
1013-00 · Accounting and Audit	Expense
1013-00 · Legal fees	Expense
1014-00 · Other Professional Fee	Expense
4001-00 · Bank Fees	Expense
4002-00 · Other miscellaneous expenses	Expense

3401-00 · Purchase of Furniture	Expense
3402-00 · Training/Workshops	Expense
3403-00 · Training Materials &Supplies	Expense
3404-00 · Local Taxes- Withholding Taxes-suppliers	Expense
3405-00 · Office Supplies	Expense
3406-00· depreciable property	Expense
3407-00 · Postage & Delivery	Expense
3408-00 · Distribution & Transport	Expense
3409-00 · Telecommunication	Expense
3410-00 · Head office Rent	Expense
3411-00 ·Field Office Rent	Expense
3412-00 · Office Utilities	Expense
3413-00 · H/Office Utilities	Expense
3414-00 · Field Office Utilities	Expense
3415-00 · H/Office Utilities	Expense
3416-00 ·Field Office Utilities	Expense
3417-00 · Office Security	Expense
3418-00 · Office Insurance	Expense
3419-00 · Maintenance	Expense
3420-00 · Printing	Expense
3421-00 · Photocopying & Duplication	Expense
3422-00 · Subscriptions & Publications	Expense
3423-00 · Meetings and Conferences	Expense
3424-00 · Exhibit & Registration Fees	Expense
3425-00 · Purchase of equipment	Expense
3426-00 · Computers	Expense
3427-00. Depreciation costs	Expense

2.9 Core Values



-Respect for Law



FEDERATION OF FISHERIES ORGANISATIONS UGANDA (CASH BOOK)

MONTH.....

S/N	Date	Loc. code	Nominal code	Payee	Particulars	DR	CR	BALANCE
					Particulars			
TOTAL								

TOTAL
Amount

Amount in
words:



FEDERATION OF FISHERIES ORGANISATIONS UGANDA
(FIXED ASSET REGISTER)

S/N	Item	Date of Acquisition	serial no.	Engraved no.	Supplier	Funder	Cost of acquisition	Remarks

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FEDERATION OF FISHERIES ORGANISATIONS UGANDA - FFOU



(BANK PAYMENT VOUCHER)

Date:.....

PAYMENT TO: _____
 DESCRIPTION: _____

AMOUNT _____ UGX
 _____ USD

<u>ENTRIES</u>	Job #	Account code	Account Name	Amount
DEBITS	_____	_____	_____	_____
	_____	_____	_____	_____
CREDITS	_____	_____	_____	_____
	_____	_____	_____	_____

PREPARED BY: _____ DATE: _____

CHECKED BY: _____ DATE: _____

REVIEWED BY: _____ DATE: _____

APPROVED BY: _____ DATE: _____

FOR FINANCE DEPARTMENT USE: CHEQUE NO..... WIRE TRANSFER _____

RECIPIENT ACKNOWLEDGEMENT Signature/Stamp/Receipt No: DATE: _____

Append "PAID" stamp _____

Append "POSTED" stamp _____

FEDERATION OF FISHERIES ORGANISATION UGANDA



(PETTY CASH)

MONTH.....

No.	Payee	Particulars	Dr	Cr	Balance
	TOTAL AMOUNT				

FEDERATION OF FISHERIES ORGANISATIONS UGANDA

(GOODS DELIVERY NOTE)



Supplier.....

Date.....

Order number.....Delivery Location.....

LPO No.....

GRN.....

No.	Description of Goods	Qty ordered	Qty Delivered	Price per unit	Comments

Received Date	Ordered by	Date
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(PETTY CASH REQUEST)

Department;.....

Date.....

Amount requested.....

Code.....

Description of the request.....
.....
.....

Prepaid by:.....

Signature.....

Approved by.....

Signature.....

FEDERATION OF FISHERIES ORGANISATIONS UGANDA

(ACKNOWLEDGEMENT RECEIPT OF PAYMENT)

ACKNOWLEDGEMENT RECEIPT OF
PAYMENT

Date:.....

Name of the person receiving
money.....

Amount in
figures

Amount in
words.....

Mode of
payment:

Cash Payment

Cheque Payment

Signature of
recipient

.....

