

**RWANDA MEN'S RESOURCE CENTER (RWAMREC)**

# Finance and Accounting Policy



## **RWANDA MEN'S RESOURCE CENTER (RWAMREC)**

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## WORD FROM THE CHAIRMAN OF THE BOARD

Rwanda Men's Resource Centre (RWAMREC) is a non-government organization striving to achieve gender equality through the promotion of positive masculinities and male engagement approaches in preventing gender-based violence (GBV) in Rwanda. RWAMREC was founded in 2006 by nine members and was legally established in 2008 by the Ministerial Order no. 114/11 of 3/9/2008. The organization was formed as a response aimed at seeing men become part of the solution and efforts in ending men's violent behaviors. With this concept, the organization worked to change masculinity norms of men and boys to become positive and supportive partners in promoting gender equality in Rwanda.

The creation of RWAMREC was also triggered by the fact that gender promotion work was misunderstood as purely women's affairs, with men tending to exclude themselves, and some feeling that they were being disempowered by gender equality on detriment of women. This resulted in some men standing in the way of or blocking women's empowerment efforts in many ways in trying to protect their masculinities. RWAMREC's answer was to bring men together to understand that they too benefit from women's empowerment and are part of gender equality promotion work and benefits.

Since its founding, RWAMREC has transitioned from a small local organization to a nationally active non-governmental organization with programs in 24 districts spread over 4 provinces of Rwanda. Since its inception the primary focus of the organization continues to be promoting positive masculinity and the reduction of violence against women and children by men. RWAMREC operates in 24 districts of Rwanda to promote gender equality and to fight against sexual and gender-based violence. This procurement policy will help RWAMREC to effectively execute its procurement procedures in transparent ways.

**Venant NZABONIMANA**

**Chairman**



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# Abbreviations

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**CLADHO:** Collectif des Ligues et Associations de Defense des Droits de l'Homme

**CNF:** National Women's Council

**EACSO:** East Africa Civil Society Organizations Forum

**EIGE:** European Institute of Gender Equality

**FFRP:** RwandaForum for Women Parliamentarians

**GBV:** Gender Based Violence

**GEF:** Global Environment Facility

**GMO:** Gender Monitoring Office

**HIV:** Human Immunodeficiency Virus

**ICRW:** International Center for Research on Women

**MIGEPROFE:** Ministry of Gender and Family Promotion

**M&E:** Monitoring and Evaluation

**NGP:** National Gender Policy

**NGOs:** Non Governmental Organizations

**PTCs:** Parents and Teachers' Committees

**RBC:** Rwanda Biomedical Center

**RWAMREC:** Rwanda Men' Resource Center

**UN:** United Nations

**UNDP:** United Nations Development Program

**VSL:** Voluntary Savings and Loans

## I. About Rwanda Men's Resource Center

### **1.1 RWAMREC History**

Founded in 2006, Rwanda Men's Resource Centre (RWAMREC) put forward its vision to create a "peaceful society where women and men share roles and responsibilities of raising families and governing society in equality and respect."

The idea for RWAMREC was born when a police report was released in 2005, which revealed shockingly high statistics on the number of rapes being committed across Rwanda. Men are evidently involved in, and responsible for, the vast majority of incidences of sexual violence in the country. However, efforts aimed at promoting gender equality and tackling violence against women has frequently assumed gender promotion to be a women's issue and men have often been excluded and disempowered. As a result of such exclusion, men have become one of the primary obstacles hindering efforts to empower women and achieve gender equality. Men's engagement in gender promotion, especially in efforts to end gender-based violence, is a missing link in gender responsive development agendas in Rwanda.

So, a group of nine like-minded men, who met regularly to discuss social and development issues, decided to combat these worrying trends. Their aim was to transform the traditional, negative definitions of masculinity that perpetuate gender-based violence. Thus, RWAMREC was created to proactively engage men in the promotion of positive masculine behaviors, encouraging them to support women's empowerment and play a constructive role in ending gender-based violence. The objective is to empower men to rid themselves of the negative perceptions of masculinity that have burdened them for so long. Such empowerment can liberate men from the behavioral and attitudinal constraints imposed by socio-cultural norms, enabling them to become positive role models for other men and boys.

### **1.2 RWAMREC Vision**

RWAMREC envisages a peaceful society where women and men share roles and responsibilities of raising families and governing society in equality and respect of human rights.

### **1.3 RWAMREC Mission**

RWAMREC's distinctive and innovative mission focuses on mobilizing Rwandan men to support women's leadership; to contribute to the eradication of men's violence against women; and to serve as role models for the promotion of positive masculine behaviors. Building alliances and partnerships with women's organizations to promote women's rights and interests is central.

### **1.4 RWAMREC Objectives**

1. To establish a men's resource centre that will strive to prevent GBV within Rwanda through MenEngage-focused Approaches.
2. To promote men's attitudes and behaviours towards non-GBV and gender equality within Rwanda.
3. To build synergy among men and women through networking and information sharing for effective GBV prevention.
4. To facilitate dialogue among strategic actors for effective advocacy surrounding gender issues.
5. To provide general and useful resources through research on masculinity and GBV.

### **1.5 RWAMREC Motto**

"Men working with men to promote gender equality" in Rwanda.

### **1.6 Partnership**

RWAMREC is an active member of ProfemmeTweseHamwe (an umbrella organization comprised of 58 women's development and rights organizations in Rwanda); the CLADHO (an umbrella human rights group in Rwanda comprised of 8 organizations), the East African Civil Society Organizations Forum (EACSOFF); the GBV Prevention Network working in the Horn, East and Southern Africa; MenEngage Africa and the Global MenEngage Alliance; and the Global Peace Initiative Network.

RWAMREC also enjoys a sound partnership with institutions of the Government of Rwanda such as the Ministry of Gender and Family Promotion (MIGEPROF), the Ministry of Health through the Rwanda Biomedical Centre (RBC), the Gender monitoring Office (GMO), the National Women's Council (CNF), the National Police, the Rwanda Defense

Forces' gender desks and the Rwanda Forum for Women Parliamentarians (FFRP). Moreover, RWAMREC works with numerous UN Agencies and international organizations such as Promundo, the International Center for Research on Women (ICRW), the United Nations (UN) Population Fund, the UN Entity for Gender Equality and the Empowerment of Women (UN Women), UNDP, and the UN Trust Fund.

### **1.7 RWAMREC Achievements**

Some of the major achievements of RWAMREC include its successful lobbying for the inclusion of masculinity issues in Rwanda's National Gender Policy (NGP). The organization has also played a key role in the development of a national policy against gender-based violence in Rwanda. Other achievements include RWAMREC's coordination of the first national household survey in Rwanda on perceptions of masculinity and GBV. Using this survey, RWAMREC in collaboration with the Rwanda MenEngage Network (composed of 46 government and civil society organizations), produced the September 2010 report entitled 'Masculinity and GBV in Rwanda: Experiences and Perceptions of Men and Women'. RWAMREC has conducted numerous community mobilization campaigns in 6 districts, aimed at promoting positive masculine behaviors and preventing GBV by involving local leaders. Coffee cooperatives have also been established in 2 districts and Voluntary Savings and Loan Schemes (VSL) in six districts (in collaboration with CARE international) as well as radio spots and talk shows.

## **II. General Provisions to the Finance and Accounting Policy**

### **2.1 Purpose of the Financial and Accounting Procedures**

This procedure manual establishes and formalizes the financial and accounting procedures and management mechanisms of the Rwanda Men's Resource Centre (RWAMREC).

This document is to be used as a reference manual that gives an overview on accounting procedures and forms, as well as operations' monitoring system.

Respect and effective implementation of these procedures will lead to effectiveness of internal budget monitoring system which has to be applied through regular internal control aimed at preventing various risks that may result from irregularities and malpractices.

The objectives of the financial and accounting procedures are the following:

- Establish a formal implementation framework of finances and accounting operations;
- Describe the financial and accounting organization of the project;
- Describe expenditure authorization procedures in conditions that guarantee an effective internal control system;
- Effectively use all there sources that are available for the organization; such as financial, material and human resources;
- To be aware of all actions taken for various project components and be able to compare the technical inputs with corresponding expected outcomes;
- Train in this area, not only the personnel which is directly involved in the implementation of finances, but also all other relevant implementing departments;
- To improve the productivity and the effectiveness of the personnel involved in the management of the project.

Accountability and transparency shall be observed in all aspects of finance and administration in RWAMREC financial operations and program activities. The Board of Directors (BD) of RWAMREC is the overall responsible for implementing financial management and accounting in accordance with the guidelines outlined in this Manual.

## ***2.2 Accounting System***

RWAMREC requires electronic accounting programs. It is a requirement to use a specific software accounting program preferably SAGE SAARI for harmony in Finances among partners.

The Accounting systems in place is in accordance and compatible with international accounting requirements and standards, and provide multidimensional entries for chart of accounts and projects, budget module, accounts receivables and payables subsidiary ledger, and include and are compatible with inventory, and fixed assets programs. These minimum requirements are also used during testing and evaluation of existing programs.

From time to time RWAMREC management must evaluate existing accounting software modules to make sure that they are upgraded and in accordance with the requirements of international standards. The Accounting software user guide must be available at the RWAMREC permanent secretariat offices. All documents describing system entrance control, system and users' passwords etc. must be available, but preserved from unauthorized entrance.

The accounting system must be available for inspection, including access to all transactions at all times. If the system is no longer in use, a backup must still be available and accessible at all times.

### ***2.3 The Account Number System***

The accounts should consist of at least six digits. Each general ledger account is specified in four-digit codes and defined according to the following classification. However, the following classification can be done differently.

<b>Class</b>	<b>Risk Details</b>
<b>1</b>	Funds and liabilities
<b>2</b>	Assets
<b>3</b>	Stock
<b>4</b>	Third party (Payables and receivables)
<b>5</b>	Cash and Banks
<b>6</b>	Expenses
<b>7</b>	Incomes

Each class is divided into several account groups. The account groups may be extended in accordance with the individual needs of the Representation, however within the relevant class and groups.

## **2.4 Accounting Principles and Policies**

### *2.4.1 Fundamental Accounting Assumptions*

It is generally assumed that financial statements are based on the following assumptions:

- a) **Going Concern:** The going concern rule makes the assumption that the Organization "has neither the intention nor the need to liquidate or curtail the scale of its operations drastically in the foreseeable future". If there are indications that the going concern assumption is inappropriate, the financial statements are likely to need preparation using an alternative basis
- b) **Consistency:** Accounting policies should be applied consistently to all transactions: during the accounting period; and from period to period.
- c) **Accruals:** Under the accrual concept, revenue is recognized when earned and expenditure when incurred. Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. This principle will be applied as follows:
- d) **Revenue Recognition:** Revenues from grants and any other source are recognized when the donors have given a writer notification.
- e) **Expenditure Recognition:** Expenses will be recognized when incurred even though payment may not have been made.
- f) **Matching Principle:** It is important to record expenses in the period to which associated revenue is generated.

## **2.5 Accounting Policies**

Financial statements shall be prepared under the historical cost convention as modified to include valuation of fixed assets. The fair value convention might be applicable where necessary. The accounting policies on preparation of financial statements are provided below, and they specifically include policies on accounting for revenue, expenditure, depreciation, foreign currency transactions, and bad debt provisions.

### *2.5.1 Revenue from projects' financing*

Revenues comprise projects' financing and other income during an accounting period. All revenues will be accrued and accounted for in the financial period to which they relate. Refer to the policies and procedures for revenues and contributions.

The principle is that revenue should be entered in the accounts when actually earned (received). All revenues must be connected to a Project or to any other activity of the organization. Other revenue could include but not limited to sales of fixed assets, services rendered, etc. must be recognized when fixed assets and services rendered are delivered to the customer.

Upon termination of a project/activity or at the end of Financial period, unused funds must be used in accordance with the agreement with the donors. The actual repayment will be handled by Financial and Administration Department and charged as a reduction of allocated income. Unused funds shall not be allocated to new projects unless accepted by the donor agreement.

### *2.5.2 Bad Debt Expense*

A bad and doubtful debt provision shall be made for specific debts. Trade receivables are carried at anticipated realizable value. The current bad debt rate that may be subject to management review at any time it is deemed necessary is 20%.

### *2.5.3 Employee Costs*

The full costs of employees will be charged to the accounts during the period in which employees work. Material amounts earned but unpaid at the end of the financial period will be accrued. These include, but are not limited to, accruals for annual leave and leave passages not yet taken.

### *2.5.4 Other Expenses*

The cost of other supplies and services will be accrued and accounted for in the period during which they are consumed or received. Material sums unpaid at the end of a period for goods or services received or works completed shall be accrued. Similarly,

expenses paid for in advance of the period to which they relate shall be recorded as prepayments in the balance sheet, and released gradually to the profit and loss account in accordance with their appropriate timing.

#### *2.5.5 Fixed Assets*

Direct expenditure for the acquisition, creation or enhancement of fixed assets will be capitalized on an accrual basis. Expenditure on the acquisition of a tangible asset will be capitalized and classified as a fixed asset, provided it yields benefits to the organization and the services it provides for a period of more than one year.

#### *2.5.6 Post Balance Sheet Events*

The occurrence of a material post balance sheet event relating to conditions which did not exist at the balance sheet date will be disclosed in the financial statements. The disclosure will state the nature of the event and, where possible, an estimate of the financial effects.

#### *2.5.7 Foreign Currencies*

All transactions must be recorded in the accounting system with a base currency (local currency) value. If a transaction originates in a foreign currency, then the foreign currency equivalent should also be recorded. The accounting policy in relation to exchange rates is that profit and loss account items are converted at the average rate for the period, while balance sheet items are converted at the closing rate for the period. The rates to be used are the mid-rate from National Bank of Rwanda.

#### *2.5.8 Cash and Cash Equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

#### *2.5.9 Provision for Liabilities*

The RWAMREC will make proper provision for any liabilities or loss likely (or certain) to be incurred, where there is uncertainty as to the amounts or the dates on which they

might arise. Provisions, or changes in provisions, will be charged to operating costs. Subsequent related costs will be charged directly against the provision to the extent that the remaining provision is in excess of the cost. Where the provision exists, subsequent costs will be charged directly to the P&L (or relevant balance sheet account where applicable). Contingent liabilities and assets are to be disclosed, no provision required. Provisions are recognized when the RWAMREC has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the organization expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In summary, accounting policies which must be included in the financial statements should: - a) reflect the methods of applying the fundamental accounting concepts of "accruals", "going concern", "consistency" and "prudence"; b) enable users of the financial statements to understand the basis on which they have been prepared.

#### *2.5.10 Stocks and Stores*

Stocks will be valued on a weighted average basis. Fixed assets items in the stores will be recorded in the stock records and their usage controlled through the use of store movement cards. Consumables are expensed immediately; monitoring reports are to be kept by the Administration Officer with a monthly report submitted to the Finance Department. Responsibility It is the responsibility of the DOF to: a) Develop, amend and recommend to the senior management the accounting principles, policies and procedures in the light of changed circumstances (both internal and external); b) Ensure that the accounting policies and principles are observed by accounting staff; and c) continuously scrutinize all books so as to ensure that all accounting instructions in force are observed, no portion of the system at any time is allowed to fall behind, and abstract transcripts and other records are clean and neat.

### **2.6 Accounting Documents**

Without claiming to be exhaustive following documents shall be used to record transactions from the source documents.

- a. Cash receipts.
- b. Cash journal.
- c. Bank journal;
- d. Pay roll;

- e. Purchase forms;
- f. Forms for various operations;
- g. Forms for funds request. h. Purchase orders,
- h. Good receive note.
- i. Etc.

## III. Budget Management

### **3.1 Introduction**

All program activities must be supported by detailed and transparent budgets. All project accounting and financial reporting must be presented in accordance with the budget.

### **3.2 Overheads Management**

Overheads costs are expenses that are incurred for a common purpose but cannot be charged directly to a particular donor, Cost allocation is necessary and it is a process of distributing overheads to the relevant services of the organization. The purpose of overheads is to charge expenses to services based on the benefit that incurred expenses generate for that project.

The best way to use the overheads is to link closely the costs involved to the benefits of the project for example paying shared costs of salaries for support staff, office rent,...It must be fair and justified and applied consistently. The overheads are calculated as follows: 15% is calculated on the total costs of salaries and 10% is calculated on the total costs of program for the entire project.

### **3.3 Action Plan and Budget Preparation**

The annual action plan and budget is prepared for the period from July 1st till June 30th of the next year. It is presented in RWF.

Budget preparation should not only constitute a solitary exercise but also proceed from the reflection and collective contribution from all RWAMREC staff who from their

experience and understanding evaluate the references from which the budgetary objectives will be defined and figured. It should be noted that this collective work should be led by the Executive Director in order to be able to reach RWAMREC's objectives. The Procedures to be followed are:

- Dissemination of the ED and Board of Directors' orientations for the annual action plan and budget preparation;
- Initial meeting for the RWAMREC staff;
- Identification of priority actions that will be implemented in one year by different programs/projects and departments that are aligned with broad actions of the five year strategic plan of RWAMREC;
- Consolidation of the above collected data by the Planning and M&E Officer;
- Meeting of all head of programs / projects, and departments with the Administration and Finance Department to determine the cost estimates of the action plan activities taking into account the last year constant price, this could be market derives or from the purchase history or benchmarked. Review of the budget figures by the Finance and Administration Manager;
- Debate meeting of different Heads of Departments and Programmes/Projects with the ED for comments and the Finalization of the action plan and Budget. Review of annual action plan and budget by the Board of Directors.
- Approval of the annual action plan by the General Assembly.

The action plan and Budget reviewed by the board of Directors and approved by the General Assembly is captured in the Accounting System by the Finance Department as a reference to the budget execution and control.

### ***3.4 Budge Implementation***

The action plan and budget approved by the Board of Directors and General assembly will be under the Executive Secretariat for daily implementation once funds are mobilized from donors or internally generated to finance it.

Funds are deposited into a bank account to be created by the Executive Director . Funds are drawn down from donors on basis of the disbursement plan as will be stipulated in relevant memoranda. Authorized spending proceeds according to agreed work plans and planned activities.

Each Program/Project Department prepares its requisition for expenses according to the approved budget.

- The Finance Manager controls the requisition after verification of budget availability.
- The beneficiary submits the requisition to the ED for authorization of expenditure.
- The Accountant posts daily expenditure in the Accounting software, record cumulative expenditure and monitor remaining budget.

The Accountant controls the costs and the keeping of accounts.

### ***3.5 Control and Monitoring of Budget***

The role of the ED is to ensure budget monitoring through regular production of reports and constant supervision of all activities implemented by various departments. Once approved, the budget becomes a unique reference from which the recorded variations should be analyzed and justified during the financial year.

In order to effectively play its role as steering tool, the budget must undergo a quarterly control comparison between the expenditures and budget.

The Accountant prepares the analysis reports of variance between the budget and the achievements, ensures the follow-up of the commitments and the execution of the budget. He/she will also monitor actual expenditure by reviewing monthly expenditure reports. The reports must show a comparison of budget and actual expenditure on each approved RWAMREC's programme/Project.

In order to be effective and efficient, the establishment of comparative statements and the analysis of variances will be submitted to the Finance Manager for review and analysis and then submit to the ED within a period of 15 days after the end of the quarter for discussion and corrective measures. The Finance Manager is responsible for preparing the monthly, quarterly, annual financial reports and after this approval, the ED will explain the budget execution relative to objectives to be achieved of the organization.

### **3.6 Daily Monitoring**

In the budget implementation phase, the ED and the Head of finance verifies the available budget before any authorization of expenses. A budget monitoring form is designed for this end. This form has to guide every single funds commitment.

The authorization of expenditure commitment is therefore prepared by the Accountant, certified by the Head of Finance and approved by the ED. This is a preliminary step for establishment of purchase order or contract in case of purchase operations.

The accounting for each component will edit the budgetary implementation records by category of expenditures. The Finance and Administration Department integrates this status into its monthly/quarterly and yearly financial consolidated reports.

### **3.7 Budget Revision**

#### *3.7.1 Revision Definition*

Reallocations are revisions of already allocated funds from one program/project/activity to another. News grants obtained during the year that were not included in the annual action plan and budget are included in the budget revision.

The approved budget can be revised once (1) a year after six months at the same time as the action plan. The reallocation within the same component is proposed by Departments, certified by the ED and approved by the BoD. This may not occur due to the available grant agreement that says different. Note that, budget of projects are revised in accordance with the provisions of grants agreements.

With the consent of the GA, the BoD in conjunction with the ED can revise the project budget without going beyond the total amount of the approved budget in order to respond to a specific need identified for an effective implementation of the organization's action plans But not contradicting to the Donor's agreement with the Organization.

Reallocations can only be done at specific times of the year, especially during work plan reviews and evaluations, planning sessions among program financed through the same financing source.

### **3.8 Resource Mobilization**

RWAMREC resources come from:

- Members' contributions;
- Development Partners grants; Fundraising;
- Donations and inheritance;
- Income generating activities and
- Loans from financial activities.
- Etc.

The central pillars for RWAMREC's resource mobilization to integrate funds to the Project based approach include:

- Fostering a shared vision of priorities, program areas and the shift to basket funding
- Pursuing partnerships and resources that can help support RW AMREC's broader vision
- Collaborating with donors and government institutions to help align programs and funding arrangements.
- Broadening the base of resource partners.
- Seek a mix of resource streams which include international donors, government, private sector, individuals and income generation opportunities
- Undertake a more robust results-based management and budgeting, strengthening quality reporting and recognizing partners more systematically for their contributions. RWAMREC resources will be therefore mobilized based on the strategic planning activities and will contribute to the realization of its objectives.

Revenues collected will be banked in the basket fund or project specific accounts in accordance with the agreements with donors.

## **IV. Books of Accounts and Cash Management**

### **4.1 Purpose**

The purpose of the cash management system is to ensure that:

- a) All receipts are accurately accounted for and banked intact;
- b) All payments are properly verified and approved before payment is made;
- c) All vouchers and supporting documentation are properly stamped "paid" immediately after payment is done;
- d) There is adequate segregation of responsibilities;
- e) All cash transactions are properly recorded in the General Ledger system; f) Bank and cash reconciliations are done on a timely basis.

#### **4.2 Responsibilities**

The Finance Department has the overall responsibility for safeguarding the organization's financial resources. Finance must ensure that:

- a) The update of the collections registers promptly and posts and allocates the receipt to the general ledger, with proper matching against debtors.
- b) The officer in charge of petty cash imprest floats maintain proper records, retain all expense vouchers and submit a properly supported justifications prior to replenishment of the petty cash.
- c) The RWAMREC's cash resources are managed and controlled effectively to eliminate wastage or misuse, and to minimize bank overdraft charges.
- d) All bank accounts are regularly reconciled and all outstanding items rigorously followed up.
- e) Bank reconciliations must be completed at least monthly, but most are likely to require weekly reconciliations on the busier accounts.
- f) Bank charges are carefully monitored to ensure that they are in line with agreed tariffs.
- g) Overdraft and loan terms and conditions are monitored and respected, and the organization fulfills its obligations to lenders.

h) A periodic cash position and rolling cash forecast will be in place to facilitate cash management and reporting.

i) Maintaining a positive relationship with the organization's bankers and other financial institutions.

### **4.3 Summary of the Cash Management System**

#### *4.3.1 Bank Accounts*

RWAMREC may have bank accounts in Rwanda and other countries. All bank accounts opened must be approved by the GC. All cash and cash-related transactions shall be managed through the Bank. RWAMREC keeps petty cash in the office safe. The safe is under the custody of the Accountant Clerk and the Finance Manager and is kept in the RWAMREC office space hosting the Finance and team. All purchasing requests will go through the Procurement Unit and all cash disbursements in the way of advances or otherwise to staff(s) shall be directly paid to the staff by the Finance Department after the complete documentation of requests and approvals.

#### *4.3.2 Signatories & Limits*

The account can only be purveyed by the funds meant for the organization operations in relation to the sources as will be defined by the organization Senior Management (BoD and ED). The Head of the Finance and Administration Department has to ensure that the account is provisioned by the sole sources of the organization and for the ends for which they are set to be used.

Three (3) signatures of the following people are compulsory for withdrawal of cash, authorization of cash payment and transfer operations, as well as any other financial operation:

a. The Head of relevant department and the Financial Administrator will sign on accompanying documents only to certify the validity and authenticity of operation, whereas the following authorities will sign the checks and transfer documents,

b. The Executive Director- Head of ED,

c. The Treasurer and member of BoD;

d. The Chairperson of BoD.

The documents will be prepared by relevant Officers in charge of departments, certified by the Financial Administrator and approved by ED. The check books and all other financial documents will be kept and managed by the Financial Administrator.

#### *4.3.3 Reconciliations*

The Check book needs to be reconciled monthly to determine if all Checks have been cashed and cleared thereby reducing the bank account balance. The DOF will alert the FM of any uncleared / bounced Check during the month and answer any query relating to uncleared / missing Checks. It is the responsibility of the DOF to ensure that the reconciliation is done every month end. Make note of any uncleared items and confer with the bank and the payee about any uncleared item which does not clear within three months of issue. A "stop payment" must be placed on any Check not cleared within 3 months and the check reissued. At year-end the status of all Checks must be known and resolved within one month.

#### *4.3.4 Lost or Damaged Checks*

Lost Checks must be invalidated by the bank before a new Check may be issued. Any check that is issued but not cashed due to expiration or damage must be returned to the RWAMREC Office and either voided (see example) or invalidated via a stop payment request before a new check can be issued. The stop payment request will be prepared by the Finance DOF and must be signed by the DOF or and ED Finance and Admin before it is sent to the bank for implementation. The DOF will store voided Checks and stop payment requests for a minimum of 12 months, after which they should be scanned for record-keeping and destroyed in a shredder.

#### *4.3.5 Petty Cash*

RWAMREC shall keep a maximum of RWF 500,000 petty cash in the office. All petty cash disbursements shall be documented using standard templates for request, use, returns, and refunds and must be approved by the Line Managers. It is the responsibility of the DOF to develop, update and communicate all the relevant forms used for requesting and liquidating petty cash expenses with approval of DOF.

The petty cash is stored in the office safe. The safe is under the custody of the Accounting Clerk and is kept in the RWAMREC office space hosting the Finance team.

#### *4.3.6 Documenting Petty Cash Expenditures*

The RWAMREC policy with regards to petty cash is as follows: The petty cash book is updated with all cash transactions daily. Each sequentially numbered petty cash voucher shows the amount disbursed the purpose of the disbursement, the signature of the payer, and the signature of the recipient. All receipts and other supporting documentation should be attached to the petty cash voucher and filed promptly. The DOF will ensure that cash receipts and vouchers are stamped "paid" and "posted" respectively to avoid duplication.

#### *4.3.7 Reimbursement and Retirement of Cash*

The RWAMREC policy with regards to petty cash is as follows: All petty cash must be supported by invoices, vouchers, or receipts from third parties, which will be attached to the petty cash voucher. Reimbursement will always be for the amount spent and supported by receipts which must be submitted by the claimant to the DOF for processing. Once receipts and other supporting documentation are attached, petty cash vouchers should be promptly processed and filed by the Accounting Clerk. All processed cash receipts and vouchers will be stamped "paid" and "posted" respectively to avoid duplication.

#### *4.3.8 Replenishing Petty Cash*

The Accounting Clerk will prepare cash reconciliations monthly and a physical count of the petty cash account shall be conducted, supervised and reviewed by the Finance DOF to confirm the petty cash balance at the end of each month. The results of the physical count must be approved by the DOF, and the authorized form is included in the cash report archived.

#### *4.3.9 Cash Forecasting and Receipts of Cash*

By the 29th business day of each month, the DOF evaluates the next month's planned activities and expenses and determines the amount of cash required to execute the activities by program and grant. Using a Forecast form, the DOF submits the cash

forecast to the ED. Requested funding is reviewed against the monthly budget, current bank balances, and donor fund availability. Once the request is approved by DOF, the ED approves the next cash disbursement.

#### *4.3.10 Maintenance of Bank Accounts*

Below is the list of staff involved in the process of managing bank accounts at RWAMREC:

- a) FM: This staff will initiate all the payments and report using physical papers to the verifier.
- b) Finance DOF who acts as a verifier or operator. After verifying what's been completed by the accounting clerk, he/she will report to one of the approvers. The approvers will be the following staff:
- c) ED and Finance Director and other: 2nd approvers

As stipulated in the finance policy, any expense can be approved by one approver when it is less than \$2000. In the occasion when the amount is equal to, or exceeds \$2000, it requires two approvers. For electronic transfers where the two-level approvals are not possible (i.e. payment of taxes,), the report of payments approved by a single person shall be prepared by the Finance Department to VC and ED.

## **V. Revenue Collection Procedure**



### ***5.1 Policy Objectives***

Revenue collection procedure seek to ensure that all revenues and donors contributions are properly documented and accounted for in the RWAMREC's financial and accounting system and in view of proper determination of fiscal obligations of the RWAMREC.

### ***5.2 Sources of Revenue***

The RWAMREC sources of revenue shall include:

- a) Projects financing from different donors
- b) Revenue from income generating activities
- c) Grants and philanthropic donations

#### *5.2.1 Accounting Treatment of Revenue Items*

- a) Any revenue received from project financing shall be treated as revenue and recorded accordingly in the general ledger. For this type of revenue to be recognized in RWAMREC's books of accounts, a contract signed with the donor should be the criteria for revenue recognition.
- b) Funds provided under grant or contract (typically public sector funds and donors), which are not considered contributions, are deemed to be earned and reported as revenue when RWAMREC has either incurred expenditures or completed the deliverables in compliance with the specific terms and conditions of the grant or contract.
- c) Grant or contract funds received for which no corresponding expenditure or performance has yet been made are accounted for as deferred revenue.

#### *5.2.2 Revenue Recognition and Contributions Receivable*

Unconditional promises to give that are expected to be collected shall be reconciled with the Finance Department.

#### *5.2.3 Gifts and Service in Kind Donations*

- a) Donated goods should be recorded in the Accounting System as both revenue and expense at the estimated market or exit value of the goods received.
- b) For donated goods with a fair market value of \$100,000 or the local currency equivalent or more, RWAMREC should obtain exit value quotes from at least three sources.

c) Although RWAMREC does not record unspecialized services as revenue, some grants may allow unspecialized volunteer labor as cost share expense. This process should be documented in accordance with grant regulations.

d) RWAMREC does record donated specialized services as revenue and expense. These services are valued at the rate at which RWAMREC would pay for such service.

e) Each promise due within one year is recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

#### *5.2.4 Revenue from Payment for Services*

a) RWAMREC may provide partner organizations and individuals with procurement assistance, transportation, and/or programmatic expertise.

b) If RWAMREC charges the individual or organization for these services, then the revenue is not a charitable donation or contribution and it should be recorded as Other Revenue or Consulting Services.

#### *5.2.5 Restricted Revenue*

a) All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

b) Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support.

#### *5.2.6 Grant Compliance*

a) When a new grant is received or a grant is renewed, a copy of the executed grant must be forwarded to the ED.

b) RWAMREC's development team should create a permanent file for the grant and maintain the contract along with any other financial correspondence regarding the grant.

c) It is the responsibility of the ED to review the grant contract and extract any fiscal items with which RWAMREC must comply. It is the responsibility of the development team to extract and communicate with appropriate staff members any items of programmatic compliance.

d) The development team should maintain a master summary of executed agreements. The summary will include contributions promised, actual amounts received, amounts expected to be received in future periods. The summary should be reviewed at year-end to determine any contributions receivable to be recognized. Contributions receivable and revenue recorded in the financial records must reconcile to this summary.

## VI. Procedures for Expenditures Payment

### 6.1 Introduction

The majority of the payments in RWAMREC are made through payments for goods and service acquired. Payments can be made by Cheque, cash, or, most commonly, by electronic bank transfer. Payments are initiated in several ways such as invoices received, expense reimbursements, payroll, and recurring transactions based on contracts such as utilities and rent. All payments, regardless of their medium, require the following: Supporting documentation (invoices, receipts, contracts, payment request, travel vouchers, training/workshop invitation and agenda, etc.).

- a) A project ID
  - b) Grant ID
  - c) Objective (If applicable)
  - d) Reporting Category (If applicable)
  - e) Account code based on the chart of accounts
  - f) Payment voucher form with signatures of Requester, Budget Holder, and DOF or ED
- The Finance Manager performs detailed reviews of expenses and supporting documentation for completeness, accuracy, and appropriateness. For safety and practical reasons, cash disbursements are processed only during business hours between 0900hrs and 1700hrs (official hours).

## ***6.2 Policy Objectives***

This policy and procedure document seeks to ensure that all payments or expenses are in accordance with the duly approved RWAMREC budget and are authorized by the appropriate offices and in a timely manner to avoid abuses and financial impropriety.

## ***6.3 Expenditures and Budgets***

All expenditure incurred by the RWAMREC shall be within the budget approved by the BoD or any other officer authorized by the Council.

## ***6.4 Payment Requirements***

Expenses that require an Initial Payment Approval by the ED, Budget holder must have this approval in writing, through email or paper based, to initiate the payment. For expenses that require pre-payment before receipts and the Payment Voucher can be completed, payment processing can be initiated based on an Initial Payment Approval by the ED. Staff should obtain vendor invoices wherever possible to create a future audit trail according to the procurement policy.

### ***6.4.1 Wire & Electronic Bank Transfers***

After all approvals required are met, the Finance department will process the payment as per when the request was received. If the payment method to be used by Finance is the electronic transfer, then it must meet the following: The payee name written on the transfer form should be consistent with the name on the approved payment voucher. In cases where the payee wants to be paid in a different name to that which is on the invoice, the payee would have to send an official request to RWAMREC and the FM should produce an exception note which is then approved by the DOF. Bank electronic transfers are sensitive documents and require secure storage always. Cancelled electronic transfer forms will be retained and filed on the relevant voucher with reason of cancellation written on the voucher.

### ***6.4.2 Cash Advance***

In pre-approved cases by the ED, RWAMREC may give cash advances especially when the Vendor has made the condition of the prepayment and no other vendor selling the same item service is available or ready to deliver on credit. Cash advance will be paid also to staff who need to book and plan their travel. The staff will notify the finance departments of such payments request together with the travel approval documents. The Finance Department will arrange the payment to the staff all to the service provider after agreeing with the staff. Further, if a staff finds a need to use personal cash during travel, RWAMREC shall endeavor to refund cash in the shortest time possible after the staff has got all the approval. The staff can email their approved receipts to the Finance Department before returning to the office to begin the reimbursement process.

#### *6.4.3 Other Payments Processing Controls*

RWAMREC financial payments are planned to be carried out two times a week. However, the ED may increase this frequency. The current practice is to process payments every Tuesday and Thursday for the requests that have been made one day before and that means Monday and Wednesday respectively. The policy can only be overridden in case of emergencies as defined in the emergency policy. To ensure a good flow of the financial transactions, below are the timelines set for some of the finance related activities.

#### *6.4.4 Suppliers Invoices and Request Flow*

a) Creating new vendors in the accounting: Vendors are typically entered when an invoice is received, or a payment is made. The creation is made by the Finance Manager. After creation, the report of the new created vendor is prepared and forwarded to the Finance Director for review and approval.

b) Reception and approval of invoices: Invoices are received by the accounting department as well as by the person negotiating purchase. Going forward all the invoices will be received by the procurement Officer. He will have the responsibility to seek for all necessary approvals before they are accepted in Finance.

All invoices and requests received in Finance will be recorded in the book available in Finance and signed by the Accountant and the person who brings the request in order to facilitate their traceability. Invoices are entered as payables when received, or when known to be due. Payments are made electronically or by checks and payment orders

upon receipt of invoice and approvals of payment from the ED. Small payments of below RWF 50,000 may be paid in petty cash which shall have a limit of RWF 100,000 at its maximum. All the invoices and payments to Vendors are recorded in QB on a timely basis.

RWAMREC will use an accrual-based accounting method whereby expenses are recognized when services are rendered or goods are delivered. Any expenses incurred but not yet paid must be accrued on a monthly basis. Unless the expense is recurring, accruals must be accompanied by unpaid invoices dating back to the month of the accrual. The accrual method allows for recording revenue and expenses when incurred.

This presents a more accurate picture when actual expenses are compared with budgeted activity and eliminates the possibility of overlooking incurred but unpaid expenses. All accruals must be tracked closely and removed from the accrual list as the transactions are being retired, and any item listed as an accrual which is not treated as such must be reversed.

*6.4.5 Justification for Reimbursement*

- 30 days from the day of receipt of Justification documents by the Finance Department. This applies for any staff or student who needs reimbursement
- 10 working days. This applies for any staff/student who has requested cash advance.

*6.4.6 Justification for Cash Advance*

Item	Action
Issued Check	Any issued check which is not cashed within 60 days will expire. The Finance Coordinator will prepare a list to be terminated by the Manager and the Director of Finance for them to find new payment alternatives. This may include the possibility to deduct the it from salary payment of the staff who failed to justify.
Expense	The Head of Departments are expected to send their expense reports before the 25th of each month, reporting for the previous month.

Item	Action
Regular	Payments for consultants and other regular payments are also declared by the 15th of each month
	The RRA taxes, should be declared by the 15th of each month
	Any request which is not submitted with all the required approval shall expire after 10 days. If that happens, the student/staff is required to get another approval to be able to request money.
	Payroll payments are processed not later than the 25th of each month

#### 6.4.7 Non-negotiable

a) Requesting reimbursement strictly requires:

- An approved finance forms
- Receipts with RWAMREC "client name" and/or TIN number "101978062".

b) The Finance Department cannot issue payments without at least one of the two elements above

#### 6.4.8 Expense Approvals

Expense Approvals shall be done either on paper or electronically.

a) Physical paper: this is approved by the line supervisor of the requester as well as the head of that specific department and the ED or DOF.

b) Online request approval: online approvals are done in the same processes as above, but use emails for documentation. They are mostly used when the approver is not at the office, and are valid like physical paper approvals.

### 6.5 Bank Transfers

A bank transfer is the process of wiring money from the organization's bank account to the beneficiary's bank account. It is only a transfer from one account to another. In RWAMREC's context, relevant beneficiaries can be:

- a) Suppliers of goods and services
- b) Staff d) GC members
- c) Partner organization

Bank transfers are done for payments which equal to/exceed RWF 50,000 when the counterpart has a bank account. If not, a check is issued referring to the check issuance guidance below. Bank transfers are the preferred mode of payment for RWAMREC transactions and should be used every time possible. It allows an immediate payment unlike Check which are subjected to expiration.

### ***6.6 Expense Documentation***

- a) All expenses need to have appropriate documentation in order to be processed. If documentation is not provided, or is not provided within the correct time frame, this expense is understood not to be an eligible RWAMREC expense and will not be reimbursed or cash advances will be removed from upcoming paychecks;
- b) A credit card receipt payment receipt is not accepted as a valid receipt. Only original fiscal receipts will be accepted;
- c) Staff with US bank accounts in USD is eligible to receive reimbursements for expenses through the online expense system;
- d) Staff requesting reimbursements in Rwanda must use the finance forms and provide all required documentation;
- e) Receipts in Rwanda: staff is required to request the RWAMREC TIN number to be added to receipts in order to be eligible for VAT refunds. If this is not done, staff will be required to refund VAT out of their personal funds or this will be garnished from the upcoming payroll.

### ***6.7 Advances for Official Duties***

- a) No advance shall be granted unless the vote to be charged has adequate funds to meet the expenditure. In case of advances from donor-funded votes, the purpose must be as per terms of agreement between the donor and the RWAMREC;
- b) The official application form shall be completed and shall state the amount, a detailed budget and reason for taking the advance;
- c) The advance holder shall account for it within the prescribed time limit which is normally 2 (two) weeks after the accounting date stated by the applicant unless express authority for extension is granted by the Finance Controller;
- d) No further advance shall be granted to the advance holder before the previous one has been accounted for;
- e) All accounting for advances shall be through the Head of Department/unit or the next authorized officer;
- f) Recovery of outstanding advance shall be instituted on the holder of the advance 14 days after expiry of the prescribed time limit;
- g) An up-to-date register for advances shall be maintained;
- h) Over-expenditure in excess of 10% of the amount advanced shall not be permitted;
- i) Expenditure of research money will be subjected to RWAMREC regulations, procurement regulations and as long as it does not contradict the Memorandum of Understanding (M.O.U) with the donor;
- j) All other official advances shall be controlled in the same manner as prescribed in (a) and (i) above;
- k) All fixed assets procured through grant funds belong to the RWAMREC and shall be accounted for through Grants and Capital Sections;
- l) IOU used in the place of advances to obtain money, are irregular and prohibited.

## VII. Payroll and Staff Advance Management

### **7.1 Payroll General Information**

a) Every employee is paid through a bank account. Every employee submits the bank details together with other documentation required by Human Resources Department.

The details needed for the payroll for each employee may include:

- i. Account holder name
- ii. Number or IBAN
- iii. Bank Address
- iv. Swift code of the Bank
- v. Bank Name

b) Like any other transactions, the payroll must respect the timeline mentioned earlier in this document.

### **7.2 Salaries**

Salary details are documented with the Human Resources Department which sends them to the finance department.

a) For salary payment, the HR Director must send the list of staff to be paid to the Finance Department.

b) If there are any changes in salaries, the HR must update the Finance Department of any changes on salaries plus all the required supporting documents.

c) The Finance Manager executes the change requested and returns the details to the HR for review.

d) Then the Payroll is forwarded to the finance Director for review. After his review, the final approval will be given by the ED and Administration for payment.

### **7.3 Payroll Processing**

For monthly payroll cycles, RWAMREC recommends a deadline of at least 7 days before the payroll date. All new employees must be set up in a relevant system with the appropriate pay rates, dimensions, and allocations. If possible, the person initiating the personnel set-up should not be the person running the system monthly payroll process.

Payroll is processed on the 25th of each month. The payroll expense entry is immediately recorded in the accounting system by the Finance Manager who is the initiator and the Director of Finance as approver. Control procedures should be made to ensure that there is segregation of duties between the preparation, review, and authorization of monthly payroll. Overall, strict attention must be taken to the match between the payroll numbers and the taxes declared at the RRA. This is the responsibility of the Director of Finance. Payments of salaries should be made by bank transfer to individual staff bank accounts whenever possible. Salary payments by cash are discouraged and each member of the staff is required to open and maintain a bank account.

Some salaries may be paid in cash or check each month due to the time it takes new employees to set up bank accounts. Part-time staff may be paid in cash or mobile money when the Finance Department determines that opening a bank account would cause undue burden. In these cases, a signature of the payee evidencing receipt of his/her salary must be obtained and filed in the appropriate location in the Finance Office. This provides evidence that the correct amount was received by the correct employee. Additionally, staff paid in cash or mobile money should carry an ID card with a photo and produce this ID upon payment. Periodic spot checks/verifications of staff should be done to ensure only legitimate employees are being paid.

A payroll documentation file should be established by the Human Resources Department to contain the following details:

- a. Non-statutory deductions documentation
- b. Letters of appointment
- c. Salary increment letters
- d. Contract renewal letters
- e. Vacation time accrued and used

A copy of the payroll will be sent to the HR Department every month for filing.

#### **7.4 Final Payment**

- i. Final payments should include all statutory taxes and deductions as required by local tax law.
- ii. All employees must sign a termination agreement indicating that the final amount includes all funds owed to them for services provided under their contract.

#### **7.5 Payroll Advances**

RWAMREC staffs have the right to one advance payment equals to the monthly net salary payable once a year. The repayment of the advance is through deductions on the staff monthly salary in 3 equal installments starting the following month in which the advance is paid. The approval for advance is done by the staff Immediate Supervisor and the Director of Finance.

A staff who proves hardship to repay back the loan or who needs a second advance may request for special treatment. That special approval is to be granted by the ED only. Advances are recorded onto the payroll tracking sheet to ensure the appropriate deduction to be paid back from net pay. Salary is booked when earned, and tax withheld and paid at that time.

#### **7.6 Payroll Payment**

The payroll payment must respect the timeline discussed above. All deductions should be calculated and submitted to the tax authorities before the deadlines. Statutory deductions are recorded as a liability on the balance sheet until such time as the payment is transferred to the government tax authorities. Late submission should be avoided to prevent penalties and the responsibility lies with the HR Manager and the Director of Finance.

The payroll takes into consideration the Pay As You Earn taxation (PAYE). The PAYE rates applicable shall be those stipulated in the Labor Law and Rwanda, Revenue Authority Laws and RSSB Law and other legal provisions.

NB: Legal deductions are also applicable if a staff member receives an extra pay.

## VIII. Fixed Assets Records and Management Procedure

### ***8.1 Definition of Fixed Asset***

Fixed Assets shall be defined as resources of the RWAMREC with the following distinguishing features:

- a. Acquired for use in the RWAMREC and are not for resale;
- b. Have estimated useful life of more than one year; and All material resources which satisfy the above criteria shall be classified as fixed assets of the RWAMREC.

All donations of fixed assets to the RWAMREC shall be given a monetary value and included in the books of accounts of the RWAMREC.

### ***8.2 Procedures for Acquisition, Maintenance & Disposal of Fixed Assets***

Acquisition of Fixed Assets:

- a. All purchases of fixed assets must be authorized by the ED or the Chairman of the BoD;
- b. The purchase of fixed assets shall follow the established procurement procedures;
- c. A fixed asset shall be purchased only when the provision for its purchase is in the RWAMREC's budget;
- d. Fixed Assets acquired through donations shall be brought into the fixed assets' record at cost.
- e. Expensive or highly specialized items of fixed assets shall be supplied with performance guarantee or warranty agreements for a period of not less than one year.
- f. The technical specifications and the fixed asset capacity shall be part of the supply agreement and it is on the basis of the specifications that the performance guarantee shall be given.

### **8.3 Fixed Asset Identification Number (Tagging)**

- a. Each fixed asset of the RWAMREC shall be given a unique identification number and it shall be indicated on a label, which shall be fixed on each fixed asset.
- b. Fixed Assets in each office shall be listed and the list shall be fixed in a clearly visible place within that office.
- c. Transfers between offices shall be made only on authorized transfer forms and the fixed assets record in each office shall be appropriately adjusted. The Accountant shall keep a copy of the Fixed Assets' register showing how the fixed assets are distributed within the different departments and offices of RWAMREC.

### **8.4 Fixed Asset Register**

All the fixed assets of the RWAMREC shall be recorded in a Fixed Asset Register. The fixed asset register shall have the following information about the fixed assets:

- a. The Fixed asset description.
- b. Manufacturer's serial number.
- c. The name of the supplier/Manufacturer.
- d. The cost of the item.
- e. The date of acquisition.
- f. Location of the item.
- g. Internal identification number.
- h. The name of the supplier.
- i. The depreciation rates

The fixed asset register must be updated with acquisitions and disposals.

### **8.5 Physical Count of Fixed Assets**

The RWAMREC's fixed assets shall be physically counted at least once in a year. The physical count results shall be compared with the records and any discrepancies found shall be investigated and be resolved. The physical count exercise shall produce a report on the physical condition of each fixed asset, highlighting those that have experienced unusual events like major accidents or those that were transferred or exchanged during the year.

### ***8.6 Insurance of Fixed Assets***

All the fixed Assets of the RWAMREC shall be insured against possible risks. In the circumstances, management shall make a decision on the appropriate insurance policies to be taken. It shall be the responsibility of the Procurement Unit to negotiate fair insurance covers for the RWAMREC's fixed assets. It shall be the responsibility of DOF and ED to ensure that the insurance premiums are paid in time and that they are properly treated in the accounts. The ED shall ensure that the necessary prerequisites for lodging a successful insurance claim are put in place.

### ***8.7 Fixed Assets Repairs and Maintenance***

The repairs and maintenance are the responsibility of the Facility Manager or the designated staff. Service contracts with reputable companies must be undertaken to ensure that the equipment of the RWAMREC is properly maintained. The Facility Manager must keep the minimum service parts for the equipment in the stores. Proper control measures of fixed assets use shall be put in place to ensure that the repair and maintenance costs are kept at a minimum. Measures such as the use of logbooks to monitor the movement of vehicles, use of register books to record personal use of office facilities such as telephone, photocopiers, Internet, and fax machines. If the use of these facilities is not properly controlled, the costs of repairs and maintenance can exorbitantly be high. Where it is necessary that the staff use the facilities for both official and private work, a system shall be designed to be able to distinguish private use and official use of the facility. Management shall set limits of expenditures for reimbursement to staff that are authorized to use the facilities for both the private and official use.

### ***8.8 Depreciation***

It is the allocation of the depreciable amount of an asset over its estimated useful life. The fixed assets of the RWAMREC shall be depreciated on a straight-line method and on the basis of the time they have been owned by the RWAMREC, but ownership for periods of less than one month shall be ignored in calculations of monthly or annual depreciation charges. The items with a purchase value of less than USD 1000 or its equivalence in RWF will immediately be expensed at purchase. Depreciation rates shall be applied in calculating depreciation for the different classes of fixed assets owned by the RWAMREC.

The following depreciation rates, which are in line with the provisions of the RRA Law, shall be applied.

<b>Fixed Asset Category</b>	<b>Depreciation Rate</b>
Buildings	5%
Motor Vehicles	25%
Office Equipment	25%
Office Furniture and Fittings	25%
Computers, Software, and Accessories	50%

### ***8.9 Loss, Damage or Theft of the Fixed Assets***

The loss, damage or theft of a fixed asset shall be reported to the Facility Manager who will carry out investigation to establish how the fixed asset was damaged, lost or stolen. If the asset cannot be recovered it shall be reported to the DOF and ED. The ED shall make a report of the loss to the police and shall keep a copy of the report on file and update the report with any police findings. In some cases, like the damage or loss of a vehicle, it shall be necessary that a report is made to police as soon as possible, in which case the driver of the vehicle at the time of the incident shall make the report to police and to the ED. Fixed assets lost shall be removed from the account book of RWAMREC and the loss on disposal shall be calculated after taking into account any recoveries from the Insurance companies. The ED shall immediately take the necessary steps to get compensation for the asset lost, damaged or stolen, from the insurance company.

## IX. Accounting for Office Consumables

### 9.1 Purpose

The purpose of this section is to describe the system and procedures to be followed and documentation to be used to account for and control of office consumables. These primarily include printing and photocopying telephones & fax costs and pool vehicle costs. This section primarily describes the process so far as it affects the Finance Department.

### 9.2 Responsibilities

The DOF is responsible for:

- a. Maintaining safe custody of the infrastructure e.g., photocopiers, switchboard, vehicles;
- b. Ensuring that maintenance and service contracts with reputable suppliers are in place
- c. Maintaining operating systems, whether manual or electronic. Examples include the switchboard software, photocopying software, printing software, vehicle mileage log.
- d. Preparing the budgets for consumables for all sections and support departments;

The ED is responsible for:

- a. Ensuring that accountabilities are received for office consumables;
- b. Reviewing the office consumables budgets for reasonableness;
- c. Recovering personal costs from payroll at month end.

### 9.3 Summary of the System

The costs are incurred in different ways as follows:

- a. Pool vehicle costs comprise primarily fuel, maintenance, parking and insurance charges. These are debited to the motor vehicle accounts.
- b. Telephone and fax costs are the costs incurred are debited to the Telephone Account. The journal entries to record the costs will typically be:

- i. Debit: Expense account (stationery, telephone, vehicle, etc.);
- ii. Credit: Cash

## **X. Accounting for Accruals and Prepayments**

### **10.1 Purpose**

This section describes the system and procedures to be followed and the documentation to be used in calculating and accounting for accruals and prepayments at the end of each financial period.

### **10.2 Responsibilities**

The finance department is responsible for:

- a. Carrying out a full analytical review of the accounts to ensure that any prepaid transactions have been properly accounted for, and all material accruals are posted;
- b. Ensuring that accruals are duly reversed when the respective expenses are approved and posted;
- c. Reviewing and signing off the month end accruals schedule to confirm that all balances carried forward are valid;
- d. Reviewing the prepayments schedule and ensuring that all charges which relate to the current month are posted;
- e. Reviewing and signing off the prepayments schedule for the balance sheet file, ensuring that all balances carried forward are valid and the timing of transfers from prepayments to profit and loss account is clearly shown;
- f. Ensuring that account allocation is maintained in the accounting system to match entries which cancel out, facilitating analysis of the closing balances.

### **10.3 Procedures for Accruals**

The finance Department should at the end of the financial period examine the Organization's records to establish goods or services received during the period, for which no charge has been received from the supplier (invoices not submitted) or no accounting action taken (invoices received but not yet approved).

Examples include telephone calls, utilities, bank interest for which the supplier submits invoices in arrears.

#### ***10.4 Procedures for Prepayments***

There are certain expenses which are normally paid in advance, e.g. rent, insurance premiums, software licenses, for which the Organization will only receive the benefit or make use of in future financial periods. These may be monthly, quarterly, bi-annual or annual installments. Amounts that are prepaid should be identified during invoice processing. If any amounts are identified as prepayments during invoice processing, the FM will immediately update the prepayments balance sheet schedule.

The DOF will review all P&L transactions, and also the prepayments schedule for the month to ensure that all prepaid installments relating to the current month have been posted to the P&L. The monthly report of the prepayments will be submitted to the ED for his/her review.

#### ***10.5 Exchange Differences in Relation to Accruals and Prepayments***

Although the majority of expenses are transacted in Rwandan Francs (RWF). Every time there is a transaction in a currency other than the functional currency, it will be exchanged to RWF using the prevailing National Bank of Rwanda exchange rate on that day. At the end of each month, the foreign denominated accounts are revalued and the difference posted to unrealized accounts and closed off to the comprehensive income under gains and losses. For realized exchange gains or losses, they are posted straight into the profit or loss. Realized gain or loss will occur when a payment is done.

## **XI. Compliance Matters Taxes and Statutory Returns**

### ***11.1 Purpose***

The organization is required to comply with all Rwandan statutory and regulatory laws. This section describes the main principles to be followed to ensure compliance.

### **11.2 Responsibilities**

The Finance Department is responsible for:

- a. Ensuring total compliance with all regulations, and that the organization is not subjected to any penalties or embarrassment for non-compliance;
- b. All returns are filed and payments made by the due dates as required by the Rwanda laws;
- c. Organizing tax health checks on all areas –payroll taxes, withholding (and other indirect taxes), income tax – at least once a year;
- d. Reviewing all transactions to ensure compliance prior to processing in the accounting systems;
- e. Keeping abreast of new developments through constant liaison with the TAX department, and ensuring the Finance team is kept well educated on regulatory requirements and changes;
- f. Ensuring that where tax is withheld on invoices

The DOF are responsible for:

- a. Checking accuracy of tax computations,
- b. Ensuring all taxable payments are captured in the tax computations,
- c. Ensuring that taxes are prepared and paid within set timelines

## **XII. Internal Control Framework**

### **12.1 General Provisions**

The Senior Management of the RWAMREC is obliged to implement suitable internal processes designed to ensure reliability of financial reporting, effectiveness and efficiency of operations, safeguarding the resources/assets of the RWAMREC, and compliance with applicable laws and regulations. The fundamental component of an internal control system is the overall control framework as it sets the character at the top of the RWAMREC, consequently influencing control consciousness and discipline among employees. The minimum guidelines for the RWAMREC's desired control framework include:

### **12.2 Organizational Structure**

As a minimum, the RWAMREC's organizational structure should ensure that the following responsibilities are performed by different individuals, and there is independent hierarchical internal check over the actions of those individuals.

### ***12.3 Authorization of Transactions***

- a. Finance internal audit – reviewing the internal control systems
- b. Execution of those transactions (including direct dealing with the suppliers, price negotiations, confirmation of delivery, etc.);
- c. Record keeping for those transactions; and
- d. Payments for those transactions.

### ***12.4 Assignment of authority and Responsibility***

- a. Delegated authority must align with responsibility;
- b. Job descriptions and responsibilities must be well defined in writing and communicated to the respective employees who must acknowledge receipt in writing;
- c. Assigned authority limits as well as the consequences of non-compliance must be communicated to the respective employees and acknowledged in writing; and
- d. The responsibility for the operation of key internal financial controls such as bank account signatories and reconciliation must be clearly defined and communicated.

### ***12.5 Integrity and Ethical Values***

The effectiveness of internal financial controls depends directly on the integrity and ethical values of the employees who are responsible for creating and administering those controls. Therefore,

- a. The background of the prospective employees should be cross-checked prior to delegating to them responsibility for financial transactions;
- b. There should be written Codes of Conduct and personnel regulations regarding such aspects as prevention of conflicts of interest, expected standards of ethical and moral behavior, and respect for authority; and
- c. Management should visibly take appropriate disciplinary action when an employee's conduct fails to meet the specifications in the Codes of Conduct.

### ***12.6 Commitment to Competence and Efficiency***

Employees should possess the knowledge and skills essential to the performance of assigned jobs. Therefore, the RWAMREC should be committed to hiring employees with appropriate levels of education, experience and skills matching with assigned jobs, and to provide the employees with adequate supervision and training.

### ***12.7 Management Philosophy and Operating Style***

Management philosophy and operating style affects the way RWAMREC's activities are managed. Management must take the lead in compliance with the provisions of the policy or any other regulations of the RWAMREC.

### ***12.8 RWAMREC Internal Audit***

The Internal Audit Office at the College is responsible for reviewing internal control systems established by the College in order to examine, evaluate and report on the accounting and other controls regarding the operations of the college, faculties, departments, schools and income generating units.

### ***12.9 Duties of RWAMREC Internal Auditor***

The duties of the RWAMREC Internal Auditor shall include:

- a. Auditing all revenue collections in the RWAMREC and ensuring that the accounting and banking responsibilities thereon are appropriately implemented;
- b. Auditing all procurement documents and payment vouchers, ensuring that College policies and guidelines are complied with. These would include being a member of Inspection and Acceptance Committee for goods and services;
- c. Auditing bank reconciliation statements and other management reports emanating from the College before they are released;
- d. Issuance and control of accountable documents e.g. receipt of books, LPO's and Stores Requisition Notes;
- e. Undertaking special investigations as well as risk assessment operations of the systems on behalf of the RWAMREC Senior Management;
- f. Auditing stores and ensuring that stores accounting and control measures are operational in departments, and faculties in the college;
- g. Instituting surprise checks over all account assistants and clerks undertaking payments and revenue collection in the college;
- h. Regular financial appraisals of Income Generating Units have to determine their cost effectiveness.

## XIII. Audit of Financial Statements

### 13.1 Objectives

By law, it is statutory that the accounts of the RWAMREC be audited by External Auditors. It is intended to enhance credibility of the financial statements and to offer corrective criticism and advice. To be well prepared, the management of the RWAMREC should be aware of the scope of the audit, which is summarized as follows:

- a. To obtain sufficient evidence to be able to confirm whether the financial statements show a true and fair view of the affairs of the RWAMREC – in other words whether, in material respects, those statements are complete, accurate, and truthful;
- b. To assess the adequacy of accounting and internal control systems at RWAMREC;
- c. To establish whether the assets of the RWAMREC are adequately safeguarded from misuse or loss;
- d. To establish whether in its operational activities, the RWAMREC complies with the relevant laws and regulations such as those regarding expenditure management, taxation, and procurements;
- e. To establish whether the management of the RWAMREC conducted its affairs with economy and operational efficiency.

In the event that the auditor has been satisfied with the evidence obtained on the financial statements, the auditor will affirm that those financial statements show a true and fair view of the affairs of the RWAMREC. However, in the event that the auditor has some reservations on any key matter in the financial statements, those reservations would be stated in the audit report on those financial statements. The timing of the audit shall be negotiated with the statutory Auditors and it is necessary that audited financial statements are available by no later than 31st March to enable submission of the profit tax declaration within the statutory deadline.

### 13.2 Financial Audit

The law requires that the RWAMREC have its accounts audited by the external auditor annually. An audit report shall be submitted to the BoD not later than three months after each financial year.

Management shall ensure that financial statements together with the supporting schedules shall be ready in good time, giving Auditors adequate time in which to conduct and complete the audit. The auditor shall produce a draft audit report and present it to the ED who shall formally respond to issues raised before a final report is produced. The formal response shall be copied to the BoD.

The auditor shall complete and issue the audit report by 3th March of the following year. A copy of the audit report shall be submitted to the Finance Department any comments arising there from shall be addressed to the GC. Internal control issues that the independent Auditors may come across during their audits shall be communicated to the ED by way of a management letter.

The DOF shall ensure that the audit observations and recommendations are implemented, or otherwise dispensed before the next audit. Note: The preparation and presentation of financial statements are the responsibility of the RWAMREC's Management. The external Auditors shall only be responsible for expressing an independent professional opinion on the financial statements. In addition, the auditor should normally issue a report covering the strengths and/or weaknesses in the internal control systems, accounting, and other operational procedures. Such a report is usually called a "Management Letter" and contains the following information:

- a. The audit observations – explaining the observed anomalies, their undesirable impact, and the probable risk to the RWAMREC. The management of the RWAMREC has the right to be told the size of the audit sample from which each of the anomalies has been noted so as to gauge the extent of the problem to the RWAMREC;
- b. The suggested auditor's remedial recommendations. It should be noted that the auditor is not working in RWAMREC on a full-time basis in order to know all the details therein. Therefore, it is necessary that the suggested remedies are discussed between the RWAMREC's management and the auditor to confirm their appropriateness.

The comments by the management of the RWAMREC, usually the ED, DOF and the Heads of the department. Those comments include the committed target deadline dates for the implementation of the agreed remedies. The management of the RWAMREC has an inalienable right to discuss the findings and recommendations of the auditor before they are reported to any other party. This is to ensure that there are no disagreements on the contents of the auditor's report

### **13.3 Appointment of Auditors**

External Auditors shall be appointed by the Board of Directors in consultation with the Executive Director. To ensure the quality of audit and the independence of auditors, they shall be renewed of a yearly basis.

**Venant NZABONIMANA**

**Chairman**

