

FINANCIAL POLICY & PROCEDURES

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1. PURPOSE AND CONSIDERATIONS

This statement of procedures outlines the financial management processes of Transparency Maldives (TM) in detail, and fulfils the requirements of the financial policy. This document also acts as an instruction manual in the establishment of major processes and aids in the training of new employees on aspects of the financial management and accounting processes. All processes have been created through incorporation of good internal controls to ensure accuracy, efficiency and transparency

All processes and this instruction manual must be reviewed periodically to ensure all changes are reflected and this document is up to date to avoid inconsistencies in practices.

2. SCOPE

This statement of procedure outlines all processes of the Finance Department (FD) and covers the below areas;

- Funds management through receipt of income from donors and expending of expenses
- Management and reconciliation of bank accounts
- Budget management
- Fixed asset management
- Management of contracts by donors and sub grantees
- Bookkeeping and management of accounts

3. AUTHORITY MATRIX

The Authority Matrix stated in this policy will be only applicable for the purpose of decision-making of whether a payment should be processed or not. It will not be applicable for approvals of goods, and services, which should be done according to the approved procurement policy of TM, prior to payment approvals.

Approval from Board members (except for Executive Director) are not required on transactions as segregation of roles are identified and internal controls are placed for Procurement and Finance Departments in their respective policies.

Once the policy effective date, all Cheques, Internet banking transactions and Card payments should be initiated after proper approval of Payment Voucher.

Please refer to the Authority Matrix detailed in Annex 10.1.

4. SPECIFIC PROCEDURES

4.1. VOUCHER SYSTEM

All payments, receipts and adjustment entries made to the accounting system must be accompanied by a Voucher. TM uses 3 types of vouchers namely;

- Payment Voucher
- Deposit Voucher
- Journal Voucher

TM finance team should ensure that no transaction/entry shall be entered in the Xero system without a valid payment voucher or a journal voucher.

4.1.1. Payment Voucher (PV)

Process Summary: Payment Vouchers (PVs) records all payments made by TM to vendors, other organizations, staff etc. PVs maintain a history of payments that TM has made. PVs should be accompanied by all necessary supporting documents and are required to be reviewed and approved according to the Authority Matrix described in the Finance Policy.

Process in detail:

- When bills are approved and ready for payment, all pending payments are entered to the PV register
- Payments towards the same vendor should be entered with the same PV number
- Create a PDF of PV and obtain necessary approvals as per the Authority Matrix thresholds
- Initiate the payment process
- Mark the bill as paid in the accounting system
- Combine all supporting documents along with the PV and save the PV in sharepoint

Tasks and responsible staff

- Preparation of PV: FO
- Review: Accountant
- Approval: FM, ED (according to authority matrix)
- Recording of accounting entries: FO
- Filing: FO

Action taken for entry in Xero and the resulting accounting entry

When making the payment:

Account Payable Dr

Bank Cr

4.1.2. Deposit Voucher (DV)

Process summary: Deposit Vouchers (DVs) records all receipts to TM by donors, reimbursements by vendors / staff etc. DVs maintains a history of funds received to TM. DVs should be accompanied by all necessary supporting documents and are required to be reviewed and approved according to the Authority Matrix described in the Finance Policy.

Process in detail:

- When a payment is received to TM's bank account, the details are entered into the DV register
- Create a PDF of DV and obtain necessary approvals as per the Authority Matrix thresholds
- Enter the transaction in Xero by accessing the "Receive money" function
- Combine all supporting documents along with the DV and save the DV in sharepoint

Tasks and responsible staff

- Preparation of DV: FO
- Review: Accountant
- Approval: FM / ED (according to authority matrix)
- Recording of accounting entries: FO
- Filing: FO

Action taken for entry in Xero and the resulting accounting entry

When receiving a payment:

Bank Dr

Donor/Vendor/Staff Cr

4.1.3. Journal Voucher (JV)

Process summary: The JV forms can be used for instances where the Payment/Deposit Voucher cannot be used to enter transactions/rectify errors to the system

Process in detail

- Examples of use of JV forms.
 - To rectify errors in payments.
 - To rectify errors made by bank and in bank reconciliations.
 - Rectify errors in the classification of accounts.
 - Rectify error related to project codes.
 - To enter bank charges to Xero system (if Payment Voucher not used)
 - To rectify errors that are identified after the monthly accounts are closed.
- It is the Finance Manager's responsibility to ensure that Journal Vouchers are in operation.
- The accountant shall use his experience and judgement to identify which items/transactions need to go through JV forms.

Tasks and responsible staff

- Preparation of JVs: FO
- Review of JVs: Accountant
- Approval of JVs: FM
- Passing the entries in Xero: Accountant

- Accountant shall ensure all the supporting documents are attached and available before presenting the Journal Vouchers for approval of relevant parties.

Action taken for entry in Xero and the resulting accounting entry

To record the entry:

Access the Manual journal tab and pass the entry with correct Dr, Cr and narrative

4.2. FUNDS / RECEIPTS

Funds are received to TM through the below operations

- Contracts signed with international NGO's (donors): Majority of TM's funds are received from donors for the execution of activities signed through contracts. All these funds are received as international or local transfers
- Fundraising activities
- Membership fees: Members registered in TM are required to pay an annual fee approved by board

4.2.1. Request of funds from donor contracts

Process summary: A fund request is prepared in advance and sent to donors with all other attachments required and stated within the contracts. Table 8 (Annex 10.2) included briefly states the documents required for funds requests, deadlines, donor contacts etc.

For Programs running on Advance funds from donors, TM shall ensure that sufficient funds are remaining in TM's bank accounts before approving expenses.

Process in detail:

- Prior to the start of a quarter or a month or as stated within the contract, a fund request is prepared by the finance department (FD) to obtain funds for the execution of contract activities. An invoice is raised to the donor at the end of each month regardless of funds being received to TM or not
- Prior to two weeks of requesting for funds, project teams are requested to provide forecast of planned activities with expenses that will incur for the period for which funds are being requested
- Templates are prepared in accordance with the contract requirements
- All templates are maintained within the finance departments folders labelled as project files
- Table 8 (Annex 10.2) in the annex states the information regarding requesting of funds from donors for the active projects being carried out as of May 2021
- The request prepared is dispatched to the designated person/donor contact
- Once a donor transfers funds to TM, TM is notified by the donor or the bank of the funds received
- If the funds received is above a stated limit (this set amount varies depending on banks and other requirement), FD is required to submit the official cash advance request and the remittance confirmation document to the bank to validate the transfer

Tasks and responsible staff

- Preparation of Fund requests: Accountant/Finance officer (FO)
- Review and approval: Finance manager (FM)
- Dispatch of documents to designated person: Accountant/FO
- Recording of Accounting entries: FO
- Approval of accounting entries: Accountant

- Once funds are received, these funds amounts are recorded in the sheet “Budget management and variance analysis sheet” for the purpose to reporting to project teams and recorded in “Donor Funds” account (current liability account) in the accounting system

Action taken for entry in Xero and the resulting accounting entry

Once funds are received, record the transaction at payment received date

Accounting entry:

Donor Funds Cr

Bank Dr

At the end of each month, raise an invoice to the donor and make the payment to the invoice from “Donor Funds” account

Accounting entry:

Revenue Cr

Donor Funds Dr

4.2.2. Receipt of funds through membership fees

Process summary: Individuals registered in TM as members are required to make an annual payment of an amount approved by board as membership fee.

Process in detail

- At the start of the year, FD will create invoices for an amount approved by board for each individual registered as a member within the member registry
- A mail is dispatched to all members to remind about the outstanding payment with the invoice as an attachment. Members are also requested to send receipt of transfer once transfer has been complete
- Once a receipt has been received, a mail is dispatched to acknowledge receipt of payment

Tasks and responsible staff

- Dispatch of mail to members reminding of payment: Accountant/FO
- Sending acknowledgement mail: Accountant/FO
- Entry of Accounting entries: FO
- Approval of accounting entries: Accountant

Action taken for entry in Xero and the resulting accounting entry

(i) Create invoices for all members registered

Accounting entry:

Receivable Dr

Membership fees Cr

(ii) Review the invoice and approve the transaction for recording in xero

(iii) Once payments have been received, record the invoice as payment received

Accounting entry:

Receivable Cr

Bank Dr

4.3. METHODS FOR MAKING OUTGOING PAYMENTS

TM's funds are expended for the purposes of execution of donor projects. The below stated methods are used for payment of funds for incurred expenses

Table 1

Payment method	Types of expenses for which this method is utilized
Petty cash	<ul style="list-style-type: none"> Urgent office supplies below MVR 750 Day to day consumables such as tissues, toilet papers, etc. Petty expenses to be covered for project activities
Internet banking	<ul style="list-style-type: none"> For all normal procurements Allowances hired for temporary jobs Per diem
Cheque	<ul style="list-style-type: none"> All expenses for which internet banking is not accepted
Card payments	<ul style="list-style-type: none"> For international payments, e.g., subscriptions, software, etc. Payment of utility bills
TT's	<ul style="list-style-type: none"> For all International payments such as payments for contractual services, accommodation for international travel, for international transport etc.
Direct Debit	<ul style="list-style-type: none"> Payroll

4.3.1. Petty Cash

Process summary: A floating petty cash system is used by TM for expenditures which require small amounts that needs to be disbursed swiftly. A permanent petty cash is maintained by the FD to utilize funds to procure consumables, stationaries, etc.

Process in detail

- A petty cash amount of MVR 5,000 is maintained by the FD to cover the expenses incurred for the purposes stated within the table 1
- This amount shall be maintained in physical cash and coins and must be stored in lockable safe
- A replenishment of the petty cash is arranged when required or if the balance has decreased to MVR 1,000.
- The finance officer shall file a reconciliation report with all supporting documents at any given time if the balance has fallen below MVR 1,000
- A single payment made from petty cash must not exceed MVR 750

Tasks and responsible staff

- Reconciliation reports and perform checks: FO
- Preparation of cheque/PV and obtaining of top up: FO
- Recording of accounting entries: FO
- Approval of accounting entries: Accountant

Action taken for entry in Xero and the resulting accounting entry

When the reconciliation report is submitted, the below actions are completed through xero:

- (i) Create a bill for individual expenses for approval
- (ii) Review the bill and approve the transaction for recording in xero

Accounting entry:

Expense Dr

Payable Cr

- (iii) Record the bill as paid through the petty cash account

Accounting entry:

Payable Dr

Petty cash A/C Cr

4.3.2. Internet Bank Transfers

Process summary: Online transfers will be utilized as the main mode of payment.

Process in detail

- For normal procurements, the below documents are to be provided by procurement as supporting documentation
 - Requisition
 - Contracts or quotations
 - Purchase order
 - Invoice
 - Advance payment receipts (if any advance payments were paid)
 - Goods/Service received form
- Once the PV has been prepared and checked by the Accountant and reviewed by the FM, this will be sent to approval as per finance policy thresholds in authority matrix.
- The Accountant accesses the online banking login portal as the 'Maker' and enters transaction details for each payment.
- As the 'Checker', the FM approves all transactions processed by the Maker.
- Once the transaction has been initiated and informed to Checker for approval, FO must enter the payment as paid in the accounting system, add the details to the PV register and file the documents
- Prior to any substitution in the roles, a form (10.3.6 FD 07.01) is completed to document the changes and is officially approved by the ED

Tasks and responsible staff

- Preparation of PV: FO
- Review of IB doc: Accountant
- Authorization of PV: According to Authority Matrix
- Entry of transactions to internet banking login: Accountant
- Approval of funds for transfer: FM

Action taken for entry in Xero and the resulting accounting entry

- (i) Create a bill for the PV for approval
- (ii) Review the bill and approve the transaction for recording in xero

Accounting entry:

Expense Dr

Payable Cr

- (iii) Once payment has been completed, record the bill as paid

Accounting entry:

Payable Dr

Bank Cr

4.3.3.Card payments

Process summary: Debit/credit cards are utilized for payments when expenses are incurred for online international transfers such as payments for periodic software subscriptions, HR systems, accounting systems, overseas trips, etc. All cards are utilized by the FD for payment and an official request is submitted by project teams or any other department when a requirement for a card payment has been identified.

Two debit cards (one MVR card and one USD card) shall be issued in the name of Finance Manager in the instance where the banking institution restricts issuing cards under TM's name, for the payments in accordance with Table 1 above.

Tasks and responsible staff

- Completion of card payment: Accountant
- Approval of card payment: ED
- Performing of reconciliation: Accountant
- Authorization of reconciliation: FM and ED

Process in detail

- FD will make card payments for PVs in accordance with Table 1 above
- A monthly reconciliation of the account linked to the card is prepared by the FD and submitted to the ED for approval
- The FD must maintain a list of softwares obtained and that have been paid for, and this list must be assessed quarterly or when required to confirm the softwares that are constantly in use. This is to ensure payments are not completed for software subscriptions that are not in use

Action taken for entry in Xero and the resulting accounting entry

- (i) Create a bill for the Card payment to be paid
- (ii) Review the bill and approve the transaction for recording in Xero

Accounting entry:

Expense Dr

Accounts payable Cr

- (iii) Once payment has been completed, record the bill as paid from the account the card has been linked

Accounting entry:

Accounts payable Dr

Bank account to which the card is linked Cr

4.3.4. Cheque payments

Process summary: Cheque payments are initiated when vendors do not accept online transfers

Process in detail

- When a requirement for a cheque payment arises, all available supporting documentations are attached with the PV and the cheque to initiate the payment process
- This is then signed according to the authority matrix and is handed over to the bank
- The FD will monitor all outstanding checks monthly. For those outstanding for more than three (3) months, the FD shall call the payee to ascertain the status of the payment. The FD will continue to call the payee until the check is deposited, and if a cheque is still outstanding after six (6) months, the FD will contact the bank and place a stop order on the check

Tasks and responsible staff

- Preparation of PV and cheque: FO
- Review of cheque and PV: Accountant
- Monitoring of outstanding checks and placing the order for cancellation: Accountant

Action taken for entry in Xero and the resulting accounting entry

- Create a bill for the cheque payment
- Review the bill and approve the transaction for recording in xero

Accounting entry:

Expense Dr
Accounts payable Cr

- Once payment has been completed, record the bill as paid

Accounting entry:

Accounts payable Dr
Bank Cr

4.4. TYPES OF PAYMENTS

TM's expenditure can be either for project purposes, internal purposes, or both. The table below lists the majority of payments made by TM.

Table 2

Type of Payment	Summary
Payments against invoice for goods/services purchased through procurement	Any payment which is made for a purchase requested through a <i>Purchase and Procurement Form (PR)</i> for which the Tax Invoice has been received prior to making payment Typically occurring examples include: <ul style="list-style-type: none"> • Printing of project related reading materials (brochures, handbooks etc.) • Purchase of project materials
Prepayments for goods/services purchased through procurement	Any payment which is made for a purchase requested through a <i>Purchase and Procurement Form (PR)</i> for which the Tax Invoice is to be received after making payment Typically occurring examples include: <ul style="list-style-type: none"> • Hotel payments • Flight ticket purchases
Cash advances	Advances paid to employees requested through a <i>Cash Advance Request form (CA)</i> and to be settled with an <i>Expense Report (ER)</i> . Cash advances are provided exclusively for: <ul style="list-style-type: none"> • Travel purposes, • Project activities or • Payment for goods and services for which TM's methods of direct payment cannot be utilized.
Internal transfers	Transfer of funds between TM bank accounts, or replenishment of the petty cash float.
Payroll	Monthly disbursement of salaries, wages and pension contributions for TM staff.
Subgrantee payments	Advance payments or payments for milestone achievements submit to TM by Subgrantees.
Recurring expenses	Expenses incurred at regular intervals, limited exclusively to: <ul style="list-style-type: none"> • Rent • Utilities (Water, Electricity, Internet, Phone lines and Waste Management) • Software subscriptions
Other routine payments	Any expenses not outlined in the above rows. Some examples include: <ul style="list-style-type: none"> • Taxi charges for travel within Male' • Purchase of regular consumables such as toilet cleaner, tissues, dish soap etc. • Other reasonable, unavoidable costs

4.4.1. Prepayments for goods/services purchased through procurement

Process summary: TM staff will send **Procurement Request Forms (PR form to TM's Procurement Department (PD))** to obtain goods or services for internal purposes or for the purpose of TM's projects. PD will then fulfill this request in conformance to TM's Procurement Standard Operating Procedure and Procurement Policy. In the circumstances where the **Payee** submits the invoice (or receipt) after an advance payment is made, FD will request PR and PO from PD, enter the bill to the accounting system under Payee's name and apply the outstanding credit to the bill.

Process in detail

- PD will submit supporting documents required for the expense, (PR and PO) to FD and specify in writing that a prepayment is required.
- PV will be prepared by the FO, checked by the Accountant, and sent for the relevant payment approvals.
- Concurrently, a prepayment entry is made in Xero with the relevant attachments with PV no. as a reference. The accounting entry for prepayment must be entered on and posted to the date of approval of the PV.
- Once the invoice/receipt has been received from the Payee, PD will submit the invoice to FD.
- FO will create a draft entry of the invoice to Xero, which will then be approved and posted by the Accountant.
- Once the invoice has been posted to Xero, the prepayment which was previously posted must be set off against the invoice.

Tasks and responsible staff

- Draft entry of invoice to Xero: FO
- Approval of invoice entry in Xero: Accountant
- Preparation of PV with supporting documentation: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (According to Authority Matrix)
- Recording of payment entries: FO
- Approval of payment entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: ED
- Preparation of payments via cheque or cash withdrawn by cheque: FO
- Approving payments via cheque: FM, ED (According to Authority Matrix)

Records to be kept

- Purchase and Procurement Form (PR)
- Purchase Order (PO)
- Quotation
- Goods and Services Received Note (GSRN)
- Payment Voucher (PV)
- Invoice

Action taken for entry in Xero and the resulting accounting entry

Payment Entry

(i) For USD transactions, create a draft entry of the Prepayment by accessing the "Spend Money" option on Xero, selecting the USD bank account and selecting "Prepayment" in the "Spend as" field. Split and categorize the expense to the "120 – Prepayment" account and to the relevant project and budget code as per the PR. Send for Approval with the available button on the screen.

MVR transactions are entered differently as Xero does not offer the "Prepayment" option for foreign currency transactions, and TM's home currency in Xero is USD.

For MVR transactions, create an entry in the exact same manner except for the “120 -Prepayment”. Share the URL of the transaction (as Xero does not have the option to send Spend Money transactions for approval) with the responsible person for review.

The reference of the prepayment must be the PV No. and the date of the transaction must be the date of approval of the PV.

Accounting entry:

Prepayments Dr

Bank Cr

Invoice entry

(ii) For the invoice received, create a draft invoice entry in Xero (undertaken by FO) by accessing the Enter Bill option. Attach a copy of the invoice along with the relevant PR, PO, and (where applicable) GSRN to the invoice entry. Categorize the transaction correctly to its relevant account, project, and project budget code in line with the relevant PR and split and apportion where appropriate. When complete, the send the transaction for approval with the relevant button available on the enter bill screen.

(iii) Check whether this entry is categorized correctly, whether the information entered is accurate, and whether all the supporting documents are in attachment of the Transaction. Approve the transaction once it has been confirmed that the requirements have been met, and this will post the transaction to TM’s accounts on Xero. If any of the requirements have not been met, return the draft entry to the responsible person for correction.

Set off of invoice entry against prepayment entry (Only applicable for USD transactions):

(iv) Open the invoice transaction from the “Bills to Pay” page on Xero and select the link in the footnote of the transaction that says “Credit this bill”.

(v) Enter the amount to be credited under the “Amount to Credit” field and select “Allocate credit”.

4.4.2. Payments against invoices for goods/services purchased through procurement

Process summary: TM staff will send **Procurement Request Forms (PR form)** to TM's **Procurement Department (PD)** to obtain goods or services for internal purposes or for the purpose of TM's projects. PD will then fulfill this request in conformance to TM's Procurement Standard Operating Procedure and Procurement Policy. In the circumstances where the **"Payee" (referring to the vendor, consultant, authority etc. to which payment needs to be made)** submits the invoice before payment is made, PD will forward the invoice to FD after carrying out the relevant procurement procedures,

Process in detail

- PD will submit the invoice to FD along with other supporting documents required for the expense, such as Purchase Order (PO) and Goods and Services Received Note (GSRN)
- FO will create a draft entry of the invoice to Xero, which will then be approved and posted by the Accountant.
- Once the invoice has been posted to Xero, a Payment Voucher (PV) will be prepared by the FO, checked by the Accountant, and sent for the relevant payment approvals.
- After obtaining payment approval, payment is made through the applicable payment method under the procedures outlined in section 4.2 – *"Methods for making outgoing payments"* of this document.
- The accounting entry for payment of the invoice must be entered on and posted to the date of approval of the payment.

Tasks and responsible staff

- Draft entry of invoice to Xero: FO
- Approval of invoice entry in Xero: Accountant
- Preparation of PV with supporting documentation: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (According to Authority Matrix threshold)
- Recording of payment entries: FO
- Approval of payment entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: FM
- Preparation of payments via cheque or cash withdrawn by cheque: FO
- Approving payments via cheque: FM, ED (According to Authority Matrix)

Records to be kept:

- Purchase and Procurement Form (PR)
- Purchase Order (PO)
- Invoice
- Goods and Services Received Note (GSRN)
- Payment Voucher (PV)

Action taken for entry in Xero and the resulting accounting entry

Invoice entry

(i) For the invoice received, create a draft invoice entry in Xero (undertaken by FO) by accessing the Enter Bill option. Attach a copy of the invoice along with the relevant PR, PO, and (where applicable) GSRN to the invoice entry. Categorize the transaction correctly to its relevant account, project, and project budget code in line with the relevant PR and split and apportion where appropriate. When complete, the send the transaction for approval with the relevant button available on the enter bill screen.

(ii) Check whether this entry is categorized correctly, whether the information entered is accurate, and whether all the supporting documents are in attachment of the Transaction. Approve the transactions once it has been confirmed that the requirements have been met, and this will post the transaction to TM's accounts on Xero. If any of the requirements have not been met, return the draft entry to the responsible person for correction.

Accounting entry:

Expenses/Asset Dr

Payable Cr

Payment Entry

(iv) Once the PV has been approved, open the transaction from Xero and mark the payment as being made on the date of approval. Enter the PV No. to the payment reference field.

Accounting entry:

Payable Dr

Bank Cr

4.4.3. Cash Advances

Process summary: Cash advances maybe requested by a TM staff for the expense categories stated on the above table. A **Cash Advance Request form (CA)** is submitted to the FD to obtain funds and this form will be processed within 5 working days from the date of receipt of form and all other supporting documentations.

Process in detail

- Staff will submit Cash Advance Request Form (CA) to the FD with supporting documents if required
- Cash advance forms must be signed by the requesting staff and approved by the project manager/supervisor
- To request for funds to pay for goods and services where TM's direct method of payments cannot be utilized, requesting staff should submit an approval from the project supervisor to the FD as supporting documentation. A receipt from the vendor is also needed once a payment is completed.
- All cash advances above MVR 10,000 are submitted to the Executive director (ED) for approval. All cash advances below 10,000 is approved by the Program Manager
- After completion of project activity or travel for which a cash advance has been provided, the requesting staff must submit an **Expense Report (ER)** detailing the individual items/services acquired. All supporting documentations/bills must be submitted along with the form within 5 working days after completion of the activity or trip

Tasks and responsible staff

- Cash Advance Approval: Project Manager / ED (Depending on the MVR 10,000 threshold.)
- Preparation of Payment Voucher with all supporting documentation: Finance Officer (FO)
- Review: Accountant
- Approval: FM, ED (According to Authority Matrix)
- Reconciliation and preparation of PV/DV for reimbursements: FO
- Review of expense report: FO & Accountant
- Recording of accounting entries: FO
- Approval of accounting entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: FM

- The expense report is then reconciled and checked by FD. In the circumstance where there are excess funds remaining at the end of the activity/trip, these funds will be transferred back to TM's accounts
- In the circumstance where the staff has spent more than the funds disbursed through the cash advance, a reimbursement will be processed by the FD.
- All cash advance forms and supporting documents will be placed within the folder "**3. Cash Advances**"
- All physical copies of Cash Advance Request forms, Expense Reports, and the relevant supporting bills should be filed. There must be separation of filing in pending and reconciled cash advances.

Records to be kept

- Cash Advance Request Form (CA)
- Expense Report (ER)
- Payment Voucher (PV)

Action taken for entry in Xero and the resulting accounting entry

(i) For each cash advance amount disbursed, create a Payment Voucher and obtain necessary approvals as per finance policy

(ii) Transfer funds from TM's bank account to the "115 - Employee Advances" account created in Xero and select the name of the contact (if this is the first Cash Advance by the requesting staff, create a new contact in Xero under the name "[Staff name] – Cash Advances"). This is completed through accessing the Spend Money tab in xero

Accounting entry:

Employee Advances Dr

Bank Cr

On receipt of a reconciled expense report, the below actions are completed through Xero:

In the circumstance where the staff has spent more than the funds disbursed through the cash advance;

(i) Create a Payment Voucher and obtain necessary approvals as per finance policy

(ii) Transfer funds from TM's bank account to Staff Cash Advance account by accessing the Transfer money tab in xero (Expenses should be entered as plus figures and enter the original Cash Advance amount as a minus figure. The line for the original Cash Advance Amount should be the reference number of the initial Cash Advance Form. Transaction reference should be entered as "[CA#] – BAL")

Accounting entry:

Expense Dr

Employee Advances Cr

In the circumstance where the staff has unspent funds remaining from the cash advance;

(i) Create a Deposit Voucher (DV) and obtain necessary approvals as per finance policy

(ii) Receive funds from Staff Cash Advance account to TM's bank account by accessing the Receive money tab in Xero (Expenses should be entered as minus figures and enter the original Cash Advance amount as a plus figure. The line for the original Cash Advance Amount should be the

reference number of the initial Cash Advance Form. Transaction reference should be entered as “[CA#] – BAL”)

Accounting entry:

Expenses Dr

Employee Advances Cr

4.4.4. Internal Transfers

Process summary: TM regularly transfers funds from one cash holding to the other for its operational purposes. TM generally carries out two types of transfers, being Petty Cash Replenishment and Currency Exchange.

Petty Cash Replenishment: TM maintains a petty cash float as specified in section “4.3.1 - Petty Cash” of this document. The withdrawal of funds for the replenishment of this float is categorized as an Internal Transfer

Currency Exchange: TM receives all its donor funds in USD. However, MVR is required for the day-to-day operations of the organization. Periodic currency exchanges are made for this purpose. Currency exchanges carried out by TM must be done so through a legitimate currency exchange establishment.

Process in detail

- Prompted by the conditions for Petty Cash Replenishment as specified in “4.3.1 - Petty Cash”, or for Currency Exchange, a documentable advice by an authorized party, the FO prepares a PV for the Internal Transfer and which is sent for approval.
- Concurrently, an entry is made within Xero for the Internal Transfer with the PV No. as a transaction reference and the date of approval of the PV as the transaction date.
- The Internal transfer is made with employment of the appropriate payment method

Records to be kept

- Payment Voucher (PV)

Tasks and responsible staff

- Request for Currency Exchange: Accountant / FM
- Preparation of PV with supporting documentation: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (According to Authority matrix)
- Recording of payment entries: FO
- Approval of payment entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: FM
- Preparation of payments via cheque or cash withdrawn by cheque: FO
- Approving payments via cheque: FM, ED (According to Authority Matrix)

Action taken for entry in Xero and the resulting accounting entry

(i) Access the “Transfer Funds” option in Xero.

(ii) Select the From and To Accounts and enter the amount, Reference (PV No.) and Date (Date of PV approval). Once this is done, click Transfer

4.4.5. Payroll

Process summary: TM's Human Resources Department and Finance Department work in tandem to process each month's payroll and pension payments. TM generally disburses its Payroll through TM's bankers Payroll process, with very few exceptions.

Process in detail

- TM's payroll process is initiated its Human Resources Department (HRD) by the monthly preparation and approval of "Staff Payroll Sheet".
- Once this sheet has been prepared and approved, it is sent to the finance department for Salary Disbursement.
- The FO will accordingly prepare RTGS transfer requests (Bank Letters) for payroll disbursement or cheques exclusively for staff who cannot receive payroll through RTGS transfers. A separate bank letter must be made for transfers to each bank as well as a separate letter for Pension Contribution.
- Concurrently, the FO will create PVs (a separate PV for each Bank Letter/Cheque) which will be reviewed and authorized by the appropriate parties. These documents are then sent for review.
- The relevant Xero entries are made in line with the Staff Payroll Allocation records maintained by FD
- Copies of the signed Bank Letters and Payment Vouchers are filed and subsequently, the Bank Letters are sent to the Bank.
- Any cheque payments released to staff for the purpose of payroll must be documented as disbursed by having the staff fill out and sign the "Received by:" section of the PV
- Proof of payment for pension contribution is shared with HRD as per their requirement.

Tasks and responsible staff

- Approval of "Staff Payroll Sheet": HRD, ED
- Preparation of PV: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (According to Authority Matrix)
- Preparation of Bank Letters and Cheques: FO
- Review of Bank Letters and Cheques: Accountant
- Authorization of Bank Letters and Cheques: FM, ED (According to Authority Matrix)
- Draft of Payroll entries to Xero: FO
- Approval of Payroll entries to Xero: Accountant

Records to be kept

- Staff Payroll Sheet
- Bank Letters
- Payment Voucher (PV)

Action taken for entry in Xero and the resulting accounting entry

Entry of Payroll Liability

- Open the Bills to Pay page on Xero and select the Import button
- Download the Xero Import template and fill out the CSV file with the appropriate data available for the month's payroll.
- Import the updated template file to Xero by accessing the relevant option on the "Import your Bills" page
- Select "No" for "Would you like to update contact address details?" and "Tax Exclusive" for "Is the Unit Amount field tax inclusive or exclusive"

(v) Select “import” and approve the bills after review.

Accounting Entry:

Salaries and Wages Dr

Payables Cr

Disbursement of Payroll

(i) Select the bills for each PV from the “Bills to Pay” page and press “Batch payment”

(ii) Enter the PV number to the payment reference field and date of approval of the PV

4.4.6.Subgrantee payments

Process summary: TM Grants team will evaluate prospective subgrantees and award them with Subgrants from Grants which TM have received. These subgrantees will then carry out their activities and send invoices to TM as their billing requirements are met (Refer to TM Grants Manual for details of requirements to be met). These invoices are then reviewed and endorsed by the responsible persons for the subgrant as per their procedure and forwarded to FD for payment.

Process in detail

- Grants will submit an endorsed invoice to FD
- FO will create a draft entry of the invoice to Xero, which will then be approved and posted by the Accountant.
- Once the invoice has been posted to Xero, a **Payment Voucher (PV)** will be prepared by the FO, checked by the Accountant, and sent for the relevant payment approvals.
- After obtaining payment approval, payment is made through the applicable payment method under the procedures outlined in section “4.3 - Methods for making outgoing payments” of this document.
- The accounting entry for payment of the invoice is posted to Xero

Records to be kept

- Endorsed Invoice
- Goods and Services Received Note (GSRN) [where applicable]
- Payment Voucher (PV)

Tasks and responsible staff

- Evaluation of the Subgrantee invoice: Grants/Projects etc. (dependent on the subgrant)
- Draft entry of invoice to Xero: FO
- Approval of invoice entry in Xero: Accountant
- Preparation of PV with supporting documentation: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (According to Authority Matrix)
- Recording of payment entries: FO
- Approval of payment entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: ED
- Preparation of payments via cheque or cash withdrawn by cheque: FO
- Approving payments via cheque: FM,ED (According to Authority Matrix)

Action taken for entry in Xero and the resulting accounting entry

Invoice entry

(i) For the invoice received, create a draft invoice entry in Xero (undertaken by FO) by accessing the Enter Bill option. Categorize the transaction correctly to its relevant account, project, and project budget code in line with the relevant PR and split and apportion where appropriate. When

complete, send the transaction for approval with the relevant button available on the enter bill screen.

(ii) Check whether this entry is categorized correctly, whether the information entered is accurate, and whether all the supporting documents are in attachment of the Transaction. Approve the transactions once it has been confirmed that the requirements have been met, and this will post the transaction to TM's accounts on Xero. If any of the requirements have not been met, return the draft entry to the responsible person for correction.

Accounting entry:

Expenses/Asset Dr

Payable Cr

Payment Entry

(iii) Once the PV has been approved, open the transaction from Xero and mark the payment as being made on the date of approval. Enter the PV No. to the payment reference field.

Accounting entry:

Payable Dr

Bank Cr

4.4.7.Recurring Expenses

Process summary: TM has regular, recurring expenses which are required to be made for the day-to-day running of the organization. These expenses do not require any PD's (or any other department's) review or endorsement to be accepted as reasonable expenses in TM's books. As these expenses do not have a review and endorsement process, FD strictly limits these expenses to:

1. Rent,
2. Utilities (Water, Electricity, Internet, Phone lines and Waste Management),
3. and monthly subscriptions such as software.

Process in detail

- FO will create a draft entry of the invoice to Xero, which will then be approved and posted by the Accountant.
- Once the invoice has been posted to Xero, a Payment Voucher (PV) will be prepared by the FO, checked by the Accountant, and sent for the relevant payment approvals.
- After obtaining payment approval, payment is made through the applicable payment method under the procedures outlined in section "4.3 - Methods for making outgoing payments" of this document.
- Proof of payment is sent to the vendors (especially for utilities)

Tasks and responsible staff

- Draft entry of invoice to Xero: FO
- Approval of invoice entry in Xero: Accountant
- Preparation of PV with supporting documentation: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (According to Authority Matrix)
- Recording of payment entries: FO
- Approval of payment entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: ED
- Preparation of payments via cheque or cash withdrawn by cheque: FO
- Approving payments via cheque: FM, ED (According to Authority Matrix)

Records to be kept

- Invoice
- Payment Voucher (PV)

Action taken for entry in Xero and the resulting accounting entry

Invoice entry

(i) For the invoice received, create a draft invoice entry in Xero (undertaken by FO) by accessing the Enter Bill option. Categorize the transaction correctly to its relevant account, project, and project budget code in line with the COST ALLOCATION PLAN (5.0) and split & apportion where appropriate. When complete, the send the transaction for approval with the relevant button available on the enter bill screen.

(ii) Check whether this entry is categorized correctly, whether the information entered is accurate, and whether all the supporting documents are in attachment of the Transaction. Approve the transactions once it has been confirmed that the requirements have been met, and this will post the transaction to TM's accounts on Xero. If any of the requirements have not been met, return the draft entry to the responsible person for correction.

Accounting entry:

Expenses/Asset Dr

Payable Cr

Payment Entry

(iii) Once the PV has been approved, open the transaction from Xero and mark the payment as being made on the date of approval. Enter the PV No. to the payment reference field.

Accounting entry:

Payable Dr

Bank Cr

4.4.8. Other Payments

Process summary: TM does not limit the payments being made to those listed within the scope of this documents. Other routine or non-routine payments may be made by the FD, subject to reasonableness of the cost. The overall procedural requirements for many of these payments vary from case to case, and so attention must be paid to have the proper authorizations acquired and management information to be properly documented.

Process in detail

- Initial documentation may vary from case to case. However, proper requisitions and documentation must be obtained before disbursement of funds if the payment is an avoidable and/or non-routine payment.
- Proper steps must be taken to ensure each bill and payment transaction is recorded and categorized correctly in its respective account, project, and budget code.
- Payments are to be disbursed with the acquisition of proper documentation, under the methods outlined in “4.3 - *Methods for making outgoing payments*” of this document.

Records to be kept

- Dependent on the transaction

Tasks and responsible staff

- Draft entry of invoice to Xero: FO
- Approval of invoice entry in Xero: Accountant
- Preparation of PV with supporting documentation: FO
- Review of PV: Accountant
- Approval of PV: FM, ED (depending on authority matrix)
- Recording of payment entries: FO
- Approval of payment entries: Accountant
- Initiating Payments via internet banking portal: Accountant
- Approving Payments via internet banking portal: ED
- Preparation of payments via cheque or cash withdrawn by cheque: FO
- Approving payments via cheque: ED & Board
- Making payments via petty cash: FO
- Review of payments made via petty cash: Accountant

Action taken for entry in Xero and the resulting accounting entry

No specific method of entry to xero. FD staff must derive the best-fit procedures from those listed within this section and apply them in a manner which is adherent to this document, TM’s Finance Policy, local regulations, and donor requirements

4.5. MANAGEMENT AND RECONCILIATION OF BANK ACCOUNTS

4.5.1. Bank statement and reconciliation

Process summary: Bank statements will be reconciled through the accounting software by FD monthly and must be completed before 10th of each preceding month.

Tasks and responsible staff

- Preparation of bank reconciliation: Accountant
- Approval: FM and ED

Process in detail

- Before 10th of each month, bank statements are extracted from TM's bank accounts through internet banking portals.
- The files are downloaded in a CSV format and all required columns are copied and pasted into an excel sheet. These columns are; (Date, Amount, Payee, Description, Reference and Check no's). All date formats will be stated as per the format "DD/MM/YYYY"
- All expenses will have a – sign in front of the values and cells should not be empty
- Bank reconciliation is initiated through accessing the components of Xero "tab accounts> Manage accounts, import a statement, save"
- The CSV file is then imported and then the bank statement entries and ledger entries are matched manually for completion
- Any discrepancies are noted, and due actions are taken
- The reconciled statement is then extracted from Xero through "Accounting> Reports>Bank reconciliation summary"
- These statements are then emailed to FM and ED for approval (e-signature)

Action taken for entry in Xero and the resulting accounting entry

- Access the Bank reconciliation function from Accounts>Manage accounts>Import a statement
- Import the CSV file and click "save"
- Reconcile the bank statement line items with account transactions in Xero

4.5.2. Opening and Closing of Bank Accounts and Signatories

- A separate bank account may be opened to meet the specific requirements of a donor or as deemed necessary by TM. A board resolution is needed when opening or closing an account.
- Signatories for the designated accounts should be the persons mentioned in Authority Matrix (Annex 10.1) Cheque Approve and Alternate Approvals column
- All bank transactions from the operating accounts requires two signatures. All signatories must not be a beneficiary of a payment (except for monthly payroll)

4.6. FIXED ASSET MANAGEMENT

4.6.1. Recording of fixed assets within the fixed asset register and the accounting software

Process summary: When a fixed asset is procured, a Fixed Asset Creation form is filled out and the information is entered in the accounting software which automatically adds the Fixed Asset to the Fixed Asset Register in the system. A manual fixed asset register is maintained for the purpose of updating the location of the Fixed Asset. This sheet is maintained within the Fixed asset folder > TM fixed asset and depreciation schedule file.

Tasks and responsible staff

- Entry of fixed asset to register: FO
- Approving the Fixed Asset within Xero: FM

Process in detail

Recording within the accounting software: The below information is entered into the accounting software on purchase and acquiring of a fixed asset

- Asset name
- Asset number
 - Asset numbers shall be in the format **TM-AC-SUB-YY-###**
 - **TM:** Resembles that the Fixed Asset is a property of Transparency Maldives
 - **AC:** is short for Asset Class, the asset classes which are currently used in TM are; OE for Office Equipment, FF for Furniture & Fittings, SL for Software & Licenses
 - **SUB:** is short for Sub Class of assets, these are 3 letters segregating the sub classes of the Fixed Assets
 - **YY:** represents the year of purchase of the Fixed Asset
 - **###:** is the given numeric number of the asset, these numbers should be in sequential order within the Sub Class of the fixed asset regardless of the purchase year of the fixed asset
- Purchase date
- Purchase Price
- Warranty Expiry (if applicable)
- Serial Number
- Asset Type
- Project name
- Budget Code / Cost carrier
- Description of Asset

In order to calculate the Depreciation of the Asset, the below information is entered in to the accounting software

- Depreciation start date (purchase date of the asset)
- Depreciation Method (Straight line method)
- Averaging method (Full month)
- Effective Life (years)
 - Office Equipment: 3 years
 - Furniture and Fittings: 5 years
 - Software & Licenses: 3 years

Recording within the manual fixed asset register

- When TM acquires a fixed asset through purchase or donations, the below information is entered into the depreciation schedule:
 - Fixed Asset name
 - Fixed Asset Code
 - Cost/fair value at the date it was acquired
 - Date of purchase / acquired date
 - Project name under which the fixed asset will be accounted for

Action taken for entry in Xero and the resulting accounting entry

For billing and payments same as applicable payment procedures above except for Debit the Fixed Asset account instead of Expense account

To record the Fixed Asset in Xero: Access the Fixed Asset module in Accounting>Fixed Assets. Fixed Assets will appear automatically for approved bills, edit the details according to the Fixed Asset Creation form and submit for approval

4.6.2. Recording of depreciation within the fixed asset register and passing off journal entries for depreciation within the accounting software

Process summary: Depreciation is allocated on straight line basis for all assets and all assets are fully depreciated for the initial month of purchase.

Process in detail

- All fixed assets of TM are depreciated on a straight-line basis at the rates determined in “7.5 Useful Life” of this policy.
- In instances, there are donor requirements for capitalization of assets, these requirements will prevail
- Depreciation is calculated for the entire month of purchase of the fixed asset regardless of the day it was acquired. For assets that have been in misplaced or damaged or lost, depreciation is calculated up to the last date of use
- During the last week of December, physical verification of all fixed assets in TM shall be conducted by the FD to ensure that there are no misplaced or damaged or stolen assets recorded within the FD’s fixed asset register
- When all depreciation has been calculated, these amounts are posted to Xero

Tasks and responsible staff

- Recording of depreciation: Accountant
- Review of depreciation: FM
- Recording of depreciation entries to Xero: FO
- Review of depreciation entries to Xero: Accountant

Action taken for entry in Xero and the resulting accounting entry

(i) To record depreciation: Access the “Run Depreciation” in the Fixed Assets module in Xero. Select the financial year to run the depreciation and confirm

Accounting entry:

Depreciation Dr

Accumulated depreciation Cr

(ii) To write off misplaced or damaged assets: Access the fixed asset from the Fixed Assets module and click dispose from the Options menu.

Accounting entry:

Accumulated depreciation Dr

Fixed Asset Cr

4.6.3. Recording of disposals within the fixed asset register and corresponding entries in Xero

Process summary: All disposals will be initiated by the Procurement Department using the Fixed Asset Disposal Form. FD will record the disposal in the Fixed Asset Register and retire the fixed asset in Xero

Process in detail

- Procurement department shall identify the Fixed Assets to be disposed and inform the FD along with a Fixed Asset Disposal Form
- FD should determine the recommended disposal method and recommended financial responsibility for the disposal
- Fixed asset should be marked as disposed in the manual fixed asset register
- Once the asset has been physically removed from TM's premises, it should be immediately retired in Xero
- For disposal by negligence, loss or theft, all write-offs will require an investigation carried out by Finance and Procurement Department and the documented statement attached to the Fixed Asset Disposal form before submitting to FD

Tasks and responsible staff

- Filling (1) Description and other details, (2) Nature of Survey case in the Fixed Asset Disposal Form: Procurement Department
- Filling (3) Recommended disposal method, and (4) Recommended financial responsibility: Accountant
- Recording the disposal entry in the manual fixed asset register: FO
- Recording the disposal entry in Xero: Accountant
- Review of entries passed: FM

Action taken for entry in Xero and the resulting accounting entry

To dispose the asset from Xero, go to Fixed Asset module in Xero and find the specific asset to be disposed in the "Registered" tab. Click the Asset number of the fixed asset and click "Dispose" from the Options menu.

Accounting Entries for Gains:

Bank Dr

Accumulated Depreciation Dr

Fixed Asset Cr

Gain on Disposal Cr

Accounting Entries for Losses:

Bank Dr

Accumulated Depreciation Dr

Loss on Disposal Dr

Fixed Asset Cr

4.7. BUDGET MANAGEMENT

4.7.1. Setting up of new project codes and tracking information within Xero

Process summary: Once a contract has been signed between TM and a donor, a new project must be created within accounting software xero to ensure expenses are separately accounted within the accounting software. In the circumstance a contract has been signed with a sub grantee

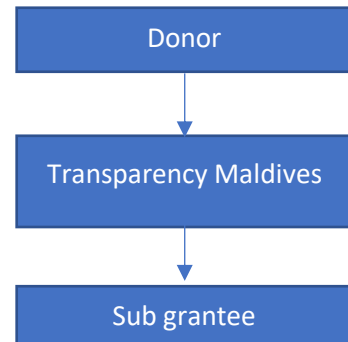
Tasks and responsible staff

- Creation of new project and tracking categories through Xero: Accountant

under the supervision of the main donor, tracking codes must be created within xero to differentiate the main project expenses and the sub grantee expenses.

Process in detail

- Creation of new project involves setting up of project information and tracking code information within Xero so that classification of expense records can be completed through Xero
- Tracking codes are set to differentiate between the major project expenses and the sub grantee expenses
- Entering of a new project name and tracking codes is initiated by accessing the tabs; Accounting>Advanced>Tracking categories
- The new project title is entered to Xero through the project tab and titles are created in the format of 'Project name – Donor name'
- Once a new project has been created, all tracking codes are created through the tab; Budget Codes/Cost carrier
- New tracking codes are created in the format "Sub grantee Name – Main donor name"



Action taken for entry in Xero and the resulting accounting entry

No accounting entries required

4.7.2. Reporting of budget variance and other reports to donors

Process summary: Donors require expense and financial reports to be reported to them periodically on cash basis. The table in the annex shows the current ongoing projects and their reporting requirements and includes details such as the reporting templates, donor contacts etc. All documents are maintained within the FD folder stated as "Project Files"

Process in detail

- On completion of a payment for an expense to a project by the FD, the expense reporting sheet for the corresponding project is updated timely
- At the end of each month, these reports are reviewed, and a comparison is performed against the accounting software to ensure all expenses have been duly recorded in the reporting templates
- Two weeks prior to reporting deadlines, all project staff must submit timesheets and other documents that needs to be reported to the donor. All these documents must be forwarded to the FD. A reminder mail is dispatched to the responsible staff to acquire all documents
- FD must compile all these documentations and prepare financial reports to be reviewed by the individual program managers and ED
- FD shall dispatch the financial reports to donor contacts as stated within the Table 6 of the annex

Tasks and responsible staff

- Preparation of reports: Accountant/FO
- Review: FM
- Dispatching of reminder mail from staff, compiling of all supporting documents: FO
- Review of supporting documents: Accountant
- Dispatch of reports: Accountant

Action taken for entry in Xero and the resulting accounting entry

No accounting entries required

4.7.3. Preparation of Master Budget and preparation of Variance Analysis Reports

Process summary: The budget amounts for a donor project is concluded upon signing of the contract. All budget information is incorporated into the “master budget and variance analysis sheet” maintained by the FD. This workbook shows information such as individual budgets for the year for each donor and the actual expenses incurred to date. A master budget sheet is also compiled which shows combination of all budgeted information under all contracts and the variance analysis information. This sheet is updated by the FD once a week

Tasks and responsible staff

- Preparation and inclusion of new budgets: Accountant
- Entry of expense amounts: FO
- Review of budget variance analysis: Accountant

Process in detail

Preparation of master budget

- All budgets prepared for donors must fall within TM’s accounting year which is from January to December each year. This is to ensure alignment of budget and actual expenses recorded within the accounting software. If a project contract was initiated during the month of march, the budget year 1 should be prepared from March to December of the current year. And the second year should be from January to December of the preceding year
- FD shall ensure that the project staff submits a monthly action plan followed by the fund requirements for the preceding year before 15th October every year.
- Goods and services which are required by TM and cannot be included in individual projects must be allocated to Core Funds
- FD shall incorporate other admin expenses and combine all project budgets and core funds to prepare the master budget for the preceding year and submit for board approval before 15th November.

Preparation of variance analysis

- Once a new contract has been signed, a new sheet is created within the workbook for entry of the new budget information. Codes are assigned to each cost component of the contract to facilitate combination of all projects to the master budget. The codes used aligns individual budget expenses to the chart of accounts maintained within the accounting software. All codes information are available within the master budget sheet itself. An example is shown as below. Please note that the below example, Table 3 and Table 4, which shows fictional amounts

Table 3

Expense title within the contract	Budgeted Amount	Expense account and code to which the expense will be assigned in Xero	Total cumulative amounts for each code
Conduct a mapping study to identify and characterize P/CVE programming in Maldives			Contract services total: 43,000
Consultant fee	20,000	Contract services - code no: CD 02	
Design and layout	5,000	Contract services - code no: CD 02	
Conduct a study to understand the process of radicalization in prisons			
Consultant fee	15,000	Contract services - code no: CD 02	
Design and layout	3,000	Contract services - code no: CD 02	Utilities: 2,500
Electricity	1,000	Utilities – code no: CD 03	
Water bills	1,500	Utilities – code no: CD 03	

Table 4

Chart of accounts	Combined budget amount as per chart of accounts	Actuals expenses recorded in xero	Variance
Contract services	43,000	33,000	10,000
Utilities	2,500	1,200	1,300

- On a weekly basis, FD will generate the actual expenses incurred and recorded in Xero through the profit and loss statement and include these amounts within the monthly columns to display the most current updated budget vs actual variances
- Profit and loss statement can be accessed through the Accounting tab of the accounting software and filters are available for generation and view of project related tasks
- All project teams are provided view only access to the sheet to ensure real time variance analysis information is provided to team
- In the circumstance that a budget of project has to be revised, the project team must coordinate with the FD to revise the budget, all changes should be approved by the ED and documented
- Any revision to the chart of accounts must be reflected within the sheet as well

Action taken for entry in Xero and the resulting accounting entry

For access of the profit and loss statement from xero, access the accounting tab and follow the below instructions:

- Select the month that is required for viewing
- Change the compare periods tab to none
- Click more options and choose the project
- Click update to the view monthly project expenses

4.8. SUB GRANTEE FINANCIAL REPORTING AND ACCOUNTING

4.8.1. Sub grantee financial reporting

Process summary: TM awards simplified grants and standard grants for NGO's to carry out its objectives set within the contracts of the main awarding body. The FD is responsible to ensure timely disbursement of funds and timely acquiring of expense reports and supporting documentation from the sub grantees. The FD will be working in collaboration with the project team involved in the awarding of the contract and is responsible to ensure budgets prepared by sub grantees align with the requirements of the main awarding body

Tasks and responsible staff

- Initiation and completion of the training session: Accountant
- Follow-up on reports from projects team: FO
- Entry of accounting entries: FO
- Approval of accounting entries: Accountant

Process in detail

- At the initiation of the subgrant, FD will be carrying out a short training session with the sub grantee and the project team to introduce and train sub grantee on the requirements and aspects of the financial reporting
- A sub grantee is required to report monthly on the cashflow forecast and the expenses incurred for the last reporting period.
- All cash flows/cash advance reports and expenditure reports with supporting documentation are received and reviewed by the project team to ensure accuracy of the documents submitted
- All cash advances are duly forwarded to the FD on prior to preset deadlines stated within the contract
- All cash advances are incorporated within the cash advance reports to be dispatched to the main donor
- Funds received are transferred to the sub grantee through an online transfer (see above internet banking procedure above)

Action taken for entry in Xero and the resulting accounting entry

On transfer of cash advance amounts to sub grantee the first instance, the below actions are taken through Xero;

- Create a cash advance clearing account name in the format - **(Sub grantee name – Cash advance)**
- Using the transfer money tab of xero, transfer the CA amount from TM's bank account to cash advance account

4.8.2. Sub grantee expense reporting and accounting

Process summary: Sub grantees are required to submit a report of all expenses incurred monthly to TM. Once all expense reports are received, FD must review and account all bills within the accounting system

Process in detail

- As required within contracts, sub grantees will submit expenses incurred and the supporting documentation/bills to the FD prior to deadlines
- All documentations are reviewed by the project teams prior to being forwarded to the FD
- All bills are accounted in xero using the tracking codes to differentiate the main awarding body and sub grantee expenses (See above 4.7.1 for information on tracking codes)
- Follow ups are done by the FD to the project team to ensure sub grantees submit all reports prior to deadlines

Tasks and responsible staff

- Follow-up with project teams on sub grantee reports: FO/Accountant
- Entry of accounting entries: FO
- Approval of accounting entries: Accountant

Action taken for entry in Xero and the resulting accounting entry

On receipt of an invoice, the below actions are completed through xero:

(i) Create a bill for individual expenses for approval at the invoice date. Tracking code for each sub grantee must also be recorded for each expense

(ii) Review the bill and approve the transaction for recording in xero

Accounting entry:

Expense Dr

Payable Cr

(iii) Once payment has been completed, record the bill as paid through the cash advance account at advance disbursed date

Accounting entry:

Payable Dr

Cash Advance clearing A/C Cr

Note: All individual bills must be entered into Xero through creation of vendors for each bill. Expenses such as payroll and miscellaneous expenses must be recorded as paid to the sub grantee as vendor

4.9. AUDIT / INDEPENDENT EXAMINATION AND SYSTEM REVIEW

4.9.1. External Audit

- The draft accounts of TM is subject to an annual external audit after the year end. This audit must commence from 15th January and the draft audited reports should be received by TM by end of February
- An appropriate auditor is appointed by the Board of Directors for a 2-year term and is annually reviewed for approval
- An official bidding process is undertaken by the procurement department in order to determine an appropriate auditor through assessments of proposals
- The audit is performed to determine the suitability, reliability and accuracy of the financial information provided by TM

- The audit will also determine the adequacy of the internal controls in place to ensure reliability of the recording of all financial information

4.9.2. Internal Audit

- In order to assess the risk management and internal controls of the organization related to the financial procedures, it is under Board's discretion to appoint internal auditors to carry out assessments as and when it is necessary
- Appointment of internal auditors is also carried out through assessments of proposals received

4.9.3. Donor requested audits

- In order to establish that all donor activities are carried out and expenses are expended as required by the signed agreements, a donor may request to perform an audit of the project on an ad-hoc basis
- The Finance department must ensure all donor requested documents related to the financial management of a project are duly provided.
- Some of the conditions that arises causing an audit by a donor includes expended funds limits reaching above a pre-set amount, nature of the project and activities etc.

4.10. REPORTING

4.10.1. Responsibility of Financial Reporting

Finance Department is responsible for ensuring that TM's financial statements provided to internal or external parties are presented fairly in all material respects, and these statements are in conformity with IFRS. Finance Manager is responsible for the timely preparation, review, and submission of all required financial reports. All reporting materials are subject to review by the Finance Manager to ensure completeness and accuracy.

4.10.2. Annual Reporting

- The Accountant compiles the **Statement of Financial Position, Statement of Comprehensive Income, Statement of changes in Reserves, Statement of Cash Flows and Notes to Financial Statements** utilizing GL and other financial data from the accounting software
- Finance Manager reviews the draft statements prior to submission to the ED
- Annual Financial statements shall be approved by the Board after review

4.10.3. Financial Reporting to Board Members

- FD compiles Periodic Financial Statements as per the formats and intervals approved by the board which shall include (but not be limited to) the following information
 - Expenses by Projects
 - Expenses from CORE
 - Revenue charged to Projects
 - Indirect Costs charged to Projects
 - Funds received from Donors
 - CORE funds available
 - Bank Balances
- Finance Manager reviews the reports prior to submission to the ED
- The Financial Reports are circulated to Board Members

4.10.4. Financial Reporting to Outside Parties

Any financial reports to outside parties must be approved by the Finance Manager prior to distribution.

5. COST ALLOCATION PLAN

The following plan identifies costs associated with projects funded by donors. The plan describes the projects for which cost data is needed, the methodology for identifying program-specific costs, and the procedures used to accumulate and document cost data. Cost allocation plan will be used in the budgeting process.

Only costs that are allowable, in accordance with the cost principles, will be allocated to projects run by TM.

The Cost Allocation Plan is guided by internationally accepted cost principles and best practices.

Direct Costs are those that can be identified specifically with a particular grant, contract, project, or other cost objective and therefore are charged to that grant, contract, project, or activity. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose.

Administrative Shared Costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant, contract, project, or activity.

Current cost allocations of TM shall be attached in *7.10.5 COST ALLOCATION PLAN FOR 2022 (July – Dec)* and should be updated whenever necessary.

5.1. GENERAL APPROACH

The general approach of TM in allocating costs to particular grants and contracts is as follows:

- Only allowable costs by the Donors are allocated to projects
- All allowable direct costs are charged directly to programs, grants, and activity, based on authorization requests, budgets, and usage.
- Allowable direct costs that can be identified to more than one project are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.
- All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. using a base that results in an equitable distribution.
- Equitable distribution is determined by time, square footage, actual usage, and number of employees.

5.2. METHODS OF COST ALLOCATION

1. Allocation based on the number of employees
2. Allocation based on actual time spent
3. Allocation based on actual usage
4. Allocation based on square footage
5. Allocation based on the number of Transaction
6. Allocation based on the number of telephones
7. Allocation based on the number of computers

5.3. ALLOCATION OF COSTS

5.3.1. Personnel Services

Documented with timesheets showing time distribution for all employees and allocated based on time spent on each project. Salaries and wages are charged directly to the project for which work has been

done. Costs that benefit all projects will be allocated based on the ratio of the number of each project's employees to total number of employees in organization (Method #1).

- Fringe benefits are allocated in the same manner as salaries and wages. Ramadan allowance and leave benefits are also allocated in the same manner as salaries and wages.
- Annual leaves and medical leaves are allocated in the same manner as salaries and wages.

Procedure: Personnel Costs will be directly allocated to the project for which the individual's works, with the exception of administrative shared staff. Personnel costs for employees who work for more than one project are allocated through the accounting software with individual project codes assigned to their payroll records, which automatically assign the distribution to the particular project in which they work. Methods of Cost Allocations Procedures will be used to allocate Shared Administrative Cost Personnel

5.3.2. Shared Administrative Cost Personnel

Listed below are the position, function and method for division of salaries for the people who comprise the Administrative Shared Cost Salaries. These methods below will be used for the individual's time that cannot be allocated as actual time spent. The time spent will be captured from timesheets.

Table 5

Position	Function	Methods
Executive Director	General Management	Actual Time Spent
Grants and Outreach Manager	Grants Management	Actual Time spent
Communications Manager	Communications and Project Management	Actual Time spent
Finance Manager	Financial Management	Actual Time Spent
Operations Manager	Personnel Management	Actual Time Spent
Governance Manager		Actual Time Spent
Procurement Staff	Procurement work	Actual Time Spent
Finance Staff	Finance work	Actual Time Spent
HR Staff	HR related work	Actual Time Spent

5.3.3. Professional Services Costs (Consultants, Independent Contractor)

Allocated to the project benefiting from the service. All professional service costs are charged directly to the project for which the service was incurred. Costs that benefit all projects will be allocated based on the ratio of the number of each projects employees to total number of employees of Organization (Method #1).

5.3.4. Insurance

Insurance needed for a particular program is charged directly to the project requiring the coverage. Other insurance coverage that benefits all projects is allocated based on the number of employee.

Insurance Basis:

Property and Commercial General Liability: Number of staff

5.3.5. Audit

Identifiable direct audit costs are charged directly to the project. Number of dollars in project; direct audit hours; expenditures audited for each project.

5.3.6. Operational Expenses

Expenses include rental fees, maintenance, paper, and other supplies associated. These costs are allocated based on actual percentage of usage, which can be taken from a reading directly from the equipment. All usage must have project code input prior to making copies. Costs that benefit all project will be allocated based on the ratio of the number of each projects employees to total number of employees of organization (Method #1).

5.3.7. Office Supplies

Expenses are charged directly to projects for which the purchase was authorized or allocated according to combined pro used if applicable. Costs that benefit all projects will be allocated based on the ratio of the number of each program's employees to total number of employees of organization (Method #1).

5.3.8. Equipment

Costs are allocated directly to the project for which the purchase was authorized by the specific funding source or allocated according to combined programs usage if applicable.

Procedure and method used to allocate shared administrative cost personnel equipment is as outlined in Shared Administrative Personnel Cost Chart. (Method #1)

5.3.9. Advertisement

Cost for personnel are allocated to each project based upon actual costs associated with the project. Costs that benefits all programs will as outlined in Shared Administrative Personnel Cost Chart. (Method #1)

5.3.10. Telephone / Cell phone

Long distance and local calls are charged to project if readily identifiable. Other telephone or communications expenses that benefit more than one project will be allocated to those projects based on the total number of telephones (Method #6). Costs that benefit all projects will be allocated based on the ratio of the number of each project telephones to total number of telephones of organization (Method #6).

Cell Phones assigned to a specific project or activity is charged directly. Costs that benefit all projects will be allocated based on the ratio of the number of each project's employees to total number of employees of organization (Method #1).

5.3.11. IT Technical, General Maintenance and Networking

Identifiable computer and general maintenance are charged directly to project. (Method #3) Networking and maintenance cost more than one project will be allocated to those programs based on the total number of IT equipment. Costs that benefit all programs will be allocated based on the ratio of the number of each project's employees to total number of employees of agency (Method #7).

5.3.12. Facilities Expenses (rent, utilities, maintenance, depreciation)

Costs are allocated to each project based on the square footage of space actually dedicated and used by that specific project (Method #4). Costs that benefit all projects will be allocated based on the ratio of the number of each project's employees to total number of employees of organization

(Method #1).

5.3.13. Travel

Cost is allocated to the project for which the travel is conducted, based on PR forms, cash advances, expense reports and other supporting documentations submitted, which will indicate the project supported. Costs that benefits all projects shall be charged based on the salary allocation.

(Method #1)

5.3.14. Training, Conferences, or Seminars

Allocated to the project benefiting from the training, conferences or seminars. Costs that benefits all projects will be as outlined in Shared Administrative Personnel Cost Chart. (Method #1)

5.3.15. Other Cost and Procurement of Goods (including membership dues, licenses, fees, etc.)

Procurement of goods and services are allocated to each project based on the actual amount purchased for each project according to budgeted guidelines. Costs that benefits all projects will as outlined in Shared Administrative Personnel Cost Chart. (Method #1)

5.4. ANNUAL COST ALLOCATION REVIEW

TM cost allocation plan covers all direct and administrative shared costs, which are to be allocated, and the method used in distributing the cost.

- The allocation assigned to each project will be reviewed as follows
 - Annually in November along with TM's Master Budget by the Finance Manager for allowability, reasonableness and allocability of costs.
 - Whenever a new Program is undertaken by TM
- Changes to allocation arrangements may be needed due to changes in funding or variations in costs from year to year. Each project will pay for direct costs relating to that project.
- Once costs to be shared among projects are identified, a basis of allocation must be agreed upon the Executive Director and Program managers that is fair, measurable, consistent, and supported by ongoing data collection. This data will form the audit trail.
- The agreed upon cost allocation plan will be taken to the Board of Directors for consideration.

6. RECORDS RETENTION

The following schedule will be utilized (unless otherwise agreed with a donor) for the retention of records for Transparency Maldives:

- Grant/Project Records – generally 5 years;
- Petty Cash Vouchers – 5 years;
- Physical Inventory – 5 years;

- Accounts Payable/Receivable, Expense Records, Inventory Records, Purchase Orders – 7 years;
- Audit Reports, Financial Statements, Cashbooks, Chart of Accounts, Depreciation Schedules – permanent;
- Bank Reconciliations, Deposit Slips, Bank Statements – 5 years;
- Canceled Checks (Routine) – 5 years;
- Canceled Checks (Important, e.g., Purchases of Property, Special Contracts) – permanent;
- Board Minutes, By-Laws – permanent;
- Employment Applications – 5 years;
- Personnel Files, Payroll Records, Time Documentation – 5 years;
- Training Manuals – Permanent;
- Expired Insurance Policies – 5 years;
- Expired Contracts, Leases – 5 years;
- Property Records, Including Costs, Depreciation Schedules – permanent;
- General/Routine Correspondence – 5 years;
- Legal/Important Correspondence – permanent.

7. FIXED ASSET MANAGEMENT

7.1. FIXED ASSET DEFINITION

A Fixed Asset is defined as a unit of property that:

1. Has an economic useful life that extends beyond 12 months; or
2. Was acquired or produced for a cost of MVR 5,000 or more and has an economic useful life that extends beyond 12 months

Fixed Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes.

7.2. MAINTENANCE OF FIXED ASSET REGISTER

A Fixed Asset register shall be maintained by the FD and shall be reviewed by annually to ensure that the register is up to date. The following information will be captured in an Excel workbook for each item on the Fixed Asset Register

1. Assigned asset number
2. Description of the asset
3. Asset Category (Office Equipment, Furniture & Fittings, Software & Licenses)
4. The date the asset was placed in service
5. The asset's cost or acquisition value
6. The asset's salvage value, if any
7. The asset's estimated useful life
8. Donor details
9. Location of the asset

7.3. CAPITALIZATION THRESHOLDS

TM establishes MVR 5,000 (or equivalent in USD) as the threshold amount for minimum capitalization unless the asset has economic useful life that extends beyond 12 months (which is decided by FD on case-by-case basis). All other items should be expensed in TM's books.

7.4. CAPITALIZATION METHOD AND PROCEDURE

Fixed assets shall be recorded at historic cost as of the date acquired or, if the cost is not readily determined, at estimated historic costs. Cost shall include applicable ancillary costs (i.e. shipping & delivery costs, installation costs, other costs associated to the asset).

7.5. USEFUL LIFE

The useful life of an asset is that period during which the asset provides benefits. Estimates of useful life consider factors such as physical wear and tear and technological changes that bear on the economic usefulness of the asset. The following table summarizes the useful life for each type of currently held property and equipment:

Table 6

FIXED ASSET CLASS	USEFUL LIFE
Office Equipment	3 years
Software & Licenses	3 years
Furniture & Fittings	5 years

7.6. DEPRECIATION METHOD

TM has established the straight-line methodology for depreciation all fixed assets. Depreciation will begin in the month the asset is placed in service. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain.

7.7. RECORDKEEPING

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of five years.

8. ASSET DISPOSAL AND WRITE-OFF

8.1. TYPES OF DISPOSALS

All disposals will be initiated by the Procurement Department using the disposal form in sharepoint. Finance Department will record the transactions in the Fixed Asset Module in the Xero Accounting system. These will typically occur under the following scenarios:

8.1.1. Disposal by Sale

External sale to a third party at fair market value. This may have an impact on gain/loss on sale in the books of the selling party. However the gain or loss will not have any budget implications though a valid Chart of Account (COA) will be required to process the transaction in Xero. The difference

between the cash received and remaining NBV will be a loss or gain to the COA against which the asset is registered (at the GL level).

8.1.2. Donations to Implementing partners/other entities.

Donations relate to assets transferred with no expectation of funds being received. These could be assets transferred to an implementing partner or other entity. Should the donated asset have a NBV then the remaining NBV will be absorbed by the transferring out project as a transfer expense on disposal by donation.

8.1.3. Write Off

Write offs will occur due to the following:

- i. Assets being obsolete or non-functional;
- ii. Assets damaged unintentionally;
- iii. or Assets damaged intentionally (negligence)
- iv. Assets which are lost or stolen

For disposal by negligence, loss or theft, all write-offs will require an investigation by Procurement Department and the documented statement attached to the Fixed Asset Disposal form before submitting to Finance Department.

8. 2. DISPOSAL BY SALE

Any Fixed Asset which is usable and could generate future economic benefit shall be disposed by sale of the Fixed Asset. Exemptions to Disposal by Sale could be under the following conditions:

- i. A formal Disposal by Sale process has not produced satisfactory results within a reasonable period;
- ii. The Procurement Department otherwise determines that a Disposal by Sale process will not give satisfactory results.

8. 3. DONATION

Assets can be disposed of through donations. The following process should be followed:

- i. An Agreement must be signed between the receiving Organization and TM
- ii. Obtain approval from the relevant budget holders, Operations and Finance
- iii. Delete all TM's data from the equipment, and ensure they are working properly
- iv. Deliver the Fixed Asset or have them picked up by the receiving organization; and
- v. Retire the Fixed Asset in Xero.

8. 4. WRITE-OFF

Investigation and reporting to the Board of Directors

Procurement Department may, after full investigation, authorize the writing off of losses of assets.

- i. Any loss of assets shall be reported to the Procurement Department, who may, after full investigation, authorize the writing off of assets deemed to be irrecoverable, except that proposals to write off amounts in excess of \$1,000 shall be submitted to the Board of Directors for approval.
- ii. An investigation shall determine the cause of the loss of assets, including the responsibility of the staff members or others. Such staff members or others may be required to reimburse the loss either partially or in full. The final determination as to all recoveries to be made against staff members or others as the result of losses will be made by the Board of Directors.

Delegation of authority to write off

The Finance Manager has the authority to write off and to assign personal liability for assets and custodial items as follows:

- i. Assets that are obsolete or non-functional
- ii. Assets Damaged Unintentionally
- iii. Assets Damaged Intentionally (Negligence)
- iv. Assets which are lost or stolen

8. 5. RECORDING OF DISPOSALS IN XERO

Once an item of Furniture and Equipment has reached the useful lifespan, it can be disposed of and replaced. If, however, an asset is still needed in the office, the office can retain the item and should continue to maintain its records in Xero. After an asset has reached its useful lifespan it can be physically disposed of, sold, or donated to an organization. Once the asset has been physically removed from the premises, it should be immediately retired in Xero by submitting the appropriate forms to the Finance Department. It is important that the asset be physically removed first from premises before retirement from the system to avoid counting of disposed assets during the physical verification exercise. This may cause reconciliation challenges during the physical verification exercise as one would find an item that is retired in the system on the floor.

8. 6. GAIN/ LOSS ON DISPOSAL OF ASSETS

Once an asset is disposed of, the remaining un-depreciated balance is netted off against the cost to establish the NBV. The difference between the sale proceeds and the NBV is treated as a gain/loss on disposal. The Xero Asset Management System automatically calculates this gain or loss and charges or credits the gain or loss to the gain/loss on disposal GL account using the Chart of Accounts associated with the asset.

9. APPROVAL AND CHANGE HISTORY

	NAME	TITLE	SIGNATURE	DATE
Authors	Ibrahim Aslan Jaleel	Finance Officer		
	Ibrahim Ashfau	Accountant		
Reviewer	Fathimath Asna	Finance Manager		
Authorizer	Asiath Rilweena	Executive Director		

Table 7

SOP no.	Effective Date	Significant Changes	Previous SOP no.

10. ANNEX

10.1. AUTHORITY MATRIX

	Limits	Initiate	Review	Approve	Alternate Approvals
Payment Voucher and Deposit Voucher	Up to USD 999	Finance Officer	Accountant	Finance Manager	Accountant
	Above USD 1,000	Finance Officer	Accountant	1. Finance Manager (FM) (Fathimath Asna) 2. Executive Director (ED) (Asiath Rilweena)	-Deputy Chief Of Party (DCOP) – PRIME (Fathimath Rishana) -Governance Manager (Fathimath Inaya)
Cheque				Two signatories: 1. Finance Manager (Fathimath Asna) 2. Executive Director (Asiath Rilweena)	-DCOP – PRIME (Fathimath Rishana) -Governance Manager (Fathimath Inaya)
Internet banking portal		Accountant		Finance Manager (Fathimath Asna)	ED (Asiath Rilweena)
Card Payments		Accountant		Finance Manager (Fathimath Asna)	

10.2. PROJECT REPORTING REQUIREMENTS

Note: The below table includes details of the ongoing projects at the time of policy approval. This Annex shall be updated as new projects are secured by TM

Table 8


Project	Period	Reporting Schedule / Due dates	Reporting Requirements	Project Staff	Donor Contact
EPBI – CIPE	01/07/2021 – 30/06/2023	Quarterly Due dates: - Feb, Mar, Apr – before 15th May - May, Jun, Jul – before 15th Aug - Aug to Sep – before 15th Oct - May 2020 to Sep 2021 (final reports) – 31 Oct 2021	Financial - Financial report - Attachment E - Checklist - Invoice verification form (per budget category) - Supporting documents per budget category) Project - Signed monthly timesheets - Financial planning / forecast for the request period - Narrative report	Manager: Inaya Azza Sifna	Evan Shilling eshilling@cipe.org
Climate – TI	Latest revised budget: 31/03/2022	Quarterly Due dates: - Jan, Feb, Mar – 15th Apr - Apr, May, Jun – 15th Jul - Jul, Aug, Sep – 15th Oct - Oct, Nov, Dec – 15th Jan	Financial - Financial report - Supporting documents (with cover page) - Fund request (quarterly as needed) Project - Signed monthly timesheets - Financial planning / forecast for the fund request period - Narrative report	Manager: Sara Zahiya	Dana Schran dschran@transparency.org

PFM – DAI	01/05/2020 – 30/04/2024	Monthly reports: Invoice – Within 2 months from the reporting month Jan – Mar 31 Feb – Apr 30 Mar – May 31 Apr – June 30 May – July 30 June – Aug 31 July – Sept 30 Aug – Oct 31 Sept – Nov 30 Oct – Dec 31 Nov – Jan 31 Dec – Feb 28/29	Financial: <ul style="list-style-type: none"> - Financial report - Supporting documents (originals required) - Invoice Project: <ul style="list-style-type: none"> - Signed monthly timesheets - Narrative report 		
PRIME – USAID	16/02/2020 – 15/02/2024	Monthly Expense reports – Before 10 th of preceding month Advance request – Before 20 th of prior month	Financial: 1) Monthly reports: a) Expense report: <ul style="list-style-type: none"> - Budget Sheet - Expense voucher (SF1034-87) - Certification document - Supporting documents (as per expense report) b) Advance request: <ul style="list-style-type: none"> - Monthly forecast (in PDF) - Advance voucher (SF1034-87) - Certification document 2) Quarterly Reports (TM template) 3) Accruals (quarterly) 4) Annual Report Project: <ul style="list-style-type: none"> - Monthly forecasts (including subawardees/ subgrantees) 	Manager: Rishana	USAID OFM vouchersl@usaid.gov

STRONGG – TI	01/07/2020 – 31/10/2023	Biannually Report 1: Prior to 15 th July Report 2: Prior to 15 th January	Financial: <ul style="list-style-type: none"> - Financial Report - (TI workbook) - Supporting documents - Fund request (as per agreement) - Annual project audit Project: <ul style="list-style-type: none"> - Narrative report 	Manager: Inaya Hamza Raula	Alica Gracy agracy@transparency.org
SIMD – IFES	01/06/2021 – 30/11/2022	Monthly Due on or before 10 th of preceding month	Financial: <ul style="list-style-type: none"> - Monthly reports (IFES template) - Fund request letter - Timesheets 	Manager: Sara Ikhzaan Nidham	Allison Cantrell acantrell@ifes.org
SANCUS – TI	01/06/2021 – 28/02/2024	08/01/2022 08/07/2022 08/01/2023 08/07/2023 08/11/2023	Financial: <ul style="list-style-type: none"> - Financial Report - (TI workbook) - Supporting documents - Fund request (as per agreement) 	Manager: Inaya Hamoodh Ajfan	

10.3. FINANCE DEPARTMENT FORMS

10.3.1. Payment Voucher

	PAYMENT VOUCHER			
	PV No:	TM-PV-2022-XXX		
	Date:			
	Pay to:			
	Account Number:		Bank:	
	Amount:		Currency:	
	Payment Ref:		Payment Method:	


PAYMENT DETAILS			
Purpose:			
BREAKDOWNS			
Project	Budget Code	Remarks	Amount
TOTAL			

PREPARED BY		CHECKED BY	
Name:		Name:	
Designation:		Designation:	
Date:		Date:	
Signature:		Signature:	
APPROVED BY		APPROVED BY	
Name:		Name:	
Designation:		Designation:	
Date:		Date:	
Signature:		Signature:	

FOR CHEQUE PAYMENTS ONLY		RECEIVED BY	
Cashed by:		Name:	
Signature & Date:		Designation:	
Received to TM by:		Date:	
Signature & Date:		Signature:	

FD [01.01]

10.3.2. Deposit Voucher


 TRANSPARENCY MALDIVES	DEPOSIT VOUCHER			
	H. Fennaage 3rd Floor, Buruzu Magu, Male', Maldives T: 330 4017 F: 300 6062 E: office@transparency.mv W: transparency.mv		DV No. TM-DV-2022-XXXX	
			Date:	
			Payer Name:	
	Amount:		Bank Reference:	
	Bank:		Currency	

PAYMENT DETAILS			
Purpose:	MULTI		
BREAKDOWNS			
Project	Budget Code	Remarks	Amount
TOTAL			

PREPARED BY		CHECKED BY	
Name:		Name:	
Designation:		Designation:	
Date:		Date:	
Signature:		Signature:	
APPROVED BY		APPROVED BY	
Name:		Name:	
Designation:		Designation:	
Date:		Date:	
Signature:		Signature:	

FD [02.01]

10.3.3. Journal Voucher

		<h1>JOURNAL VOUCHER</h1>			
H. Fennaage 3rd Floor, Buruzu Magu, Male', Maldives T: 330 4017 F: 300 6062 E: office@transparency.mv W: transparency.mv					
v.1.0		JV No:		TM-JV-2022-XXXX	
		JV Date:		Posting Date	
		Poster's Name:		Poster's Designation	
JOURNAL DETAILS					
Narration:					
BREAKDOWNS					
Debit Lines				Total Debit	
Account	Project	Budget Code	Remarks	Amount (USD)	
Credit Lines				Total Credit	
Account	Project	Budget Code	Remarks	Amount (USD)	
PREPARED BY			CHECKED & APPROVED BY		
Name:			Name:		
Designation:			Designation:		
Date:			Date:		
Signature:			Signature:		

FD [03.01]

10.3.4. Cash Advance Request Form

CASH ADVANCE REQUEST FORM

REF. NO: CA-2022-

DATE: DD/MM/YYYY

[Please refer the Cash Advance Register]

SECTION A

THE PURPOSE OF CASH ADVANCE REQUEST [Please choose below the purpose of this request]

Category	Supporting documents required				
Travel Advance	None				
Description of purpose of Cash Advance					
Estimated date range of expenses	<table border="1"> <tr> <th>From</th><th>To</th></tr> <tr> <td></td><td></td></tr> </table>	From	To		
From	To				

REQUESTER'S INFORMATION

Name	Contact Number	Project/Donor	Budget Line

TRANSFER ACCOUNT DETAILS

Account name	Currency	Bank	Account no.

ESTIMATED EXPENSE DETAILS

Expense Type	Details/Description	Amount	Quantity	Total
GRAND TOTAL				

APPROVALS BY REQUESTING TEAM

	Designation	Signature
Requested by:		
Approved by:		

FD [04.01]

Notes

- Please enter the details in this form to Cash Advance Register in Sharepoint and obtain a reference number
- Expense reports must be submitted within 5 working days after the expense period
- Cash Advance balance must be in the same currency which was provided to the staff by TM

10.3.5. Expense Report for Cash Advance

EXPENSE REPORT FOR CASH ADVANCE

SECTION A

- Below information is to be filled by the requesting staff
- Please collect all bills and invoices.
- Please scan and upload the bills/invoices to the folder assigned by the Finance Team
- ALL hard copies must be submitted to Finance Team

FOR CASH ADVANCE: Refer CA Register

DATE: DD/MM/YYYY

Description of purpose of Cash Advance		
Date range of expenses	From	To

EXPENSE DETAILS

Receipt No.	Description	Amount Requested	Amount (Without GST)	GST	Total	Variance
1						
2						
3						
4						
5						
TOTAL EXPENSES						
TOTAL CASH ADVANCE						
BALANCE						

SECTION B

All below information is to be filled by the Finance department

REF NO: **ER-2022-**

COLLECTION/ REIMBURSEMENT DETAILS

Action to be taken (Please choose from the drop down list)	Currency	Submitted by	Signature	Amount
Balance amount to be transferred to TM account	MVR			

Justification for overspent cash advance (Applicable only if total expenses exceed total cash advance)		
	Name & Designation	Signature
Checked by:		
Approved by:		

FD [05.01]

10.3.6. Changes in the roles of internet banking

CHANGES IN THE ROLES OF INTERNET BANKING

FORM NO: TM-IBRC-2022-XX

DATE:

[DD/MM/YYYY]

INFORMATION OF THE CURRENT MAKER

Name	Designation

INFORMATION OF THE CURRENT CHECKER

Name	Designation

INFORMATION OF THE ROLES BEING SUBSTITUTED

Role being substituted	Duration

INFORMATION OF DESIGNATED PERSON

Name	Designation	Signature

APPROVALS

	Designation	Signature
Checked by: Finance Manager		
Authorised by: Executive Director		

FD [07.01]

10.3.7. Fixed Asset Creation Form

FIXED ASSET CREATION FORM

3. TM-FAC-2022-XXX

Asset Name		Asset Number	
Purchase Date	Warranty Expiry	Purchase Price	Serial Number
Asset Type	Projects	Budget Codes/ Cost Carrier	
Description		Location	
		Model	

PR Number	PO Number
Invoice Number	Vendor

Book Value

Depreciation Start Date	Depreciation Method	Averaging Method	
Cost Limit	Residual Value	Rate	
			%
		Effective Life (years)	

Prepared By		Checked By		Approved By	
Name		Name		Name	
Designation		Designation		Designation	
Date		Date		Date	
Signature		Signature		Signature	

FD [08.01]

10.3.8. Fixed Asset Disposal Form

FIXED ASSET DISPOSAL FORM

TM-FAD-2022-XXX

To be filled by Procurement Department	
Name	
Designation	
Date	
Signature	

1. Description (item name/ model/ manufacturer)	Serial Number (not applicable for furniture)	Asset ID	Location	Date of Purchase	Xero Purchase Value	Net Book Value of Asset	Disposal Method
Total Value of Assets Disposed (enter \$ in value column)							

2. Nature of Survey Case <input type="checkbox"/> Wear/Tear <input type="checkbox"/> Exceed Lifespan / Minimum Standard <input type="checkbox"/> Scheduled Replacement <input type="checkbox"/> Surplus <input type="checkbox"/> Loss <input type="checkbox"/> Damage <input type="checkbox"/> Theft <input type="checkbox"/> Inventory discrepancy <input type="checkbox"/> Others (please specify)	3. Recommended disposal method a. <input type="checkbox"/> Donation b. <input type="checkbox"/> Discard / Recycle c. <input type="checkbox"/> Re-Use of parts d. <input type="checkbox"/> Sale Value USD e. <input type="checkbox"/> Other (Specify)	4. Recommended financial responsibility <input type="checkbox"/> TM <input type="checkbox"/> Staff Member <input type="checkbox"/> Other (Specify)
--	--	--

5. Summary of case

--

To be filled by Finance Department	
Name	
Designation	
Date	
Signature	

FD [09.01]

10.3.9. Petty Cash Book

PETTY CASH BOOK - TRANSPARENCY MALDIVES

Period covered: 1 March 2022 to 31 March 2022

PCF-2022-XX

Date	Ref No.	Details of transaction	Cash In MVR	Cash Out MVR	Cash Balance MVR	Expense account	Project/Core	Bill Amount
PAGE SUMMARY						TOTAL		
			Total A	Total B	Total C			
Petty cash imprest = Total A = Total B + Total C			Top-up cheque:				Authorised by:	
Cross check: Total B must = Total of all analysis columns			Prepared by:				Date:	
			Date:					

FD [06.01]

10.4. CHART OF ACCOUNTS

Table 9

Code	Name	Type	Description
1	SBI-USD-20201	Bank	
2	SBI-MVR-20206	Bank	
3	BML-MVR-50049	Bank	
4	Petty Cash	Bank	
5	Clearing Account - Advances	Bank	
100	Accounts Receivable	Accounts Receivable	Outstanding invoices the company has issued out to the client but has not yet received in cash at balance date.
101	Donor Receivable	Current Asset	Receivables from donors at year end
102	Other Receivables	Current Asset	Receivables excluding membership fees and donor funds
105	Undeposited Funds	Current Asset	Funds received, but not yet deposited to a bank account
110	Accrued Revenue	Current Asset	Estimated receipts earned this year, collected next year
115	Employee Advances	Current Asset	Cash advances given to staff for travel, training & workshops, etc.
120	Prepayments	Current Asset	An expenditure that has been paid for in advance.
125	Advances to Subgrantees	Current Asset	Fund advances given to project partners
130	Inventory	Inventory	Materials and supplies yet to be used
186	Other Assets	Current Asset	Other Assets
187	Security Deposits	Current Asset	Security Deposits
200	Furniture & Fixtures	Fixed Asset	Furniture and fixtures with useful life exceeding one year
205	Accumulated Depreciation - Furniture & Fixtures	Fixed Asset	The total amount of furniture & fixtures cost that has been consumed by the business (based on the useful life)
210	Office Equipment	Fixed Asset	Office & computer equipment with useful life exceeding one year
215	Accumulated Depreciation - Office Equipment	Fixed Asset	The total amount of office equipment cost that has been consumed by the entity (based on the useful life)
220	Software & Licenses	Fixed Asset	
225	Accumulated Depreciation - Software & Licenses	Fixed Asset	The total amount of software & licenses cost that has been consumed (based on the useful life)
260	Other Revenue	Revenue	Any other income that does not relate to normal business activities and is not recurring
270	Interest Income	Revenue	Interest income

300	Accounts Payable	Accounts Payable	Outstanding invoices the company has received from suppliers but not yet paid at balance date
305	Grants Payable	Current Liability	Grants committed to other project partners/organizations
310	Wages Payable	Wages Payable	Xero automatically updates this account for payroll entries created using Payroll and will store the payroll amount to be paid to the employee for the pay run. This account enables you to maintain separate accounts for employee Wages Payable amounts and Accounts Payable amounts
315	Unearned or Deferred Revenue	Current Liability	Revenue received but not yet earned, refundable advances, other deferred revenue
320	Unpaid Expense Claims	Unpaid Expense Claims	Expense claims typically made by employees/shareholder employees still outstanding.
320-1	Other Liabilities	Non-current Liability	Liabilities other than payroll, accounts and grants payable, deferred revenue, loans, bonds, etc.
322	Unrestricted Net Assets	Equity	Unrestricted Net Assets
325	Sales Tax	Sales Tax	The balance in this account represents Sales Tax owing to or from your tax authority. At the end of the tax period, it is this account that should be used to code against either the 'refunds from' or 'payments to' your tax authority that will appear on the bank statement. Xero has been designed to use only one sales tax account to track sales taxes on income and expenses, so there is no need to add any new sales tax accounts to Xero.
330	Superannuation Payable	Current Liability	The amount of superannuation that is due to be paid
335	Historical Adjustment	Historical Adjustment	For accountant adjustments
340	Suspense	Current Liability	An entry that allows an unknown transaction to be entered, so the accounts can still be worked on in balance and the entry can be dealt with later.
345	Rounding	Rounding	An adjustment entry to allow for rounding
350	Tracking Transfers	Tracking	Transfers between tracking categories
355	Donor Funds	Current Liability	All funds received from Donors
400	Multilateral Institutions	Revenue	EU/ UN/ World Bank
405	Gov't, Embassies, Commissions	Revenue	Grants & contracts from government agencies

410	Transparency Int'l. Secretariat	Revenue	Any financial contribution from TI-S irrespective of its source (project funding, network reserve, small grant, etc.)
415	In-house Fees	Revenue	Income from consultancy work, honoraria, etc. not related to a grant or project
420	Membership Fees	Revenue	Annual membership fees from general members
425	Product Sales	Revenue	Sale of self-produced merchandise (e.g. calendars, t-shirts, mugs, books) made with grant funds
500	Office Rent	Expense	Lease payment for TM's office space
502	Utilities	Expense	Expenses incurred for lighting, powering or heating the premises
504	Property Insurance	Expense	Expenses incurred for insuring the organization's assets
506	Communication	Expense	Expenditure incurred from any business-related phone calls, phone lines, or internet connections
508	Printing & Copying	Expense	Expenses incurred by the entity as a result of printing and copying
510	Office Supplies	Expense	Consumables and equipment used in the normal course of business
512	Contract Services	Expense	Expenses related to paying consultants
513	Other Services	Expense	Professional services other than contract services, usually a one-time payment
514	Advertising	Expense	Expenses incurred for advertisements in outside publications, websites, etc.
515	Subscription Services	Expense	Payment made at regular intervals to receive a product or service
516	Housekeeping Services	Expense	Expenses incurred for cleaning office premises
518	Repairs and Maintenance	Expense	Expenses incurred on a damaged or run down asset that will bring the asset back to its original condition.
520	Legal Fees	Expense	Expenses incurred on any legal matters
522	Freight & Courier	Expense	Expenses incurred on courier & freight costs
524	Bank Fees	Expense	Fees charged by your bank for transactions regarding your bank account(s).
526	Transportation Costs	Expense	
528	Training & Workshops	Expense	All costs related to conducting a training, workshop, camps, etc.
530	Conference, Convention, Meeting	Expense	Press conferences, group discussions, public launch
532	Election Observation	Expense	All costs related to election observation
534	Audit Fees	Expense	
536	Cash Awards & Grants	Expense	Program-related awards, grants, assistance

538	Depreciation	Expense	The amount of the asset's cost (based on the useful life) that was consumed during the period
540	Interest Expense	Expense	Any interest expenses paid to your tax authority, business bank accounts or credit card accounts.
542	General Expenses	Expense	General expenses related to the running of the business.
544	Salaries and Wages	Expense	Payment to employees in exchange for their resources
546	Pension Remittance	Expense	Staff pension contributions
548	Ramadan Bonus	Expense	Mandatory allowance given to staff before the fasting month of Ramadan starts
550	Leave Entitlement	Expense	Unused annual leaves paid to staff as per Maldives' employment law
552	Travel - National	Expense	Expenses incurred from domestic travel which has a business purpose
554	Travel - International	Expense	Expenses incurred from international travel which has a business purpose
556	Bank Revaluations	Bank Revaluations	Bank account revaluations due for foreign exchange rate changes
558	Unrealized Currency Gains	Unrealized Currency Gains	Unrealized currency gains on outstanding items
560	Realized Currency Gains	Realized Currency Gains	Gains or losses made due to currency exchange rate changes
562	Professional Development	Expense	Developing & improving staff skills towards contributing to the overall organizational capacity building
564	Fixed Assets < CT	Expense	Fixed assets below capitalization limit of MVR 5000
600	Retained Earnings	Retained Earnings	Do not Use

10.5. COST ALLOCATION PLAN FOR 2022 (July – Dec)

Program	Total Budget (USD)		No. of Program staff	
		%		%
PRIME	4,999,968	82	15	50
SIMD	294,735	5	2	7
EPBI	201,878	3	2	7
STRONGG	163,027*	3	1	3
SANCUS	205,948*	3	2	7
CLIMATE	227,111*	4	1	3
Operations & Finance			7	23

*1 EUR = 1.0517 USD

INDIRECT COST	COST ALLOCATION BASIS
Rent	No. of program staff
Electricity	No. of program staff
Water	No. of program staff
Telephone	No. of program staff
Internet	No. of program staff
Insurance	Charged to PRIME
Audit	Charged to CORE

Note: Indirect costs would be charged to Projects if the project budget allows. Unallocated percentage shall be charged to CORE