



COMMUNITY INITIATIVE FOR SUSTAINABLE DEVELOPMENT (COMINSUD)

FINANCIAL POLICY AND ACCOUNTING SYSTEM



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1. Objectives

COMINSUD in its drive to continuously improve its financial management and performance system have developed and put forward a financial policy and procedures that enables:

- Assigned responsibilities and expectations for financial management for various key actors
- Consistent record keeping of all financial transaction
- Production of accurate, reliable, and relevant financial reports
- Maintain compliance with set regulations applicable to the state and donor without conflicts or compromise
- Effective implementation the policy and procedures put in place.
- Accountability safeguard and financial and material resources of COMISUD and its partners.
- Regular review and updated the policy and procedures

2. Legal Framework

This financial policy and procedures is in line with financial regulations of the Cameroons government such as the tax code, Finance law, SYSCOHADA Uniform Act, IFRS and it conform with the expectations of International Partners.

3. Financial Year

COMINSUD's financial year shall runs from January–December (Calendar year). However, financial cycles for different projects will vary based of the cooperation and or contract agreement.

4. Planning and Budgeting

- Organizational Budget

The Coordinator shall coordinate the planning and preparation of the organization's budget in collaboration with the Accountant. Project Head(s) and Project Finance Officer(s) shall provide information based on their projects. The organisation's draft budget for the next year must be prepared in December, submitted to the Board for deliberations, and approved within the first month of that financial year.

- Project Budget

Preparation of project budgets shall depend on the team working on the project. The budget shall be organized and managed by the Coordinator, Accountant, Project Finance Officer and Project Head in line with the roles and responsibilities of each actor.

5. Actors Involve in Financial Management.

- **The Management Board:** The Board is responsible for directing the organizational policy, mission, visions and strategic plan. They approve the annual budget and carry out quarterly control and review of budget management. The Board Chair and the Head the of Board Finance Committee are signatories to bank accounts and other specific transactions.

- **Coordinator:** The Coordinator is responsible managing the budget of the organization, approving expenditures and ensure control for judicious and proper use of money. In collaboration with the Accountant and Project Finance Officers, The Coordinators, ensures that financial resources are enough and available for implementation of the activities. The Coordinators, is a signatory to bank accounts and approve all payments.

- **Accountant:** The Accountant is responsible to ensure that proper accounting and bookkeeping takes place within the organization via the preparation and or consolidation of various financial report. The Accountant is responsible for compliance to ensure required financial procedures are followed and ensure effective management of financial resources vis-à-vis plan activities. The Accountant forecast the weekly and monthly cash requirements, ensures that there is enough financial resources for activities, oversee the operations of the the Pay Desk Officer and Project Finance officer. The Accountant raise bills for payments to be effected to vendors, fills out cash request for bank withdrawals and carry out bank reconciliations. The Accountant make available money to the Pay desk officer or Project Finance Officer for final payment to the direct beneficiaries.

- **Finance Officer:** The Finance Officer is responsible for effective management of project budget, ensures that expenditures align with budgeted activities and are compliant with related procedures (COMINSUD, legal and donor). The Finance Officer processes financial needs by making requests and follow up to ensure that financial resources are made available for project activities, and ensure all documents are in place.

- **Pay desk officer:** Pay desk officer is responsible for cash payment of expenditures, register expenses and revenue, make cash advances to project teams where necessary, manages Petty Cash Book and cash in the safe as well as request for replenishment and carry out daily cash reconciliations.

6. Procedures to Request for Funds

-Request from Bank.

Based on the request, the Accountant shall fill out and register the cheque that is cosigned by at least two signatories (Coordinator, Board chair, Head of Finance Committee) for money to be released and directed as expected to be used.

-Request of Finances within the Organization.

The concern Staff establishes the need justified by a TOR especially for project activity or significant expenditure items and present the need to the Project Finance Officer or Officer In Charge (e.g. Administrator where the activity is not finance by a project) who fills out a request form demanding the release of money. The requested is first signed by the Project Finance Officer, vided by the Project Head and approved by the Coordinator for approval for payment.

7. Filling of Financial Documentation.

COMINSUD have an establish filling method on which source document of each project are track and recorded. This filling method shall correspond to project names and codes for easy identification of document and orderly following dates vis-à-vis hardcopies and soft copies documents. Safe and secured places with restricted access shall be provided for the storage of sensitive account document that must be under lock and key.

8. Accounting System

COMINSUD uses the Cash basis of Accounting System following the Classical Accounting Recording System (Journal–Ledger-Trial Balance-Income statement- Balance Sheet) and SYSCOHADA Approach

with the help of QUICKBOOKS Accounting Software. This makes it easy for to record and track invoices, payroll, inventory, assets as well as produces reports of income and expenses, financial situation of the organization as well as monitor the movement of cash and items in and out of COMINSUD. COMINSUD also uses Generally Acceptable Accounting Principles (GAAP) that is used to evaluate and appreciate items and transactions before executions.

-Cash Basis of Accounting: COMINSUD only records and accept incomes when they are actually received and expenses when they are actually encored.

-Classical Accounting System: COMINSUD follows a Classical Accounting System by recording its transactions from Journal to Ledger to Trial Balance to Income statement and finally Balance Sheet. Sample template of these account and statement are seen in Appendix 1,2,3,4 and 5.

-SYSCOHADA Approach: COMINSUD Follows the SYSCOHADA Approach of accounting system. COMINSUD have adapted its own OHADA Plan from the general SYSCOHADA Plan to suit it area where frequent activities and transactions are carried out. However, this Plan is subject to changes depending on changes in laws, increase activities and modifications for better recordings and reporting.

-General Acceptable Accounting Principles (GAAP): GAAP consists of a common set of accounting rules, requirements, and practices issued by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). GAAP sets out to standardize the classifications, assumptions and procedures used in accounting in industries across the US. COMINSUD Look forward to recruiting accountant that can properly implement the SYSCOHADA system vis-avis GAAP and IFRS as need may arise.

However, COMINSUD expects that the Accountant all finance and related staff applies the following key principles in the course of carryout duties.

- a. **Consistency.** Accounting staff apply the same standards through each step of the reporting process and from one reporting cycle to the next, paying careful attention to disclose any differences.
- b. **Sincerity.** Accounting staff provide objective and accurate information about business finances.
- c. **Permanence.** Accounting staff use consistent procedures in financial reporting, enabling business finances to be compared from report to report.
- d. **Non compensation.** Accountants provide complete transparency of positive and negative factors without any compensation. In other words, they do not get paid based on how good or bad the reporting turns out.
- e. **Prudence.** Financial data is based on documented facts and is not influenced by guesswork.
- f. **Continuity.** Financial data collection and asset valuations should not disrupt normal business operations.
- g. **Periodicity.** Financial data should be organized and reported according to relevant accounting periods. For example, revenue or expenses should be reported within the corresponding quarter or other reporting period.
- h. **Materiality.** Accountants must rely on material facts and disclose all material financial and accounting facts in financial reports.
- i. **Good Faith.** There is an expectation of honesty and completeness in financial data collection and reporting.

ACCOUNT SOFTWARE: QUICKBOOKS: COMINSUD Uses QuickBooks Plus that is connected to 6 users. QuickBooks is a full-featured business and financial management suite complete with tools for accounting, inventory, payroll, tax filing, invoicing, bank account tracking and reconciliation, expense management, budgeting, payment processing, and accounts receivable and accounts payable management.

9. Liquidity Management

COMINSUD shall maintain a safe to hold a maximum liquidity cash level not exceeding 1,000,000XAF at any given moment. A maximum of 250,000 XAF of this amount shall be impressed and routine payments of purchase of basic and essential items for unexpected and rest must be linked to expected payments of small suppliers and beneficiaries. For no reason should cash exceeding 500,000 XAF stay in the safe for more than 48 hours. The safe box can only be open by code where the code is owned by two key staff who own separate digits of the box code and the two must be present for the box to be open. In an event of significant expenditure, when the bank will not be available to effect payment or be open for services, the COMINSUD will deposit the money in its account in the Credit Union and will effect payments from that point. The Credit Union account will serve as its cashes till and payments will be effected from that platform to minimize risk of significant cash manipulation in the office and associated risk of cash storage. As much as possible, COMINSUD direct cash payment is established at the range of 100,000XAF to 499,999XAF. Any direct cash payment above 250,000 XAF must have had a three days notification. All expenditures equal to and above 500,000 paid on one installment shall be by cheque.

9. Bank Reconciliation Statement

Bank reconciliation statement will be established on a monthly basis to verify differences between COMINSUD Cash Book and Bank Statement for each bank account. The following document will be used to track Bank and Cash transactions:

- Previous Bank reconciliation statement.
- Cash book transaction for the month.
- Bank statement for the month.

A Bank reconciliation statement report will be as seen in appendix 6.

10. Petty Cash Book.

COMINSUD will keep an Impressed Petty cashbook of 250,000XAF on monthly basis with the following Major headings.

S/N	Items	Amount
1	Transport	50,000
2	Office Stationeries	30,000
3	Communication and Internet Credits	100,000
4	Water, Coffee and Snacks	30,000
6	Toiletries	20,000
7	Printing, Photocopy and Binding	20,000
	Total	250,000

11. Inventory Management

COMINSUD will have a perpetual inventory system of Inventory which helps to continuously estimate its inventory based on the use of QuickBooks electronic records. This system starts with the baseline from

a physical count and updates based on purchases made in and distribution sign out. COMINSUD uses a First in First out (FIFO) methods of stock keeping to avoid spoilage and goods meeting expiring dates while in the World house and the simple average methods of calculating stock. See Appendix 7.

12. Asset Management

(i) Depreciation of Assets.

COMINSUD uses the Constant depreciation method in line with the life Span of Assets as specify by the SYSCOHADA law and updated in the Cameroon Finance law. These Assets are track and life Span monitored with the help of QuickBooks software. See Appendix 8.

(ii) Disposal of Assets

Disposal of asset will be for the following reasons: need for replacement, upgrade, it is obsolete, they are in surplus or redundant. Asset can be disposed by donation to another organization, to staff, auction sale to best bidders, or thrown away. An Asset Disposal Form is to be completed each time an asset covered by this policy is to be disposed of.

13. Internal Control Mechanism

The main purpose of Internal Control is to ensure an ethical work environment and respect of process, to enhance performance towards achieving the organizational goal in the most efficient manner. The responsibilities of the Internal Control lie on the following five key personnel: The Coordinator, Internal Controller, Accountant, and MEAL Officer and Board Audit Committee. However, COMINSUD will make use of reports from External Auditors and Evaluation Teams to improve its overall Operational system.

Responsibilities of Internal Control Actors

- i. Coordinator: The Coordinator is responsible for the overall management of the day-to-day activities of the organization and ensures that all staff effectively participate in achieving the mission and vision of the organization.
- ii. Internal Control Officer: The Internal Controller works in closed collaboration with Accountant and the MEAL officer to ensure the effective implementation of the accounting system and MEAL policies. The Internal Controller ensures that the Accountant, Coordinator and MEAL Officer Implement activities following COMINSUD laid down rules and regulations. Accountant: The accountant as the staff directly responsible for the implementation of the finance and accounting policy is responsible in ensuring that other finance officers and the Cashier are compliant with legal, Donor and COMINSUD laid down principles. The Internal Controller check financial document and reports to ensure effective implementation of policies and staff respect work ethics and job description. Internal Controller reports to the Board on quarterly basis.
- iii. The MEAL Officer: The MEAL officer is directly responsible for implementing and controlling how activities and programs are implemented following project ethics, laid down models and effective reporting to all stakeholders concern thereby ensuring proper feedback.

Separation of duties

Separation of power is related to activity management, authorization and payment to avoid conflict of interest and compromise by a single individual due to accumulation of functions as well as to ensure checks and balance. In this regard, the Coordinator act as the Authorizing officer who approves activities, budget and payment. The Accountant is responsible for raising bills and ensuring they are

paid in compliant with organizational financial rules and regulations, the MEAL officers ensures that Finances disbursed are used for implementing the activities they are programmed for.

14. Procurement Procedure

The procurement procedure starts with identification of needs by the Project Officers that are approved and sends to the Procurement Officer for action. The Procurement Officer seek appropriated technical assistance and prepare call for quotation to be issued, (a minimum of two or more suppliers depending on the budget involve). Quotations from interested suppliers are received and registered and forwarded to the Procurement Committee for deliberation and decisions for which supplier will be engaged.

(i) Identification of needs

The needs are identified by any of the project staff and the project manager confirms that it falls within the project specification or it is needed for effective implementation of activities shown on the work plan or proper functioning of the office of COMINSUD.

(ii) Approval of Needs

The needs identified are presented to the Coordinator for approval. Immediately the coordinator approves the procurement of the items and the procurement or Logistic officer then starts the procurement process by issuing a call for quotation.

(iii) The Procurement Process. The procurement process starts when a call is made and ends with delivery and payment of the supplier. The steps involve in a procurement process involves:

- Call for Quotation. COMINSUD Issues calls for quotations by writing to it existing suppliers and partners or through its social media handles such as Facebook, websites, LinkedIn so as to ensure an equal chance for all possible suppliers.
- Submission of Quotation by interested suppliers. The administrator and Procurement officer is responsible for sending out calls, receiving quotations, and scheduling the day for deliberation by the Procurement committee.
- Deliberation of Minutes. After the last date for the submission of Calls. A date is fixed by the Administrator and Procurement officer for deliberation and general approval of the best supplier among quotations received.
- Issuing a Local Purchase Order. After the deliberation. The Procurement officer or Administrator is instructed by the committee to write to the supplier to whom the jobs have been given about all the specification and date of expected delivery and payment conditions.
- Delivery Note. After the LPO is been send out to the Supplier the goods are delivered. The goods must be delivered with two copies of the delivery note in case of countable commodities and two copies of reception note in the situation of items that needs inspections by a technician for confirmation prepared by the supplier where COMINSUD signs and keeps one copy and the supplier keeps one copy in case of any verification or missing document on the part of one party. For items bought for further distribution to third party. COMINSUD shall distribute the items with the help of a dispatch note to be duly signed by the recipient and the appropriate representative of COMINSUD.
- ✓ Payment. Payment shall be made following COMINSUD payment procedures and any other special agreement between COMINSUD and the party within the context of the law or donor requirement.

- **Procurement Committee.** Procurement Committees shall be set up to examine and make decision on quotations.
 - ✓ For amounts below 250,000AXF, the committee shall be composed of 3 members and shall be chaired by the Coordinator or another person designated the Coordinator alongside, the Project Officer and Procurement Officer.
 - ✓ For amounts above 250,000AXF and below 1,000,000AXF, the committee shall be composed of 4 members and shall be chaired by the Coordinator or another person designated the Coordinator alongside, the Project Officer, the Accountant and Procurement Officer.
 - ✓ For amounts above 1,000,000AXF and below 3,000,000AXF, the committee shall be composed of 4 members and shall be chaired by a Board Member designated by the Board to oversee procurement issues, the Coordinator, the Project Officer, the Accountant and Procurement Officer.
 - ✓ For amounts above 3,000,000AXF the committee shall be composed of 5 members shall be chaired by the Board Chair of COMINSUD, the Board to oversee procurement issues, the Coordinator, the Accountant and Procurement Officer.

iv) Suppliers Invoice

For payment to be affected, the supplier shall provide COMINSUD with a dated invoice detailing the quantities, unit price and total amount to be paid and reception note of goods and or services. However, payment installment or off front payment may be required before some goods or services are delivered. In such as case a contract specifying payment modalities or note for the record will be established.

15. Implementation

Training of New Staff on policy and software.

COMINSUD'S staff policy make provision for volunteering, training, orientation and transitioning to enable new recruits to acquire and mastery of the organizational financial procedures and software's before taking a full assignment. For recruitment of qualified staff, the transitioning is shorter and easy. In the case, the Accountant quits the job, an expert with grounded knowledge on COMINSUD system will be hired to fill the vacancy while a replacement is identified and trained.

Review financial policies and procedures with staff.

Evaluating this policy for review shall be allied the bi annual staff evaluation, the mastery of the policy and procedures to produce expected results.

Conclusion

COMINSUD commit to ensure all staff in position of responsibility know this policy and abide by it in their day-to-day activities. The Board pledge to make available resources to the best of it means support the proper implementation of this policy to foster the mission of COMINSUD.

Revised in Bamenda this 05 of January 2023

BOARD CHAIR

CHAMBI JULIE ANDAM

