



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
منظمة العون التنموي الطوعي
Developmental Aid Organization (DAID)



Financial Manual

Prepared & Developed

By

Developmental Aid organization (DAID)

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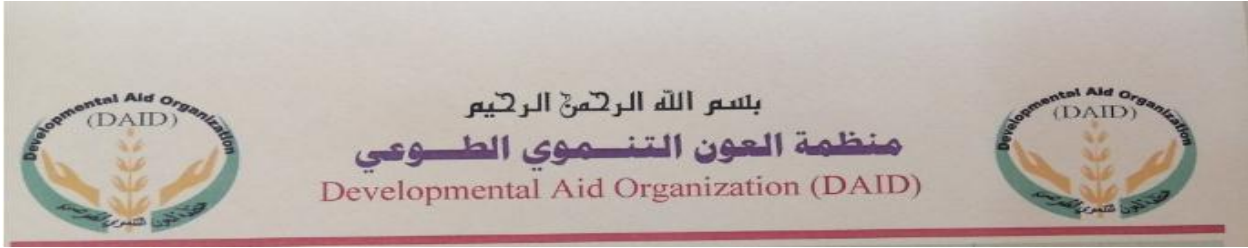


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Purpose

Cash management: To establish sound financial and cash management practices to ensure efficient and proper utilization of cash in a manner consistent with the overall financial policy and function of DAID organization; to outline the policy responsibilities, compliance and standards for internal controls on the handling of cash.

Cash, in this context, is defined as a coins, cheques, money orders and credit and debit card payments in connection with DAID bank accounts.

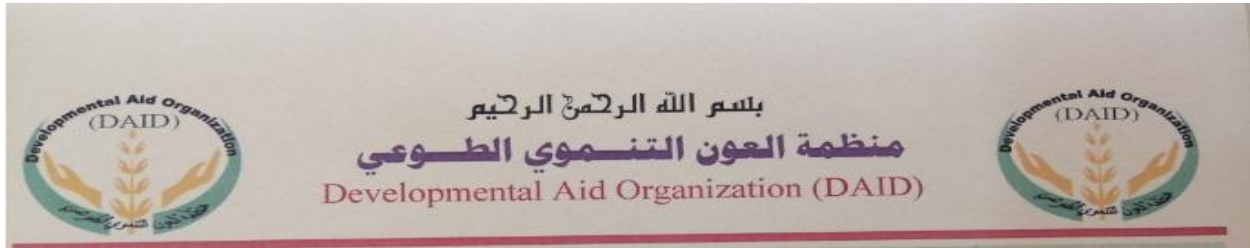
Policy:

It is fundamentally established in the policy of DAID to implement three separate level of internal controls include (recording, custodian, and authorization holder) in the area of cash management to minimize the cost of the use of money by the organization. Internal controls must also provide reasonable assurance that DAID assets are safeguarded against waste, loss unauthorized use, and misappropriation. While the need for internal controls may seem burdensome or restrictive, their value should be obvious. It is the responsibility of the president and the delegated program and financial manager, as outlined under the following section, to interpret the value of internal controls for all members of the organization. They should also assist in establishing internal controls that may need to be tailored to specific situation.

The cost and benefits of proposed controls under the president and delegated financial manager's discretion, especially in unusual circumstances, should be carefully evaluated and the costs should not be mistakenly used as a justification for relaxing controls or accepting an increased risk of loss to DAID based strictly on cost.

Responsibilities:

All activities and balances in DAID's bank accounts shall be recorded by the financial manager , maintained by a third party custodian and monitored and reviewed by the president / program



manager, organization treasure and financial manager to assess the cash necessary to meet daily obligations and ensure adequate funds are available .

Cash withdrawal from DAID bank account should be subject to endorsement of at least two of three officers whose signature have been recorded with the bank upon opening of the account.

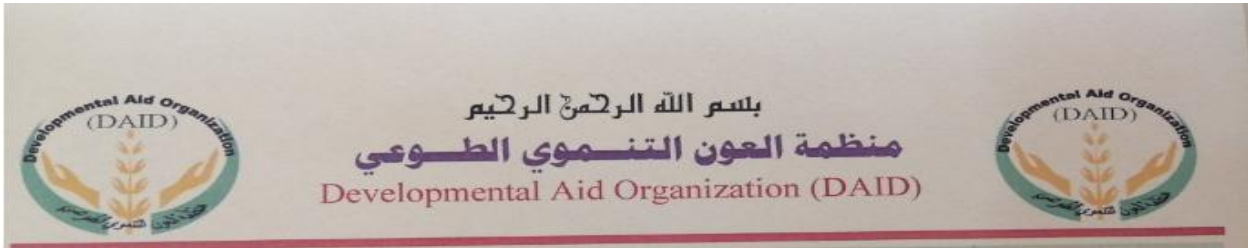
The manager should delegate financial power to an organizational staff member – hence termed a financial manager for oversight and daily transaction of DAID’s bank accounts registered in Sudan. The financial manager must provide bank statements on a monthly basis and documentation of spending per line item upon request.

Standards:

Cash management internal control standards represent an application of common sense and prudent conduct to the use and proper safeguarding of DAID assets.

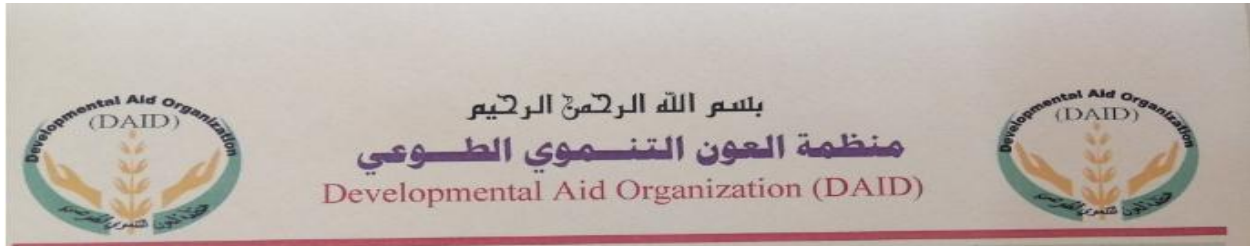
Proper internal control mechanism provide the organization with a reasonable assurance that intended to safeguards our practices are being consistent. Therefore, the integrity in any cash management activity depends on the application of adopted standards. While the president and delegated financial managers hold discretion in implementing controls as per circumstance. The following guidelines must be generally followed:

- the time value of money shall be recognized as a part of cash management decision
- Cash related transactions shall be recorded promptly – via standard reporting both electronically and verified using third party receipts – during each step of the cash handling function
- Cash related transaction shall be fully documented so that an undisputable audit trail exists
- Cash related transaction shall occur only after the approval of either the president or financial manager
- Documents used in cash related transactions shall safeguarded against re- use tampering , or unauthorized disposal



- Provisions shall be made for the regular review and comparison of transaction documentation to detect errors and duplicate payments
- The approval of adjustment to cash related transactions shall be administratively controlled.
- Cash related duties for program purpose must be segregated across the financial manager and project lead , with cash related accounts frequently reviewed and reconciled with stated program expenses with agreed upon and approved standard / maximum limits
- Cash held for program expenses outside the office shall be maintained at the minimum amount needed to cover current transactions
- Program expenses on goods and services should be periodically checked against price lists made locally available.
- Only the delegated financial manager shall handle unrestricted funds (none program related) disbursement certifications and collection duties; they shall be trained and must accept their responsibilities.
- Unnecessary clerical routines shall be eliminated to lessen the risk of loss and exposure to errors
- Electronic funds transfer. Direct deposit and computer edit programs shall be feasible and advantageous.
- Cash derived from collection and cash used for disbursements shall not be commingled.
- Cash transaction shall not be used to substitute or circumvent , prescribed procurement approvals and procedures
- Chques received in collections shall be endorsed upon receipt and collections shall be safeguarded until deposit is accomplished
- Deposits shall be processed within prescribed intervals and reconciled against records of funds received
- Cash disbursement transactions shall be processed promptly , and cash shall be reconciled daily

This list of guidelines is by no means all inclusive and remains subject to improvement based on the changing cash handling methods. Similar economically feasible standards should be established to fit new collection and payment processes



Question on applying internal controls in cash management should be submitted to the president directly.

Financial transaction with insider:

NO advances of fund to employees, officers, or directors are authorized except for directors for direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed.

In no case shall DAID borrow funds from any employee or officer of the organization

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with the financial policy, the program manager and president shall: Submit operating and capital budgets to the professional financial manager or legal accountant for review in reasonable time to each fiscal year. Use responsible assumption and projection as background, with general goal of an unrestricted surplus.

Gift Acceptance:

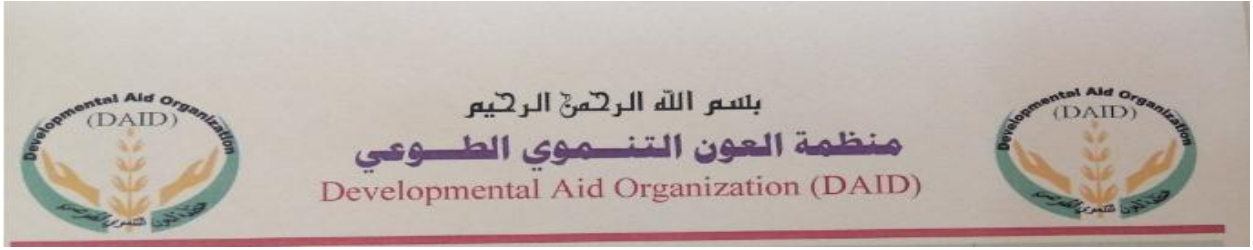
DAID may accept stock or other negotiable instrument as a vehicle for donor to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with legal accounting standards. The president shall sell any stock given to the organization immediately upon receipt by the organization.

DAID may accept contributions of in kind goods or services other than cash that are related to the programs and operations. Any other contributions of non-cash items must be reviewed and approved by the president before acceptance.

Asset protection:

In order to ensure that assets are adequately protected and maintained the president shall:

Insure against theft and casualty losses to the organization and against liability losses to staff or the organization itself to levels indicated in consultation with suitable professional resources



Plan and carry out suitable protection and maintenance of property, building, and equipment. Avoid actions that would expose the organization or its staff to claims of liability and protect intellectual property, information, and files from unauthorized access, tampering, loss or significant damage. Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payment