
ABOYERD
ACCOUNTING POLICY DOCUMENT



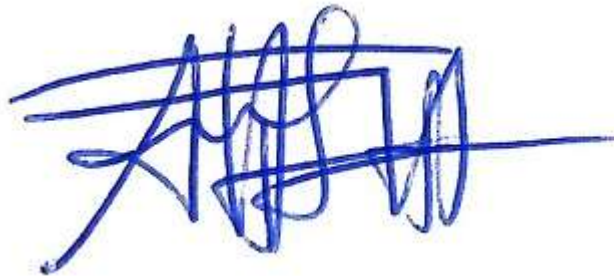
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I. Introduction

Financial planning for organizations is important as it guides management to decide what to spend, how to spend and how much to spend according to the funds that are available. As the organization gets bigger, it is imperative to have a financial plan and back it up with a good financial procedures and policies. This is important as good financial procedures and systems help to monitor the financial health of the organization and ensure financial targets are met.

It is good practice for an organization to produce a detailed set of financial procedures. Financial procedures are a set of instructions that any stakeholder, including new or existing staff members, can use to find out exactly what needs to be done, who will do these tasks and who will ensure it gets done properly. Staff are expected to read it and understand what is required of them to carrying out financial transactions for the organization.

Financial procedures and policies add value to:

- Authorisations – which job roles are allowed to authorize various activities within the organization
- Bank accounts – when and how new bank accounts are opened
- New suppliers/clients and how to choose them
- New customers and how to manage them
- Buying and purchasing – for example, how to determine when equipment and assets need to be purchased
- Debt collection
- Risk management policies & financial claims.
- Etc.

This financial procedure and policy document will guide ABOYERD to focus on its financial strategies, develop a plan of action towards its goals and objectives that improve the organization's performance. It will give clarity on the key drivers of the organization as roles and procedures to financial dealings are well enacted. This will increase efficiency and accountability.

This Financial Policy and Procedure document provides the policies and procedures for finance transactions within the organization which must be followed by all staff. It also provides the

guidelines ABOYERD will use to administer these policies, with the correct procedure to follow. ABOYERD will have to keep this financial policies and procedures current and relevant. From time to time, it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures.

As at now, these policies and procedures apply to all employees.

1. Finance Authorisation Policy

Policy Number: AB100

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff for all authorisations of finance transactions as noted in the policy.

1.1 Purpose of the Policy

All finance transactions as noted in this policy are to be authorised by the noted authorised person prior to the transaction being undertaken. This policy is to be read in conjunction with other specific finance policies where relevant.

1.2 Procedures

Prior to any of the following finance transactions being undertaken, the authorising person noted must authorise the transaction. Where additional policy is noted, this policy must also be adhered to when undertaking the finance transaction.

Finance Transaction	Authorised Person	Additional Policy
Bank Accounts	Executive Director	Cheque will be signed by two other signatories to the account
Issuing Petty Cash	Executive Director	Must be backed in internal receipt or receipt from an external operator
Business Credit Card	Executive Director	N/A
Authorising New Clients	Executive Director	Must follow every detail of the Client Policy
Authorising New Suppliers	Executive Director	This will be based on at least two invoices from the operators or sellers
Purchasing Assets/ Equipment	Executive Director	This will be based on at least two invoices from the operators or sellers
Debt Collection	Executive Director	Will be carried out in conjunction with the legal procedures indicate
Payment of Invoices	Executive Director	NA

2. Bank Account Policy

Policy Number: AB101

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff for all authorisations of opening, operating and closing bank accounts.

2.1. Purpose of the Policy

This policy sets out the requirements for use of bank accounts, including opening, closing authorisation, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

2.2. Procedures

2.2.1. Opening Bank Accounts

Any new bank accounts to be opened for the business must have the authorisation of Executive Director. For each new bank account opened, the financial system must be updated, and the bank account registered by Financial Manager.

2.2.2. Bank Account Authorisations

For monies withdrawn from any bank account, whether by cheque or other online payment method, there must be at least two persons authorising for each payment.

The authorised persons for bank account payments are:

- Executive Director
- Co- Executive Director in charge of Administration and Finance
- Accountant /Finance Officer

Each payment made must be supported by invoice, receipt or other appropriate documentation and the authorisations must be attached to this documentation prior to payment.

2.2.3. Variations to Bank Account Terms and Conditions

Any differences to banking arrangements can be made or varied by CEO/President. The Accountant/Finance Officer is responsible for updating the financial system and/or bank account register with the new information.

2.2.4. Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, the Executive Director and or the Co- Executive Director will authorise the closure of the bank account. The Accountant / Finance Officer will then be required to complete the following:

- Ensure all transactions with respect to the account including cheques drawn have been completed
- Lodge with the bank a letter, signed by at least two authorised signatories advising of the closure of the account
- Meet the bank's requirements with respect to account closure
- Update the financial system and bank account register

2.3. Bank Account Transactions

- All deposits received must be banked within two days.
- Unallocated direct deposits of more than one month will be investigated fully to determine source of deposit. Where the source cannot be identified, the deposit will be allocated into an account meant to keep funds separate and identifiable
- Cheques outstanding for more than twelve months and in line with banks policy will be reallocated back to the business through the financial system
- Where a payment stop on a cheque is required, this will be authorised by Executive Director. The Financial Manager will be responsible for carrying out the following duties in regard to payment stop on a cheque:
 - ensuring the cheque has not already been presented at the bank

- getting authorisation to action the stop payment using appropriate forms from the bank
- ensuring the bank receives notification of the stop payment notice
- receiving confirmation of action from the bank of the stop payment
- ensuring the details of the stop payment are kept in the stop payment folder.

3. Petty Cash Policy

Policy Number: AB103

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff where petty cash is issued.

3.1. Purpose of the Policy

Petty cash will be used to pay for small business expenses up to 50,000 FRS (fifty thousand FRS cfa) where payments through accounts payable or credit card are not justified or appropriate

3.1.1. Procedures

3.1.1.1. Issuing Petty Cash

- Petty cash vouchers must be completed before any cash is taken from the petty cash float.
- Only up to 50,000 FRS (fifty thousand FRS cfa) can be disbursed at any one time.
- All petty cash vouchers issued must be approved by CEO/President or Co-CEO/President in charge of Administration and Finance
- Once the petty cash is spent, a receipt or invoice should be attached to the voucher and returned to petty cash with any balance of monies unspent.
- All completed vouchers must have the following details included:
 - Issue date of voucher;
 - Name of person issued the voucher;
 - Amount disbursed;
 - Details of expense;
 - Invoice or receipt; and
 - Signature of approval person,

3.1.1.2. Official Travel Rates

- The travel rates shall take into consideration the stipulated transport fare as indicated by the ministry of transport.
- Any staff to travel shall raise a requisition receipt and indicate:
 - place of work

- reason for the travel
 - number of persons traveling
 - number of days
 - transport fare and the reimbursement
 - Date the requisition was raised
 - Date the transport money is expected
- Upon return the staff will submit a reconciliation receipt and reimburse any money not used during the travel or will be added more money had he or she used more money during the travel

3.1.1.3. Lodging

- The organization shall pay the following rates for lodging for staff on official duty:
 - 5,000frs for rural areas
 - 10,000frs for semi-urban areas
 - 15,000frs for urban areas
 - 20,000frs for cities
- These amounts for each of the sites shall be raised along-side the requisition for transport
- It shall be backed by a mission order for the staff(s) traveling and purpose
- Upon return, the staff(s) in question must submit the internal reconciliatory receipt and attach to it receipts for the hotel

3.1.1.4. Reconciling Petty Cash

- Petty cash float is to be reconciled every month. This is the responsibility of the Accountant
- All petty cash expenditure must be entered into the financial system once the petty cash has been reconciled.
- The balance of monies and vouchers must equal the petty cash float amount before reimbursement can be made.
- Reimbursement of petty cash will be authorized by CEO/President or Co- CEO/President in charge of Administration and Finance.

4. Use of Business Credit Card Policy

Policy Number: C1004

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff who require the use of business credit cards.

4.1. Purpose of the Policy

This policy provides guidelines for the issue and use of business credit cards.

4.1.1. Procedures

- An employee will only be issued a credit card once the Credit Card Authorisation Form has been completed.
- The business credit card can only be used for travel, authorised entertainment and purchases of small value expenses or equipment up to the value of 250,000 (Two hundred and fifty thousand) frs CFA.
- No cash advances are to be taken using the business credit card unless authorised by the Executive Director
- Where a business credit card is lost or stolen, then the owner of this card is to notify the Executive Director in charge of Administration and Finance who is responsible for notifying the issuing agency and ensuring the card is cancelled.
- The use of the business credit card is not to be used for personal expenses.
- All holders of business credit cards are required to reconcile the monthly credit card statement to the expense form, attach all receipts for payments made on the credit card and have the expense statement authorised by the accountant
- Upon completion and authorisation of the monthly expense statement, these documents are to be forwarded to Accountant for payment of the credit card statement.
- All business credit cards are to be returned to the business when the person is requested to by the Executive Director or where they are no longer an employee of the business.

5. New Supplier Policy

Policy Number: C105

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff who are involved in supplier selection.

5.1. Purpose of the Policy

All new suppliers to the organization must be reviewed and accepted in accordance with this policy to ensure that the supplier service is aligned with the organization's objectives.

5.2. Procedures

5.2.1. Choosing a New Supplier

A new supplier must provide the organization with quality product, great service, competitive pricing, efficient delivery etc. This is aimed at ensuring ABOYERD has the best supplied product(s) for services.

For each new supplier the following information table must be completed prior to agreeing services

5.2.2. Supplier Selection Background Information

Business Name of Supplier: _____

Location of Supplier: _____

Products/Services provided by supplier: _____

(Attach a list if necessary)

Name of business owner/ sales representative: _____

How many years has the supplier been trading? _____

5.2.3. Supplier Selection Review Checklist

For each new supplier being considered the following checklist must be completed:

Is the supplier pricing competitive? Attach list to this checklist: _____

What are the payment terms for this supplier? _____

What is the return policy for this supplier? _____

Does the supplier provide warranties, guarantees etc.? _____

Are the suppliers' representatives knowledgeable of the products/ services and industry? _____

Is there an alternative to this supplier, has the alternative supplier been considered? _____

What are the delivery services of the supplier? _____

Has a credit check been undertaken for the supplier (attach to this checklist): _____

Has the Personal Property Securities Register (PPSR) been reviewed? _____

Has the supplier been trade checked (attach this to this checklist): _____

5.2.4. Appointment of Supplier

- The appointment of a new supplier will be authorised by the CEO/President or Co-CEO in charge of Administration and Finance
- All relevant details of the supplier will be entered into the financial system by the Finance Officer once approval is obtained from the CEO/President, Co-CEO in charge of Administration and Finance
- Accountant will review information entered into the financial system and independently verify the bank account or other payment details of the supplier to ensure payments made are to the correct supplier
- The Procurement Department will be notified within one week of the new supplier being approved

5.2.5. Supplier Payment Terms

- All purchases from suppliers must be supported by a purchase order
- Payment terms for all suppliers must be reviewed by the accountant at least once a year. Following this review each supplier must be approached to seek improved payment terms by the accountant
- All supplier payment terms must be a minimum of one month
- Any variation to the above must be authorised by the CEO/President
- All supplier payments are to be reviewed at least once a quarter to ensure that payment terms are adhered to. For payments made to any suppliers earlier or later than the agreed terms the accountant will prepare a report that details the reasons why payment terms have not been adhered to.
- This report will be reviewed and authorised by the Co-CEO in charge of Administration and Finance

6. Additional Policies for Suppliers

6.1. Purchasing Policy

Policy Number: AB105.1

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff.

6.1.1. Purpose of the Policy

This policy provides guidelines for the purchase of goods, services, equipment and assets for the organization.

This policy is applicable for all purchases over 50,000 FRS (Fifty thousand FRS cfa)

Where items to be purchased are less than 50,000 FRS (Fifty thousand FRS cfa) then the petty cash policy is to be used.

6.1.2. Procedures

6.1.2.1. Request for Purchase

- All purchases for business items must be requested through a purchase order (standard purchase stamp)
- All items over the value of 250,000 FRS (Two hundred and fifty thousand FRS cfa) must be supplied by authorised suppliers – refer to the New Suppliers Policy where the supplier is not an existing supplier
- For items over the value of 250,000 FRS (Two hundred and fifty thousand FRS cfa) three quotations must be provided.

A request for purchase must address the following criteria:

- Purchasing that promotes environmental sustainability;
- Value for money; and
- Preference to locally produced.

All purchase orders must be authorised within the following guidelines:

Items Purchased	Persons Authorised	Second Authorisation
Spare parts, components etc.	Executive Director	Co- Executive Director in charge of Administration and Finance
Equipment	Executive Director	Co- Executive Director in charge of Administration and Finance
Assets	Executive Director	Co- Executive Director in charge of Administration and Finance

All authorised purchase orders are to be copied and one distributed to accounts payable with estimated payment date and one to Financial Manager who will check receipt of purchase against the purchase order when received.

6.1.2.2. Equipment Asset Purchases

All equipment and asset purchases must be entered in the financial system by Finance Staff with the following details included:

- Date of purchase;
- Supplier; and
- Make, model, warranty/guarantee information.

6.1.2.3. Service Agreements

All agreements for the provision of services to the organization in excess of 250,000 FRS (Two hundred and fifty thousand frs CFA) are to abide by this policy.

6.1.2.4. Receipt of Purchases

All purchases received are to be checked against purchase order and noted as correctly supplied. Once correct receipt has been recorded, this will be recorded on purchase order and forwarded to accounts payable for payment of purchase.

6.2. New Client Policy

Policy Number: AB106

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff who are involved in client selection

6.2.1. Purpose of the Policy

All new clients to the organization must be reviewed and accepted in accordance with this policy.

6.2.1.1. Procedures

Choosing a New Client

A new client must support the organization with good credit quality, prompt payers, etc.

For each new client the following information table must be completed prior to agreeing services

Client Background Information

Information	Details
Business Name of Client	
Location of Client	
Products/Services required by client (Attached a list if necessary)	
Name of business owner/ sales representative	
How many years has the client been trading	

Client Review checklist

For each new client being considered the following checklist must be completed

Information	Details
Have trade references been sourced for the new client (Attach copies)	
Has the client been informed of the trade terms of 30 days and agreed to these terms	
Has the new client completed a credit application form (Attach completed form)	
Has the Personal Property Securities Register (PPSR) been reviewed	

Appointment of Client

- The appointment of a new client will be authorised by Co-CEO in Charge of Administration and Finance
- Each new client will have a credit limit set. This credit limit will be set in accordance with the Client Credit Limits policy
- All new clients must be given a New Client Letter which must be signed and returned by the client before any sales are to take place.
- All relevant details of the new client will be entered into the financial system by Finance Officer once approval is obtained from Accountant
- Accountant will review information entered into the financial system to ensure all information is correct.
- The Procurement Department will be notified within one week of the new client being approved

Client Credit Terms

- All client payment terms must be respected within one month of signature
- Where a client has requested longer payment terms than the policy, this should be referred to and authorised by CEO/President
- All client payments are to be reviewed at least once a quarter to ensure that payment terms are adhered to. For payments made outside of the agreed terms the accountant will prepare a report that details the reasons why payment terms have not been adhered to.
- This report will be reviewed and authorised by CEO/President

7. Additional Policies for Clients

7.1. Client Credit Limit Policy

Policy Number: AB106.1

Policy Date: January 1, 2019

This policy should be read and carried out by all staff if client credit limits are breached.

7.1.1. Purpose of the policy

This policy is to make sure a client doesn't get too far into debt with the organization without a payment plan being put into place or work stopped.

7.1.2. Procedures

- Reports on client credit must be run every monthly
- When a credit limit is breached all relevant staff will be notified. This includes procurement, distribution, accounts collection }
- Any current outstanding orders should be stopped until the breach in the credit limit has been rectified. All staff working on the order or sale procurement, distribution, accounts collection for the client should not carry out further work until authorised by Accountant

7.1.3. Review outstanding orders and sale history

- If the client has a large number of orders outstanding or has increased the volume of orders since the last credit review, then a review of the credit limit must be undertaken.
- This is the responsibility of Accountant
- If the credit limit needs to be increased, this must be approved by the CEO/President. Once this has been approved, all staff working on outstanding orders must be notified to restart the client's orders.

7.1.4. Credit limit is breached due to outstanding payments

- The Accountant must make a list of all outstanding payments.

- The Finance Officer must ring the client and explain that further transactions cannot be processed until the account has been paid. Explain that a payment will need to be made before the next transaction can be processed.
- If the client is having difficulty, make a schedule of payments to bring them back in line with their credit limit.
- Get the signoff of Accountant before discussing this option with the client.

7.1.5. Review payment terms for the client

- If the client has increased the volume or value of orders since the last credit review, the payment terms must also be reviewed by the accountant
- Where large orders are being placed then the payment terms should include deposit on order and/or progressive payments for each order. This must be discussed and agreed with the accountant.

8. Client Debt Collection Policy

Policy Number: C106

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff who undertake collection procedures within the organization.

8.1. Purpose of the Policy

This policy provides guidelines for the collection of late payments from clients and other operators.

8.2. Procedures

An aging debtor report is to be run every once a week. All overdue client payments are to be noted and the following procedures undertaken until recovery of outstanding amounts.

- **First Contact:** Once the payment is overdue phone or email the business official. Remind them that payment is due and has not been received. Ask them when they will be paying you and keep a record of the conversation or email. Remember to be nice, they may have forgotten or paid into the wrong bank account.
- **Overdue reminder:** If they do not respond to the phone call or email, try contacting someone else in the organization. Let them know who you are trying to contact. This often results in a return response from either the person you were trying to contact or someone else from the organization. Make a note of all conversation details on the overdue client payment record.
- **Final notice:** When a payment is overdue for 30 days, a final notice is to be sent either by phone or email. A record of this notice must be entered onto the overdue client payment record
- **Direct contact:** Where there has been no response to the final notice within 30 days then the Financial Manager must either visit the business official or phone where previous contact has been by email. The purpose of this step is to secure a date of payment. A record of this notice must be entered onto the overdue business official payment record.

- **Formal letter of demand:** Where payment remains outstanding after 60 days and there has been an unsatisfactory response from the client, authorisation from the Executive Director for the formal letter of demand to be issued must be obtained. Once authorised this letter is to be sent via registered mail and a record of this notice must be entered onto the overdue client payment record.
- **Debt collection agency:** Where the amount outstanding is in excess of 500,000FRS (Five hundred thousand) and the Executive Director has approved, a debt collection agency is to be appointed to recover the debt.
- **Write off debt:** Client payments that remain outstanding for over 2 years are to be written off as bad debts and no further business transactions are to be undertaken with that business official without approval from Executive Director

9. Reserves

Policy Number: AB107

Policy Date: January 1, 2019

NB: This policy should be read and carried out by all staff who undertake collection procedures within the organization.

9.1. Purpose of the Policy

This policy provides guidelines for a financial contingency plan for the organization.

9.2. Procedures

The financial manager shall ensure that 10% of total revenue is reserved for emergency. During budgeting he or she shall indicate all expected revenue and also indicate the 10% for reserves.

Conclusion

A BOYERD needs to stay focused on making sure every staff owns and understands this document. It is an important part of running the organization as it will help to avoid financial ambiguity and law cases between the organization and employees. It needs to be constantly monitored and supported for accurate financial analysis and reporting. It is good practice for an organization to produce a detailed set of financial procedures. These financial policies and procedures will instruct and direct management, any stakeholder, clients and new or existing staff members to find out exactly what needs to be done, who will do these tasks and who will ensure it gets done properly. It will also enhance auditing of the organization and annual financial reporting.