

ELOHIM FOUNDATION

FINANCE MANAGEMENT POLICY

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TABLE OF CONTENT

Content **Page**

01. INTRODUCTION

1. FINANCIAL OFFICERS:
2. FINANCE AND ACCOUNTING PROCEDURES
3. BASIS OF ACCOUNTING AND MAINTAINING ACCOUNTING TRAIL
4. TYPES OF ADVANCES
5. BASIC ASSET AND STORE MANAGEMENT:
6. INTERNAL CONTROL MEASURES
7. FIANCIAL CODES AND CLASSIFICATION
8. FINANCIAL REPORTS IN ELOHIM FOUNDATION
9. COST SHARE POLICY

INTRODUCTION

This financial policy is a set of regulations and rules governing the receipts (revenue) and payment (expenditure) of Elohim Foundation.

This policy covers subjects as:

- Finance and accounting procedure
- Internal audit functions
- Use and control of organization's vehicles
- Assets / Stores
- Classification codes and
- General

Organizational accounting is a process of recording and presenting organizational financial transactions with a view to complying with basic statutory requirements of Elohim Foundation secretariat and project offices. This financial policy (FP) is developed and issue by the management in accordance with and under the authority of the finance regulation in the constitution of Elohim Foundation and the monitory provisions of the Nigeria government.

PART 1
FINANCIAL OFFICERS

The FP defines the roles and responsibilities of various officers involved in the organization's financial system. The principal officers are outlined as follows:

a) **The Executive Secretary /Project Director**: She/he is the chief accounting officer of the receipt and payment of Elohim Foundation. All is also responsible for the general supervision of the accounts of all the departments and project offices, and for the compilation of the annual financial statement of the organization.

b) **Grants/Accounting Manager**: He/she is responsible for the management of all donor grants and the supervision of overall/general funds resources of the foundation. He/she is entrusted with the receipt, custody and disbursement of the organization's money and who are required to keep all of the recognized cash books and other required books of accounts and prepare both monthly and yearly financial reports as contained in this policy document.

c) **Auditing Consultant:** an auditing firm shall as be required by regulation; to audit the accounts of all the organization's departments and all persons entrusted with the collection, receipt, custody, and issue of payment of the organization 's funds.

d) **Accounting officers**: these are the programs manager of the various departments the project managers of the project officer. They are responsible for ensuring that organizational funds and assets are managed and utilized according to laid down rules and laws.

e) **Finance Assistant officers**: These are officers entrusted with the receipt, custody and disbursement of the organization's project funds and who are required to keep all the recognized cash books, memos, receipts, and vouchers.

PART 11
FINANCE AND ACCOUNTING PROCEDURES

2.1 Revenue: The Elohim Foundation derives its revenue from various sources, namely:

- Internally generated funds (IGF)
- Donor Funds (DF) i.e. grants
- Counterpart Fund (CF) and
- Cooperate/Personal Project Support Fund (C/PPSF)

The internally generated funds constitute of mainly; trustee's development support funds (TDSF), income generating activity fund (IGAF) and project consultancy fund (PCF).
The internally generated funds (IGF), cooperate/personal project support fund (C/PPSF) and the counterpart funds (CF) are paid into a consolidated revenue account (CRA) of the organization with the organization's bankers while donor funds are usually paid into a designated Donor Project Account (DPA) being a somewhat temporary account to last only till the duration of the project life time as for the specific project grant.
Hence, donor funds (DF) are strictly used to implement specific donor support project only, while funds for the (CRA) are used to finance non donor funded projects of the organization.

2.2 Expenditure: No expenditure may be incurred by any officer without the proper authority as prescribed in this regulation. Any officer controlling a vote who incur expenditure without proper authority does so on his own account. The authority for an officer controlling a vote to incur expenditure is called "warrant". All warrants must be issued and signed by the ES who is the Project Director of the organization.

There are two classes of expenditure, they are: Recurrent expenditure and capital expenditure. The recurrent expenditure consist of the following; salaries & personnel cost (SPC), rents for office accommodation (ROAC), and Administrative Cost (AC) while the capital expenditure entails of all project cost (PC)

a) ***Recurrent Expenditure***: this is either paid from the consolidation revenue account (CRA) or the Donor Project Account (DPA) as the case may be, but with the authority of the ES, which is conveyed by a statutory expenditure warrant or supplementary, warrants or a vehement warrant.
b) ***Capital Expenditure***: This is paid from the DPA usually on the authority of the donor agency through the ES due issuance and signature and counter signed by the authority of the agency through a project development fund warrant.

2.3 Payment procedure: No payment must be made without duly raised voucher. A Voucher is a documentary evidence of payment or receipt of money, which is available for future reference. There are basically four types of Vouchers they are;

a) **Payment Voucher** – raised to support any disbursement of money

b) **Receipt Voucher** – raised to support receipt of money.
c) **Funds advancement Voucher**- raised to authorize issues of activity money for programme implementation.
d) **Adjustment Voucher** – raised to make amendment by way of transfer from one voucher to another without the actual movement of cash.

Every genuine payment must have the approval from the ES coupled with availability of fund; for any voucher to be authentic, original documents must be attached, such as requisition voucher, pro-former invoice, quotation paper, letter of award /MOU, receipt voucher, honour certificate, completion certificate, memo-approving payment etc. the voucher must be sent from officer concerned or responsible for issues/project in question, to the supervising officer and lastly to the ES and back to the issuing officer for payment or disbursement.

PART III
BASIS OF ACCOUNTING AND MAINTAINING ACCOUNTING TRAIL

An important section of the NGO financial management policy is the 'basis of accounting' and maintaining the 'accounting trail.' Under here, you can define the basis on which the accounting will be started and the methods applied for maintaining accounts, including day-to-day transactions. Below is an example of this process, though this may vary from country to country mostly determined by local laws: "2. Accounting Policies & Procedures

3.1 Basis of Accounting

a) The organization shall prepare its accounts on the basis of historical basis of accounting but assets shall be re-valued from their historic cost to reflect current values as necessary
b) The organization shall apply cash based accounting method. Revenue and grants/donations shall be recorded in the accounting period it is received and expenses recognized when the activated is completed. Loan and Grant revenue is recognized when received. Other revenues are recognized in accordance with the accruals concept.
c) Grants and donations if any shall be recorded separately from operational activities. They will be shown "below" the operating line on the Income Statement, together with non-operating income and expenses and taxes. When transferred to the Balance Sheet, they will not be included in the Retained Earnings from operations, but in Contributed Capital (or Donated Equity).
d) In-kind contributions must be recognized through journal adjustments that are supported by appropriate and objective documentation (e.g. agreements, formal letters or memos, Memorandum of Understanding).

3.2 Maintaining Accounting Trail

Every transaction in Elohim Foundation would need to be traced back and forth since the account=books are maintained in a set pattern. The accounting trail is important as it helps to check/countercheck expenditure incurred/ activities done and thus helps in maintaining a transparent system." Every transaction would need to be traced back and forth since the account=books are maintained in a set pattern.

Hence, the trail shall be as follows:
Expense——Cash memo——voucher——cash book——ledger——trail balance——income and expenditure statement, balance sheet

Hand in hand with an accounting trail, we can trace what we can call as a programmatic trail.
Program plan——Activity to be performed——Authorization from the program head for the expense related to the activity——Perform the activity—-Maintain the relevant program records

The accounting trail is important as it helps to check/countercheck expenditure incurred/ activities done and thus helps in maintaining a transparent system."

3.3 Maintaining Cash Book

A cashbook is a primary book of entry that is prepared after a voucher for a particular transaction. The cash book records all transactions in which cash /bank receipts are involved.

a) A double column cashbook that can act as a bankbook or a single column cashbook (in case a bank book is maintained separately) has to be maintained.
b) No cutting or alterations should be made in the cashbook. Correction fluid should also not be used. Any mistake should be corrected by passing a rectification entry.
c) Cashbooks have to be written regularly (as and when a transaction takes place). All cash balances should be inked up regularly.
d) The Cashbook has to be tallied checked and signed by the competent authority or any other appropriate authority every month.
e) Cashbooks should always remain at the office."
f) How to validate bills, invoices, receipts & vouchers for effective NGO accounts management – NGO Financial Management Policy.
g) A cash book generally records all types of financial transactions and it is an important bookkeeping document. Here is the procedure for maintaining a cash book in Elohim Foundation:

CASH BOOK

DEBIT					CREDIT				
DATE	PARTICULARS	LF	CASH	BANK	DATE	PARTICULARS	LF	CASH	BANK

3. Invoice Validation

3.1 Essentials of a Voucher

a) **Project name** – in order to identify that the voucher belongs to a particular project, the project name needs to be stamped / marked on the voucher.

b) **Voucher number** – the voucher should be numbered and these voucher numbers should be pre-printed. The voucher book should be officially issued to the person responsible for preparation of vouchers. Any vouchers wrongly written should be marked `CANCELLED' across the face of the voucher and left in the book itself. Hence, either the vouchers would have been used and taken into the cash book or be left as cancelled or accounted for as balance remaining. This is a good practice in accounting and can be introduced over a period of time.

c) **Date and the serial number** of the voucher used.

d) **Classification** – The cost centers and line items are clearly specified in the proposal. On the basis of the nature of expenses, it is verified that the expense is correctly classified into the various line items as appearing in the proposal.

e) **Narration** – there should be a detailed narration in support of the classification showing the description of the transactions.

f) **Amount** – it is verified that the amount on the voucher is equal to the amount reflected by the supporting documents, or matches any adjustments effected (e.g. : advance payments adjusted)

g) **Supporting documents** – these are in the form of original bills, which are\ the real proof of transactions based on which payment is affected. The classification of the expense is based on the nature of expense reflected by these documents and the amount on the voucher should be the amount reflected by these documents.

h) Signature of the person preparing the voucher

i) **Signature of the person authorizing payment** (To verify with the delegation of powers of each member authorized within the organization to approve payments)

j) **Signature of the person receiving payment**

k) **Defacing of vouchers and supporting documents by a `PAID' stamp**, subsequent to payment to avoid duplication of payments, and providing reference numbers of vouchers and check number if relevant."

Part IV
TYPES OF ADVANCES

4.1 Advances:
There are various types of advance usually granted to qualifying staff to enable them carry out their duty or for their welfare. However, no officer can be advance another fund, if he hasn't returned or refunded the earlier advance granted.

a) **Salary Advance:** This would be granted to new employees whose names could not be included in the salary voucher because the variation control has advance is subject to availability of fund and the conduct of the officer requesting the advance). Salary advance can also be applicable to officers on overseas travels for seminar/training and conference for the organization. Only one-month advance can be granted and should be recovered in three equal monthly installments.

b) **Rent Advance:** This would be granted to officers on new appointment or on transfer to a new station equivalent of three month's salary, refundable in eight months. The officer loses this right after six months of posting or employment.

4.2 Project Programme Advance: This would be granted to programmes officers to commence or continue the implementation of a given and approved project. It should only be released to the officer overseeing the project. No programmed advance should exceed 20 % of the project fund at any given time, while officers are required to retire their accounts within 48hrs after project execution. Any officer, who fails to retire his/her advances, should be debited and the amount deducted from the salary for the mouth. In addition, officers who are given transport advance for donor funded programme by other organizations are required to refund the exact amount paid them at the programme for transport only back to accounting officer on return.

4.3 Advance Procedures: Staff advances be it salary or rent advances shall be granted to any staff requesting it after due applications and approvals not more than 24 hours from the date of request. The repayment will be spread evenly on monthly bases at 15% of the staff salary over a fixed period and deducted from staff salary at source. While program activities advances shall be released after due requisition and approvals within 12 hours to the date of use while retirement of the expenses is due 48 hours after the completion of the activity with the narrative reports submitted to the head of programmes.

PART V

BASIC ASSET AND STORE MANAGEMENT

5.1 All asset of the organization must be marked with a tracking number having the ***acronym of the organization, the date of purchase and an asset number serially to other existing asset.*** Physical inventories should be done on quarterly basis. The maintenance of assets belonging to the organization is paramount.

5.2 Stores are inventories, which are received, recorded and kept safe. Items must be withdrawn through authorized requisition specifying what items and quantities are needed and issued. The system of receiving and issuing the required goods from the store should be properly controlled. The accountability of the store is the responsibility of the administrative officer in charge of the secretariat and as such any loss be accounted for by him/her.

5.3 The administrative officer must maintain a quarterly audit trail of all fixed assets acquired and equally make recommendation of those to be disposed providing justification and method of disposal.

5.4 However, any assets that must be taken away by a services engineer must be release with an authority permit by the administrative personnel in charge of release with an authority permit by the administrative personnel in charge of the office.

5.5 Therefore, there must be written log of all fixed assets of the organization in a designated logbook.
Assets should be properly retired on quarterly basis to ensure that equipment is safe, efficient and in proper working order and also identify assets in need of repair or replacement, to allow for feeding into the budgeting and procurement cycles.

5.6 Owing to proper inventories and retirements of all fixed assets or upon requisition for the purchase of any new asset or a replacement approval for such purchases must be made by the CEO with a confirmation of available fund by the accounting officer. Every assets of the organization must be capitalized and depreciation value calculated on annual basis to establish real asset cost annual for auditing purposes

PART VI
INTERNAL CONTROL MEASURES

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

6.1 Internal Control Measures – Segregation of Duty

Task	Primary/Secondary Responsibility	Incompatible Task	Primary/Secondary Responsibility	Required Action
Prepare vouchers	Finance Officer/Programme Officer	**Approve vouchers**	Project Director/Programme Manager	Sign voucher
Prepare cheques	Finance Officer/HR	**Sign cheques**	Project director	
Prepare bank deposits or records cash receipts	Finance Officer/Assistant	**Reconcile bank accounts**	Finance Manager	preparation of bank deposit/record of cash receipt should be handled by the

				Admin Personnel
Responsible for the physical security of assets	HR	**Perform the physical inventory of assets**	Finance Officer/HR	Performing the physical inventory of assets should henceforth be handled by the Admin personnel
Access to blank checks	Finance Officer	**Post payments**	HR/Finance Officer	Posting of payment should be handled by the Finance Officer alone
Make cash payments	Finance Officer/HR	**Authorize cash payments**	Project Director	
Prepare bank reconciliations	Finance Officer	**Approve bank reconciliation**	Project Director	
Receive cash	Finance Officer/HR	**Record cash receipts**	Finance Officer	
Responsible for managing petty cash	Finance Officer	**Reconcile transactions to the General Ledger**	Finance Officer/HR	Managing of petty cash should be handled by the Admin Officer henceforth
Convert currency	Grants/Finance Manager	**Make payments in local currency**	Finance Officer	
Prepare payroll	HR/Finance Officer	**Distribute payroll payments**	Finance Officer	Distribution of Payroll payment should be handled by the Admin Person
Approve timesheets	Project Director/HR/Programme Manager	**Prepare payroll or distribute payroll payments**	Finance Officer/HR	
Maintain driver and vehicle logs	HR Officer	**Monitor fuel usage**	HR Officer	

Manage assets day-to-day	HR	**Perform physical inventory counts**	HR/Finance Officer	Performing of physical inventory counts should be done by the Admin person
Authorize internal purchase requisitions	PROCUREMENT COMMITTEE LEAD BY THE HR	**Generate/authorize purchase orders**	HR/Project Director	
Generate/Authorize Purchase Orders	HR/Project Director	**Approve invoices, receive goods, record transactions in the cashbook or asset register, or modify the asset register**	HR/Finance Officer	Receiving of goods, recording of assets should be handled by the Admin person
Initiate a wire transfer	Finance Officer/HR	**Approves a wire transfer**	Project Director	

6.2 BANK RECONCILIATION STATEMENT

Reconciliation of Account No as

Balance as per our bank book

Add: cheques issues but not presented
Cheque No./Date/Amount

Add: Interest not accounted for

Less: cheques deposited but not credited
Cheque No./Date/Amount

Less: bank charges not accounted for

Balance as per bankbook

Explanation:

Bank reconciliation statement is prepared to ensure that the balance shown by our bankbook and the bank passbook (bank statement) tallies. It is done in the following way.

It commences with the balance as per bankbook. To this, we add those cheques, we have issued to suppliers etc. but which have not been presented for payment to the bank, by the suppliers

Any interest that might be credited to our bank by the bank should also be added to our bank book balance. Cheques which we have deposited in the bank, but which are not yet credited by the bank to our account, have to be deducted from our bank balance.

Any bank charges or collection charges, which the bank has deducted from our account, has been deducted from our bankbooks also to arrive at the balance statement as per the bank.

PART VII
GENERAL PROVISIONS.

7.1 **FIANCIAL CODES AND CLASSIFICATION.** In line with international financial best practices as obtainable within the development sector, Elohim Foundation shall maintain a standardized chart of accounts which shall be codified to protect vital information from unauthorized persons and to equally simplify the financial record system which will provide a means of tracking each financial transaction. In this respect, the under listed codes shall be applied to the foundations chart of accounts.

S/N	CODE	CLASSIFICATION
1	IGF	Internally Generated Fund
2	DF	Donor Fund
3	CF	Counterpart Fund
4	C/PPSF	Cooperate/Personal Project Support Fund
5	TDSF	Trustees Development Support Fund
6	IGAF	Income Generating Activity Fund
7	PCF	Project Consultancy Activity Fund
8	CRA	Consolidated Revenue Account
9	DPA	Donor Project Account
10	PC	Project Cost
11	AC	Administrative Cost
12	SPC	Salaries & Personnel Cost
13	ROAC	Rent for Office Accommodation
14	UCC	Utility Charges Cost
15	MCF	Mustard Seed Cooperative Fund
16	SGF	Life-Care Support Initiative Fund
17	YRCF	Youth Recovery Camp Fund
18	LGF	Leadership & Good Governance Fund
19	HPF	HIV/AIDS Programme Fund
20	PSPF	Peace Building Project Fund
21	ERPF	Earth Resources Project Fund
22	EPF	Economic Empowerment & Poverty Eradication Fund

7.2 GENERAL REGULATION

To ensure that financial transaction not only satisfy accounting requirements but also ensure compliance with the set of rules in this manual, all staff shall on assumption of duty must be inducted with the polices and practical application of the rules in this manual.

That, financial reports, including budget comparisons, be generated quarterly; the financial reports however must be prepared on monthly bases and distributed to all mangers responsible for cost centers. This also implies that all subsidiary journals must be reconciled every month to ensure proper accounts control.

Approvals are:

- Accounts Receivable
- Cash Receipts
- Check Register and banking
- Account Payable

For every transaction in this organization the following approval must be obtained before its implementation:

- Prior approval authority for all Payments
- Prior approval authority for travel
- Prior approval authority for Purchasing
- Prior approval authority for posting or modifying entries.

All accounting records must be maintained in the organization safe-cabinet, this includes the all check books and cashbooks.

7.3 CASH RECEIPTS

All cash receipts must be registered and acknowledge by a pre-numbered receipt, to the issue, all acknowledged cash must be lodged into the appropriate organization's bank account within (24) twenty-four hours of receipt and should be kept in organization safe while within the office. All control sheets of cash deposits in banks must be verified against the bank deposit slip.

Also, all received cheques must rusticity be endorsed by the person opening the mail (i.e. stamped "for Deposit only" with the name of the organization and bank account number)

PART VIII
FINANCIAL REPORTS IN ELOHIM FOUNDATION

Financial reports are developed for internal use such as monitoring expenses within Elohim Foundation and also for external use such as for submitting reports to donor agencies. In many cases, there can be separate formats for both the uses. Nevertheless, it is important that the internal financial reports are properly developed according to foundation guideline. Below are the procedure that has be adopted for developing internal financial reports in Elohim Foundation and will be produced by the Grants and Accounts Manager for internal and external use.

8.1 Management Information Report: This is the sum total of all financial transaction within a defined period, prepared to inform management decision in the operation and attainment of the foundation's mission. This report is the responsibility of the grants and Finance Manager. The report consolidated under 5 sub-heads and are explained below:

a) **Bank & Cash Balances:** This will reflect the utilization of funds received and also will furnish broad indication of how much has been spent on Grants and on office/admin expenses. The opening and closing balances should be in agreement with the Bank Book.

b) **Analysis of Expenses against Budget**: This is the variance report on Management of Expenses budget and reflects whether the trend of expenses have to be reviewed in order to avoid any negative variation and take corrective action as necessary. Every positive and negative variance has to be commented upon citing reasons for variance and corrective action proposed.

c) **Grant Utilization Status:** It is necessary to review on a monthly basis the utilization status of grant budget in order to ensure that the actual spending is as per the planned budget and the phasing of utilization.

d) **Statutory Compliance:** The implications of non- compliance of statutory provisions are very serious and it is therefore necessary that the management is kept informed about the compliance or otherwise of these provisions, this report becomes useful for managers to monitor adherence to the requirements and due dates.

e) **Fixed/Consumable Assets:** The Assets Register needs to be maintained as per the format authorization of the same need to be done on a regular basis."

f) **Monthly Expenditure and Variance Report:** A Monthly Expenditures and Variance Report that reflects the expenditures incurred during the month for each line item and the total expenditure incurred for the month. It also gives the cumulative expenditures incurred to date and the available balance on the budget. The report is due to Avert Society by the 10th day of the ensuing month. See Annexure B for a sample of the report.

g) Where there is a budget variance, particularly over spending on a budget line item, or introduction of a new set of activities in a budget column, the report should state if the variance is:
    1. Permitted under the terms of the project grant; or 2. Unanticipated and requires approval"

8.2 Elohim Foundation Table of Financial Report

Report Type	Designation	Frequency	Source	Target
Cash Account	Shows cash receipts and payments during the month.	End of each month.	Finance/accounts	Management
Cash reconciliation	Shows reconciliation of physical cash count and cashbook	Daily	Finance/Accounts	management

	balance.			
Bank Account	This report shows bank receipts and payments.	End of each month	Finance/accounts	Management
Bank reconciliation	Reconciliation of bank statement and cashbook balance.	End of each month.	Finance/accounts	Management
Advances	Shows unsettled advances by staff at the month end.	End of each month.	Finance/accounts	Management
Income and expenditure	Shows transfer from one project account	Every six months end of each month	Finance/accounts	Management
Assets and Liabilities.	Show's assets value, their funding	Every six months end of each month	Finance/accounts	Management
Budget Variance Report	Shows difference between the actual cost of project items and the budget cost.	End of each monthly	Finance/accounts	Management
Cash flow forecasts	Shows a projection of expenses over a three (3) months period to inform planning.	End of each Quarterly	Finance/accounts	Management

8.3 REPORT SCHEDULES:

All monthly reports of Elohim Foundation shall be due and submitted to the cost heads and the Executive Director on or before the 10th of the nest financial month. While all quarterly and annual reports must be submitted to their respective cost heads and the ED 15th of the first month of the nest quarter and 31st of January for the annual reports respectively. The annual audit reports of the foundation shall be ready for Board approval on or before the last date of the first quarter of the preceding accounting year.

PART IX
COST SHARE POLICY

9.1 COST SHARE: This implies cost value that are shared between a given project(s) and the foundation on items that are jointly used by both parties while implementing a project. These costs are cross cutting cost that are used in the implementation of the project(s) and the foundations as the case may be. The cost share policy is to support the foundation's application for a cost share within the budgetary allocations of every given project of the foundation. However, it is not in all cases that the foundation accepts to cost share for all or any of the described cost items, as some project budget may not require a cost share. Therefore, for every project requiring a cost share Elohim Foundation shall only apply the cost share policy to the under listed budget heads. That is, no direct program implementation activity shall be cost shared.

9.2 ITEMS THAT CAN BE COST SHARE:

(1) Maintenance,
(2) Occupancy and Office expenses,

9.3 CONDITIONS FOR COST SHARE:

When Elohim foundation is implementing projects that require the use of a budget head cost item for both projects simultaneously within the same period, in such a manner that the ratio of usage between both projects are distinctively calculated by a given ratio or percentage.

9.4 FACTORS FOR SHARED COST COSTING:

(1) When costing for shared maintenance cost, the ratio of the total budget cost for the number of projects is obtained and used against the unit cost of maintenance per month.
(2) When costing for the ratio of value for personnel cost, the total man hour per personnel on each of the project is established and calculated against the unit cost of salary of the personnel per day.
(3) When calculating for shared cost of occupancy between projects, the number of workstations used by the total number of personnel on the project against the unit cost of paid rent per month.

ELOHIM FOUNDATION
PROCUREMENT POLICIES AND PROCEDURES

(1) PREAMBLE

Elohim Foundation as most charity organizations receive funding, implement projects and also expand her office, as such requiring the purchases of goods and services.
Therefore the purpose of this document is to provide a guideline that will enable the procurement unit carry out its acquisition of goods, materials, equipment and services in the most possible cost –effective manner.

For the purpose of this document, procurement is defined as the acquisition of goods, materials, equipment and services for ELOHIM FOUNDATION operations in Nigeria. This policy therefore does not cover acquisition of goods, materials, equipment and services by ELOHIM FOUNDATION through commissioned agents and other third parties for which acquisitions are covered by separate procurement policies. However, acquisitions by ELOHIM FOUNDATION through third parties shall be carried out with policies that follow professional procurement practices.

The policies and procedure below shall be followed for the procurement of goods, **materials, equipment and services** for ELOHIM FOUNDATION program operations. Goods, materials, equipment and services include all times required for warehousing/product packaging operations, sales promotion, research operations, marketing and communications activities, offices supplies and fixed assets, repairs and maintenance, and engagement of consultants. Services include jobs of skilled and unskilled persons or organizations and or agencies.

As a general rule, we shall strive to be our own vendors and shall as such strive to avoid third party transactions. Our vendors/suppliers shall consist of reputable registered organizations that are capable of directly executing procurement contracts on their own.

(2) APPROVAL AND REGISTRATION OF VENDORS/SUPPLIERS

All vendors/suppliers who intend to do business with ELOHIM FOUNDATION must formally apply in writing to the Admin and Procurement Manager. The Admin and Procurement Manager shall review the application and make recommendation to the Manager (Finance and Administration) who may approve the registration to the vendor/supplier with ELOHIM FOUNDATION. The approved vendor/supplier shall then register with ELOHIM FOUNDATION by completing the ELOHIM FOUNDATION vendors/suppliers form (sample form attached), and attaching the following statutory documents.

(i) **Document to be submitted by Prospective Vendor/Supplier:**

- Company Certificate of Incorporation
- A copy of Form CO2 (filed with the Corporate Affairs Commission) stating the Directors of the company.
- Two (2) passport photographs of the least of the directors of the company
- Address of place of business (including telephone number if any)
- Evidence of any previous business done with other company/companies
- Letter authorizing ELOHIM FOUNDATION to obtain references from former business partners
- Name and address of bankers (where current account is maintained)

(ii) Custody and Update of Vendor Register

The Procurement Coordinator shall update and maintain vendors/suppliers register with the approval of Senior Management (Finance and Logistics). Staff members can recommend new vendors to apply to be included in the register of vendors.

(3) HOW TO INITIATE PROCUREMENT

Procurement of goods, materials, equipment and services shall be initiated by the head of user department and approved by the head of the user division, who will verify the work is approved in annual budget.

A department that wants to procure goods, materials, equipment or services shall complete a procurement requisition form which is the first process. Where the procurement requires technical details, the procurement requisition form must be accompanied by Request for Proposal (REP) or Scope of Work (SOW) prepared by the head of department. The RFP must be approved by the divisional head. The approved Requisition form and RFP must be approved by the divisional head. The approved Requisition form and RFP shall be sent to the procurement coordinator who shall forward copies to vendors and supplier.

The requesting party, unit or department is responsible for submitting a correct and accurate PRF (Purchase Requisition Form) to the Procurement Unit. The procurement Unit in turn has the responsibility of reviewing all PRF submitted. The request is promptly returned to the requesting party if any detail is missing or proper approval is lacking.

The Procurement Unit is not authorized to alter specifications quantity or other details of a purchase requisition unless changes have been approved by the requesting and approving party.

(4) INVITATION TO BID

The Procurement Coordinator on receipt of procurement requisition form and or REF shall invite vendors who are in the register of vendors for that particular goods, materials, equipment and or services by forwarding to them a specification or REP as appropriate.

Invitation may also be intended to vendors not on the list where such items(s) cannot be supplied by vendors on the register list.

(5) PROCUREMENT BUDGET

Procurement of goods, materials, equipment and services must be for expenditure approved in the departmental budget. It is therefore the responsibility of divisional head to ensure that all items for procurement are in the approved budget.

Where item for procurement is not in the approved budget, the procurement manager has the right not to honor the procurement request form unless a waiver has been obtained from the Project Director. It is the responsibility of the divisional head to obtained waiver for item not in the budget from the Project Director at all times.

All procurement for goods, materials, equipment, and services must indicate the budget line item to be charged by the finance department.

(6) PROCUREMENT AUTHORITY

The following shall be the authority to procure goods and services and consultations for ELOHIM FOUNDATION:

Value of Procurement	Requisition Approval	Number of Bids	Vendor Selection
(i) N10,000 and below (Petty cash expenses)	Head of Dept.	Quotations not required, but are subject to regular internal auditing. This may not be restricted to any particular vendor on the register of vendors.	Not applicable
(ii) Between N10,001 and below N60,000	Head of Dept.	Quotations may be from single vendor if price is well known. This may not be restricted to any particular vendor on the register of vendors.	Admin Manage
(iii) N60,001 and Below N600,000	Head of Dept. if in budget, if not to GM/MD	At least three (3) quotations must be obtained from vendors on ELOHIM FOUNDATION vendors Register selected by Procurement HOD and must come sealed. Where however, the materials, equipment and services are not supplied by existing vendors on ELOHIM FOUNDATION register, bids shall be collected from suppliers not registered with ELOHIM FOUNDATION.	Procurement Committee

(iv) N600,001 and above	Project Director.	At least three (3) quotations must be obtained from the vendors on ELOHIM FOUNDATION vendors Register and must come sealed Formal request – REP Including scope of work must be prepared and attached.	Procurement Committee Plus Project Director-(final approval report from Committee).

(7) SINGLE/SOLE VENDOR:

In the case of an emergency of need or procurement of a special good and services not usually found in the open market or for a need for rear skilled services provider; a single or sole vendor can be engaged for these purpose. However, the procurement unit must provide a strong justification for the choice of the vendor. Where a single vendor is used the quotation must comply with the entire conditions list above. In this case, a registered vendor with Elohim Foundation who is registered with FMH or relevant authority and have shown a proven record of past experience and supply of these special goods, the vendor will be call upon to supply these special goods such as drugs, Vaccine and medical devices upon the approval of the Executive Director.

(8) LEAD TIME

Adequate lead-time is required for procurement of all goods; materials/equipment/services to enable the Procurement Department process the requests and make the purchase. In the case of Vehicles, Brochures, Calendars, Computers, and other materials, equipment and services a lead time of one to three months should be allowed for delivery. For overseas supplies a lead time of between one (1) to nine (9) month should be allowed for delivery at ELOHIM FOUNDATION central warehouse.

(9) PRESENTATION ANND OR DEFENSE OF BID BY VENDOR

A vendor may be asked to make presentation to explain bid. Where a vendor is required to undertake presentation in defense or explanation of bid, presentation shall be done in presence of a committee selected by division and shall include the procurement manager and or the Manager (Finance and Administration). Persons who are not employees of ELOHIM FOUNDATION may be invited to assess the bid. Such ad-hoc committee so constituted shall make recommendation to the procurement committee for award of contact to the successful bidder.

(10) OPENING OF PROCUREMENT BIDS AND AWARD BY PROCURMENT COMMITTEE

Bids and or tenders for procurement of materials, goods and services must be opened in the presence of all the committee members and all opened bids must be signed and dated by all committee members. The analysis of the bid shall be immediately agreed by the committee members and report produced by the Procurement Coordinator thereafter.

The criteria for analysis of quote and recommendation for approval shall include but not limited to the following: cost, quality, delivery time, track history, method and terms of payment, credibility of the vendor/supplier and applicable donor polices.

Vendor Selection and Bid Evaluation
If a supplier is to be given the opportunity to re-bid, that is to submit a revised bid after having already made an initial offer, then bidding must first be closed and invalidated. All suppliers will then be asked to submit new bids

Securing of quotations
Recurring purchase of item(s) from a preferred vendor need not be supported by quotations/canvas sheet. A note 'preferred vendor' must be indicated on the PR form. However, if the item is worth more than N60, 000, written quotations must be obtained regardless of the frequency of purchases. Any exception to this policy must be documented and approved by the Project Director.

In instances wherein written quotations cannot be obtained, verbal quotes or a telephone survey is acceptable. A summary of the survey should be recorded on a canvass sheet form which will serve as back –up documentation once the vendor is confirmed. The canvas sheet form should contain the following information: (1) Vendor name; address, contact numbers and contact person. (2) Description of the Items being quoted, (3) Prices quoted (4) payment Terms (5) Delivery Terms (6) Selected vendor with justification.

Evaluation of Vendors' Quotes /Bid
The act of selecting the best overall offer requires good judgment and experience and this responsibility must be approved in writing by the appropriate authority, especially if the award was not made to the lowest bidder.

(11) COMPOSITION OF PROCUREMENT COMMITTEE

The following shall be composition of procurement committees in ELOHIM FOUNDATION

(i) Item between N0 and N60,000
No committee needed**.**

(ii) Items between N60,000 and N600,000
(a) Admin. / Procurement,
(b) Users Divisional head
(c) M (F & A) or Designate
(d) User Department Manager

In the case of procurement originating from Administration department additional person may be introduced from other department.

(iii) Items N600,000 and above

(a) Admin and Procurement Manager (or designated).
(b) Users Division SM or Designated
(c) Internal Auditor
(d) SM (Fin and Admin) or designate.
(e) User Department Manager.

In the case of procurement originating from Administration department additional person may be introduced from another department.

Please note that no designate shall be less than the rank of a Team Leader in the department.

(12) LOCAL PURCHASE ORDER/CONTRACT

Procurement of N60, 000 and above shall covered by an LPO issued to the vendor. Where necessary contract/ agreement may be entered between ELOHIM FOUNDATION and the vendor. When to issue a contract shall be agreed with SM user department and SM finance and Administration.

i) Signing of LPE

All LPOs shall be signed as following:
Checked by: (Admin and Procurement Manager).
Approved by: Project Director or in absence the Deputy Project Director, may approve to be countersigned by M upon return

All contracts involving procurement of goods, materials, equipment and services shall be signed by the Project Director or in his absence the Deputy Project Director.

(ii) The approved Requisition Form, Abstract of Bids (or canvas sheet) and original copies of vendor's quotations, where applicable shall be attached to the Purchase Order or contract when submitting for approval of the Project Director. A copy of the Approved Purchase Order and all supports should be forever to the Finance Dept.

(13) PROCURMENT OF MATERIALS THAT REQUIRE OWNERSHIP RIGHT

ELOHIM FOUNDATION shall have exclusive ownership of goods, materials, designs and artworks, which may be originated by suppliers who are paid by ELOHIM FOUNDATION for its activities. Such goods, materials, designs and artworks shall hand over to a representative of ELOHIM FOUNDATION for subsequent use.

ELOHIM FOUNDATION reserves the right to use such materials, designs and artwork as it deems fit. This shall be incorporated in a procurement agreement to be signed by ELOHIM FOUNDATION and the suppliers, and where no written agreement is drawn up, **this must be written on the LPO issued to the supplier.**

(14) TERMS OF PAYMENT

For payment purposes, vendors/suppliers shall be categorized into two, namely **REGULAR VENDORS/SUPPLIERS** and **NEW/IRREGULAR VENDORS/SUPPLIERS.**

(i) Regular Vendors/Suppliers

Regular vendors are vendors who have been doing business with ELOHIM FOUNDATION for at least one year, that have had continues business relationship with ELOHIM FOUNDATION for less than one year, and have successfully executed at two jobs of acceptable standard.

Regular vendors/suppliers shall be paid a mobilization fee equivalent to 50% of the total value of the items to be procured upon approval of the LPO by the GM Finance and Administration) Project Director). The balance of 50% shall be paid upon satisfactory completion and receipt of the items into ELOHIM FOUNDATION warehouse. However, ELOHIM FOUNDATION reserves the right not to pay mobilization fee to any vendor without assigning any reason to the vendor.

(ii) New/Irregular Vendors/Suppliers

New vendors are those that have not done any business with ELOHIM FOUNDATION. New vendors are also those who have not successfully executed more than jobs with ELOHIM FOUNDATION or have had broken relationship with ELOHIM FOUNDATION in the last on year.

New/irregular vendors/suppliers shall not be paid mobilization fees for approved LPO. Fifty per-cent (50% of the cost of items to be procured shall be paid after 50% satisfactory completion of the job. The balance of 50% shall paid after satisfactory completion and delivery of the items into ELOHIM FOUNDATION warehouse.

(iii) Mobilization/Cash Advance to Vendors

A vendor who does not require mobilization or cash advance payment shall be given preference in a bid selection. ELOHIM FOUNDATION Procurement Coordinator shall work towards reduction in cash advance to vendors.

(15) GUARRANTY

Vendors/suppliers at the discretion of ELOHIM FOUNDATION management may be required to provide ELOHIM FOUNDATION with a bank guarantor for procurement contracts above N600,000 where mobilization fees are to be paid to the vendor.

(16) MODE OF PAYMENT

All payments for amounts above Ten Thousand Naira (N10, 000) shall be by check, except for the payment for diesel (because of uncertainties/difficulties associated with this item) and other items where the vendors/suppliers do not accept check.

Cash may also be paid where the vendor would not deliver unless check has cleared with the bank or cash received, and this may delay acquisition of such materials, goods and services.

All check shall be made payable to the registered business name of the vendor/supplier, except where the individual is also the company.

On payment by cash, where a vendor will not accept payment by cheque, payment by bank draft (demand draft) or bank transfer direct to vendor's account should be negotiated for before payment on cash

(17) PRODUCTS/GOODS DELIVERY

Products/goods ordered must conform to the specifications in the requisition/specification form. To ensure this, samples of products/goods ordered shall be made available the vendor/supplier to the Procurement Coordinator for approval by the SM user department before final production/purchase by the vendor/supplier.

Finished product/goods shall be delivered to the procurement Coordinator who shall select a reasonable sample of the products/goods and compare them with the approved sample to ensure conformity by the Procurement Coordinator and user dept.

Manager shall sign the delivery note if the products/goods are acceptable before the goods are delivered to the Warehouse Materials Coordinator who shall take delivery and issue a good received note to the vendor/ supplier. A copy each of the receipt from the vendor and the good received note shall be forwarded to the Finance Manager for the purposes of payment.

TRACKING OF GOODS

(18) RETURN OF GOODS

Goods/products and services that fail to conform to the approved samples shall not be accepted from the vendor/supplier. Such goods/products and services shall therefore be returned to the /supplier with a cover letter from the Procurement Coordinator, explaining why the products/goods or services are not accepted. Returned goods/products shall not be paid by Elohim Foundation. If the vendor has been paid a mobilization fee, such mobilization fee shall be paid back to Elohim Foundation. Where it is possible that non-conforming products/good could be amended, the GM user department shall agree to the amendments. The Procurement Coordinator shall then write to the amendments, which must be effected before the products/goods are accepted.

(19) INVOICE PROCESSING FOR PAYMENT

The following shall be the processing for payment:

1. The vendor/supplier shall submit an invoice for settlement directly to the Finance Manager.

2. The finance Manager shall match the vendor's invoice with his copy of the Purchase order/ supports and the Goods Received Note.
3. The Finance Manager shall ensure that the price, quantity, terms of payment per vendor's invoice conforms to the terms of the Purchase order (or contract),

ELOHIM FOUNDATION
PETTY CASH POLICY

1.0 Policy Statement

Petty cash funds are to be used for small, incidental purchases. Procedures have been established to encourage an effective administration and internal control of cash handling operations throughout the foundation.

2.0 Purpose

The purpose of this Policy is to communicate the effective use and security of the Elohim Foundation petty cash funds. This policy guides individual departments on the use of petty cash, their responsibilities in preventing loss and/or discrepancies in the balance of petty cash fund, and satisfying financial audit requirements through compliance with established procedures.

3.0 Procedures and Rules

Request for Petty Cash Fund

Requests for establishment of petty cash funds from Departments should be directed to the departmental heads. All requests are subject to the approval of the department's supervisor. The custodian must be a permanent employee of the foundation and must accept responsibility for the fund. To establish a petty cash fund, the department must submit a request by completing the *Petty Cash Request* form.

The request will be reviewed for approval by the Designee.

Once the request is approved, a notification will be sent to the Department Supervisor and arrangements for disbursement of funds will be made.

PETTY CASH FUND LIMITS

a. At all time, the petty cash fund must not be more than **NGN50, 000.00** fifty thousand naira only.
b. The value of cash to be expended from the petty cash fund at any singly expense must not be more than **NGN10, 000.00** ten thousand naira only.

Expenditures and Reimbursements

1. Receipt must be obtained for each petty cash expenditure. Such receipts normally include cash register or handwritten vendor receipts, paid vendor invoices, or properly approved "Received of Petty Cash" slips. For each expense, the following information must be documented.
   - Payee (employees who make purchases from personal funds and are reimbursed through petty cash should sign the receipt)
   - Date of Purchase,
   - Amount,
   - Purpose or description of purchase.

2. To obtain replenishment of petty cash funds, an Obligation Expense Vouch (OEV) form must be used. The form, with all applicable receipts attached, shall be submitted to the Accounts Payable Departments for processing. The OEV must be signed by the custodian of record and the department supervisor to which the expenses are charged.

3. The petty cash fund can only be replenished when the fund level is below **NGN20,000.00** twenty thousand naira

4. **Prohibited Uses**
   - Petty cash funds may not be deposited into personal bank accounts.
   - Departments may not establish bank accounts for petty cash funds.
   - Petty cash funds must not be commingled with other monies, such as personal funds of employees.
   - Purchases of goods and services for more than NGN10, 000.00 should not ordinarily be made with petty cash.
   - Requisitions or a foundation purchasing card, rather than petty cash funds, should be used instead, unless approved by the ED.
   - Petty cash funds may not be expended for Employment salary and travel expenses or similar payments to individuals.
   - Payment of personal checks or IOU_s
   - Payroll advances, travel advances, and loans to employees.
   - Cashing checks for employees or other individuals.
   - Reimbursement for entertainment expenses. Such expenditures should be submitted to Accounts Payable in compliance with EF Accountable Expense Plan
   - Petty Cash funds should not be used for purchasing food beverages or kitchenette supplies

5. **Maintenance and Security of Funds**
   - Petty cash funds should be properly secured at all times. Access to the funds should be restricted to one-person (e.g., the petty cash custodian or the Department Supervisor).

   - Cash on hand and receipts for disbursements must always equal the assigned amount

of the petty cash fund. Therefore, the custodian responsible for the petty cash fund must keep a log of each transaction with paid receipt describing the goods or service purchased

6. **Review of Petty Cash Funds**
   1. Monthly, the Petty Cash custodian is responsible to count the petty cash fund to ensure that the fund has the correct total of petty cash and reimbursement vouchers.

      A record of these counts is to be reviewed by the supervisor and transmitted to the ED on a monthly basis. Attached is a sample copy of the count sheet in Appendix A.

   2. Annually, the petty cash custodian and department head, or designee, shall review each petty cash fund under their control and verify the following
      a. The fund is still needed for the amount authorized.
      b. The sum of cash on hand and receipts for unreimbursed expenditures is equal to the amount which has been authorized.
      c. The funds are secured and NOT deposited in a separate bank account
      d. The custodian is the custodian of record
      e. This petty cash policy and supplemental guidelines has been reviewed and the fund is being used in accordance with this policy.

   3. Records kept by individual departments should provide clear documentation of petty cash expenses. This information should always be readily available for review by the Bursar in the Business Office.

   4. Petty cash funds are subject to unannounced verifications by the Bursar and/or designee. At the time of the audit, the petty cash custodian must provide a full accounting of the fund

7. Changes to a Petty Cash Fund

   a. Petty cash funds which are dormant or are no longer required should be closed.

   b. In case of theft, EF Security and the EDs Office should be immediately notified and a copy of the Incident Report submitted.



Petty Cash Request Form

_____ New Request _____ Increase Request

Amount Requested: _____

Purpose for Petty Cash Funds:

_____

_____

_____

Assigned Custodian of Funds (Print Name)

I have read and will comply with the Petty Cash Policy & Procedure

_____

Signature of Petty Cash Custodian

_____ _____ _____

Department Head of Department

_____ _____

Signature Date

Petty cash funds must be kept in a lock box or safe at all times.