



**The Aspihos Foundation**

**Financial Regulations Manual**

## **Who we are**

Via all our activities, we school, stimulate and shape individuals and systems so the young people of Africa can excel at and get maximum yield from their occupations and be active citizens that participate in affairs that affect the growth and development of their country and the continent.

We are therefore committed to developing young people so that they are innovative, ethical, dynamic and responsible. We are committed to seeing that Africa, the youngest continent is at par with other continents in terms of development. We are committed to harnessing the potential of young people for societal development.

## **AF Vision (What we see)**

We envision an Africa of young active citizens maximising opportunities to foster economic progress thereby giving rise to a poverty free continent.

## **AF Mission (What we do)**

Our mission is to implement sustainable programmes that:

1. Develop the capacity of young women for increased wealth creation
2. Advocate for educational policies that engender sustainable livelihoods
3. Foster the development of young people into active and responsible citizens
4. Advocate for the involvement of women and young people in governance

## **AF Core Values**

Our conduct in Aspilos Foundation is guided by the following core values:

1. Empowerment: Give people the necessary skills that put them on the path to actualising their dreams.
2. Kaizen: We are not static. We are continuously learning and improving.
3. Responsibility: We have a very high sense of responsibility for the society around us. We help amplify the voices of members of our society.
4. Gender equality: We believe in the equal value of all humans and work to see that both genders receive opportunities that are equitable.
5. Technology: We love technology and infuse it into all that we do.
6. Leadership: We work in a region with a leadership crisis so we have put the onus on ourselves to at all times demonstrate good leadership.

## **Thematic Areas**

At Aspilos, we believe that poverty can be eradicated if people have the relevant skills, knowledge and opportunities that will generate income for them and that their income will be sustained if the society they live and work in is a well governed one that responds to the needs of its people. To have that sort of society, we must have good governance and leadership in play. Therefore, we work in two thematic areas:

1. Livelihoods
2. Governance

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## **1. Introduction**

### **1.1 Scope of Aspilos Foundation's Financial Management Policy**

This manual describes the accounting policies, systems and procedures used by Aspilos Foundation. The policy will cover the input, processing, output, control and distribution of financial data. It has been developed to set out the accounting policies and procedures that will:

- a) Ensure that the organization's accounts are prepared to conform to sound accounting principles and practices.
- b) Enable the management to obtain accurate and timely financial reports on a quarterly basis, thereby promoting sound financial management.
- c) Ensure correct and accountable use of funds and other resources.

The main purpose of the Policy is:

- a) To assist in the maintenance of controls.
- b) To provide a training and monitoring resource.
- c) To be used as a reference document by the staff, management, auditors and other stakeholders.

The procedures have the following objectives:

- a) To enhance completeness and accuracy of the data posted from source documents (invoices, payment receipts, etc.) to the computerized system.
- b) To provide accurate and reliable reports to enable management perform effective control over the operations of the organization.
- c) To detail the procedures for input, processing, output and distribution of data to ensure security of data and documents.

The Policy has been written for use as follows:

- a) As a means of reference to management, supervisors, new and existing accounting staff, auditors, and as the basis of training staff, and ensuring that appropriate controls are in place.
- b) As a clearly defined list of tasks to be carried out by each individual.
- c) As a timetable for processing transactions and producing reports.
- d) As a guide to evaluators and any monitoring consultant who may wish to review the institution's progress.

### **1.2 Updating Aspilos Foundation's Financial Management Policy**

Updating of the manual is the responsibility of the Finance Manager and the Executive Director and must be approved by the members of the Board. The Finance Manager must ensure that:

- a) The manual is kept up-to-date and distributed appropriately.
- b) Amendments to the manual are properly authorized and communicated to concerned parties immediately. It is envisaged that, it may be necessary to amend the manual every year to accommodate any changes.

### **1.3 Responsibilities of Users**

All personnel with a role in the management of Aspilos Foundation's financial operations are expected to uphold the policies in this manual. It is the intention of Aspilos Foundation that this accounting manual serves as our commitment to proper and accurate financial management and reporting.

## **2. Accounting Policies and Procedures**

### **2.1 Basis of Accounting**

- a) Aspilos Foundation shall prepare accounts on accrual basis of accounting but assets shall be re-valued from their historic cost to reflect current values as necessary.
- b) Aspilos Foundation shall apply accrual based accounting method. Grants, donations and other revenue shall be recorded in the accounting period it is received and expenses recognized when incurred.
- c) In-kind contributions must be recognized through journal adjustments that are supported by appropriate and objective documentation (e.g. agreements, formal letters or memos, Memorandum of Understanding).

### **2.2 Maintaining Accounting Trail**

Every transaction would need a trail to facilitate reconciliation.

The trail is as follows:

Invoice -> Expense -> Receipt/Voucher -> Cash book/Cheque book

## **3. Cash Handling**

### **3.1 Daily Cash Balance**

A Cash Account is started for each financial year. Maximum and minimum cash limits have been fixed as N150,000 and N10,000 respectively.

### **3.2 Withdrawal of Cash from Bank**

- a) The signature of the person presenting the check and receiving the cash should be attested on the copy of the check and filed properly.
- b) The Cash Account should be updated for receipt of the cash.

### **3.3 Cash Payments**

As much as possible, Aspilos Foundation does not pay by cash, but receives a supplier's invoice and pays by cheque. The petty cash float is used to reimburse staff expenses not exceeding N10,000 at any one time, and to pay for small purchases - again, not exceeding N10,000 where it is not practical to operate a normal ledger account with the supplier.

In exceptional circumstances, cash requests in excess of N10, 000 may be paid. This requires the authorization of the Executive Director.

A valid receipt must be supplied with any claim for petty cash. On the very rare occasion that a receipt is not available, a detailed reason must be given on an Aspilos Foundation receipt. As much as possible, subscriptions should be paid for every 3 months and payments should be with cheques to reduce the amount of cash transactions.

### **3.4 Cash Verification**

- a) The Executive Director shall physically verify the cash balance occasionally and compulsorily at the end of the month.
- b) The Cash Account record should be signed by the Finance Manager when the physical verification of cash is carried out.
- c) Any discrepancy noticed during the physical verification should be recorded and reported in writing to the person concerned immediately.

### **3.5 Controls**

- a) Third parties should not be allowed access to the safe.
- b) Cash is handled by only one designated person.
- c) Maximum and minimum cash limits to be strictly observed.
- d) Accounting of cash receipts/payments is done on a weekly basis.

## **4. Salaries and Advances**

### **4.1 Salaries**

The following is the procedure on salaries: -

- a) All permanent employees shall be issued with appointment letters signed by the Executive Director and employee-signifying acceptance of the terms and conditions set forth thereto. The appointment letter shall contain the initial salary, responsibilities, duties and the general terms and conditions.
- b) Subsequent changes in salary, responsibilities, duties, terms or conditions of employment shall be communicated to the employee in writing.
- c) A personal file shall be opened for every employee. Copies of job application letters, appointment letters and any other correspondence between employer and the employee shall be kept in this file.
- d) Salaries shall be paid monthly in arrears. A salaries schedule showing the gross pay, advances, deductions and net pay shall be prepared by the Executive Director prior to the preparation of payment vouchers and the check.
- e) Salaries shall be paid by check except in exceptional cases.
- f) Employees shall be issued with a pay slip every month, which will show the computation of the net salary.
- g) Signing the payment vouchers for the net pay, and the monthly transfer sheets where applicable shall evidence authorization of salary payments.

### **4.2 Salary Advances to Staff**

Salary advances shall be given upon request and confirmation by the Executive Director. An Advance ledger account should be opened and reconciled at every month end. However, all advances are approved subject to the availability of funds.

#### **4.3 Pending Advances**

A statement of funds lying with outsiders and staff should be recorded at the end of every month-end. It is necessary to review it on a monthly basis to identify whether payment has been made as at when due or if the debt is overdue.

#### **4.4 Travel Expenses**

Pre - approved travel expenses incurred by staff or any other authorized person on behalf of Aspilos Foundation shall be reimbursed with the presentation of a valid receipt or equivalent document.

### **5. Operating Bank Accounts**

#### **5.1 Bank Account**

Project bank accounts shall be opened in a nationally recognized bank or any other bank authorized by the Central Bank of Nigeria. Necessary authorization to open any bank account or alter its manner of operation would need to be obtained in writing from an additional Board member.

Aspilos Foundation currently operates the following bank account:

- Aspilos Charity & Development Foundation (FCMB Naira)
- Aspilos Charity & Development Foundation (FCMB Dollar)
- Aspilos Charity & Development Foundation (First Bank Naira)
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#### **5.2 Authorized Signatories**

All Aspilos Foundation accounts have one signatory - the Executive Director.

#### **5.3 Closing of Bank Accounts**

Any bank account must be closed after 1 year of inactivity.

### **6. Bank Transactions**

#### **6.1 Bank Payments**

- a) Payments are to be made against original bills and claims. Invoices can be printed or scanned documents.
- b) All supporting documents should be attached with to copy of the check and filed with the relevant requisition form.
- c) Post-dated checks are not to be issued.



## **6.2 Controls**

- a) All letters/instructions to the bank should be signed by the authorized signatories only.
- b) Checks in advance or in blank should never be signed.
- c) Un-cashed checks should be cancelled after 6 months.
- d) Specimen signatures should not be left in public view.
- e) Check books should always be kept under lock and key. Only authorized persons should be allowed to handle them.
- f) A receipt after payment by check should be obtained when possible.
- g) Bank accounts are to be reconciled monthly.

## **6.3 Bank Reconciliation**

During reconciliation, make sure entries are passed (if any) for bank charges, interest received etc. Board reports are produced quarterly after reconciliation.

## **7. Invoice Validation**

### **7.1 Checks to Be Done Before Passing a Voucher for Payment:**

- a) Ensure payment has not been made.
- b) Presence of valid supporting documents.
- c) Payment should only be made against a valid invoice in original.
- d) Approval by concerned person & authorized signatory.
- e) Verification of accuracy in accordance with the order/letter/other documents if any.
- f) Verification of numerical accuracy.
- g) Check for deposits or part payments, if any.
- h) Ensure that payments are made on time.
- i) All major payments should be made by checks. Payment by cash should be restricted to minor purchases and where inevitable.
- j) It should be ensured that the vouchers are not overwritten. In cases where it is necessary to correct the figures, the figures originally written should be scored out and the new figures entered. The person preparing the vouchers as well as authorizing payment should then initial the corrections made.
- k) If VAT was added to the bill, deduct it and deduct withholding tax (WHT).

### **7.2 Supporting Document for Vouchers**

- a) All bills should be in original or printed scanned copy.
- b) Payment should only be made for goods/ services after checking each bill for its validity. i.e., check that the description of items, number of items, cost per unit and total cost, date of the bill and name of payee (i.e. name of project) are accurate.

- c) Any mistake/ discrepancy should be pointed out to supplier before payment and if an alteration is necessary, the supplier should make the change right then and put his/her signature and date. The management reserves the right to accept such altered bills or not. Obtain a fresh bill if possible.
- d) No staff is permitted to alter any bill. If at all an alteration is unavoidable e.g., a mistake in the date by supplier which was not corrected such a bill should be brought to the attention of Executive Director who should effect the change with notes showing why the why alteration was necessary.
- e) Invoices should only be in the name of the organization.
- f) Where bills are not in English, indicate briefly in English the purpose / item on the bill.

## **8. Account Books and Documents to be maintained**

- a) Cash Payment/Receipt Vouchers & Book
- b) Bank Payment/Receipt Vouchers & Book
- c) Summary/Daily Petty Cash Account
- d) Fixed Assets Register
- e) Quotation file for all purchases

## **9. Preparation of the Final Accounts**

Final accounts include:

- a) Balance Sheet
- b) Income and expenditure account
- c) Receipts and payments account

These will be prepared by the end of January in the following financial year.

## **10. Procurement, Stock and Inventory**

### **10.1 Purchasing**

The purchasing function involves:

- a) Identify goods and services needed.
- b) Identifying costs for those goods and services.
- c) Identifying the suppliers and procuring estimates (at least three).
- d) Negotiating favorable terms with the suppliers.
- e) Choosing a supplier and getting the Executive Director to sign off.
- f) Placing an order and paying a deposit, if required.
- g) Receiving the goods and/or services and paying the balance of the expenditure.

- h) Posting the transaction and archiving documents.

## **10.2 Identifying the Supplier**

A selected supplier should:

- a) Be credible
- b) Meet specifications prescribed in the purchase order.
- c) Provide competitive pricing on goods and services of excellent quality.
- d) Meet all legal requirements as a business entity.

## **10.3 Control Objectives**

The control objectives here will be to ensure that:

- a) All purchases are duly authorized and approved before the goods and services are ordered.
- b) All goods received or services rendered are according to specification and in quantities requested for.
- c) Liability for all purchases is accurately reflected in the books of account and that suppliers are paid only in accordance with the agreed term
- d) Goods ordered are actually received and relevant accounting records updated accordingly.

## **10.5 General Procedures**

For all purchases of capital goods, three quotations should be obtained before a final supplier is chosen. However, justification should be given in case the lowest quote is not selected. Quotations should be attached to relevant vouchers.

## **10.6 Purchasing Capital Assets**

- a) Any non-consumable item of equipment, needed to start program operations and major capital expenditures as outlined in the plans and budgets are called fixed assets.
- b) In the case of capital asset purchases and consumables in bulk, it is always better to issue purchase orders clearly spelling out the terms and conditions of purchase.
- c) As mentioned above, all non-consumable items of expenditure should be purchased with three quotations. It is important here to understand that attractive assets like camera, tape recorder etc. also form part of fixed assets, even though their value might not be very high. Office equipment and IT equipment will also form part of the fixed assets.
- d) An inventory of the capital assets should be maintained and updated quarterly.
- e) It is suggested that the fixed assets register is approved and signed by the competent authority after it is updated annually.
- f) All assets must be given an identification number and this number should be mentioned in the fixed assets register.
- g) Physical verification of assets should be undertaken (preferably by the Finance Manager) at least twice a year. All additions, deletions, modification etc. should be recorded.

## 11. Reports

### 11.1 Monthly Accounts

The following reports on financial information will be produced by the Finance Manager for internal and external use.

The financial reports and schedules as prescribed below should reach the relevant persons before the 10<sup>th</sup> of the following month as follows:

Report Type	Description	Frequency	Source	Target
Cash Book - Main	Shows cash receipts and payments during the month	End of each month	QB	Management
Cash Book - Main Reconciliation	Shows reconciliation of physical cash count and cashbook balance	Daily	QB	Management
Bank Account	This report shows bank receipts and payments	End of each month	QB	Management
Bank Reconciliation	Reconciliation of bank statement and cashbook balances	End of each month	QB	Management
Advances	Shows unsettled advances by staff at month end	End of each month	QB	Management

### 11.2 Internal Control Measures

In addition to setting up adequate internal control measures, Management shall from time to time perform these checks to safeguard assets:

1. Spot Checks
  - a. Physical verification of fixed assets
  - b. Cash count
  - c. Proper authorization of payment vouchers
2. Monthly checks
  - a. Cash reconciliation
  - b. Bank reconciliation
  - c. Advance summary
  - d. Monthly cash forecast
3. Quarterly checks
  - a. Quarterly cash flow statement
  - b. Physical verification of fixed assets

4. Annual checks
  - a. Income and Expenditure report

## **12. Fixed Assets Register**

### **12.1 Naming Fixed Assets**

It is the responsibility of the Administrator to maintain a complete and accurate fixed asset register. The fixed assets register will be maintained in an excel spreadsheet and should have the following details:

- a) Identification or serial number
- b) Acquisition date
- c) Description of asset
- d) Location
- e) Class of asset
- f) Cost of acquisition
- g) Accumulated depreciation
- h) Net book value

The Administrator should ensure that all the assets are tagged with identification codes. All the classes should commence with the prefixes itemized below followed by a unique 3 or 4 digit number for each specific item. e.g. an office desk at the reception will fall under the furniture and fitting class and will be identified by the code Aspilos Foundation/FA/FF/OD/001 where:

FA - Fixed Asset

FF - Furniture & Fittings

OD - Office Desk

001 - Desk 001

### **12.2 Accounting For Fixed Assets Addition**

- a) Recording and payment for the acquisition of fixed assets shall be as per payment procedures.
- b) On delivery, the asset shall be classified, tagged and recorded in the fixed assets inventory register.