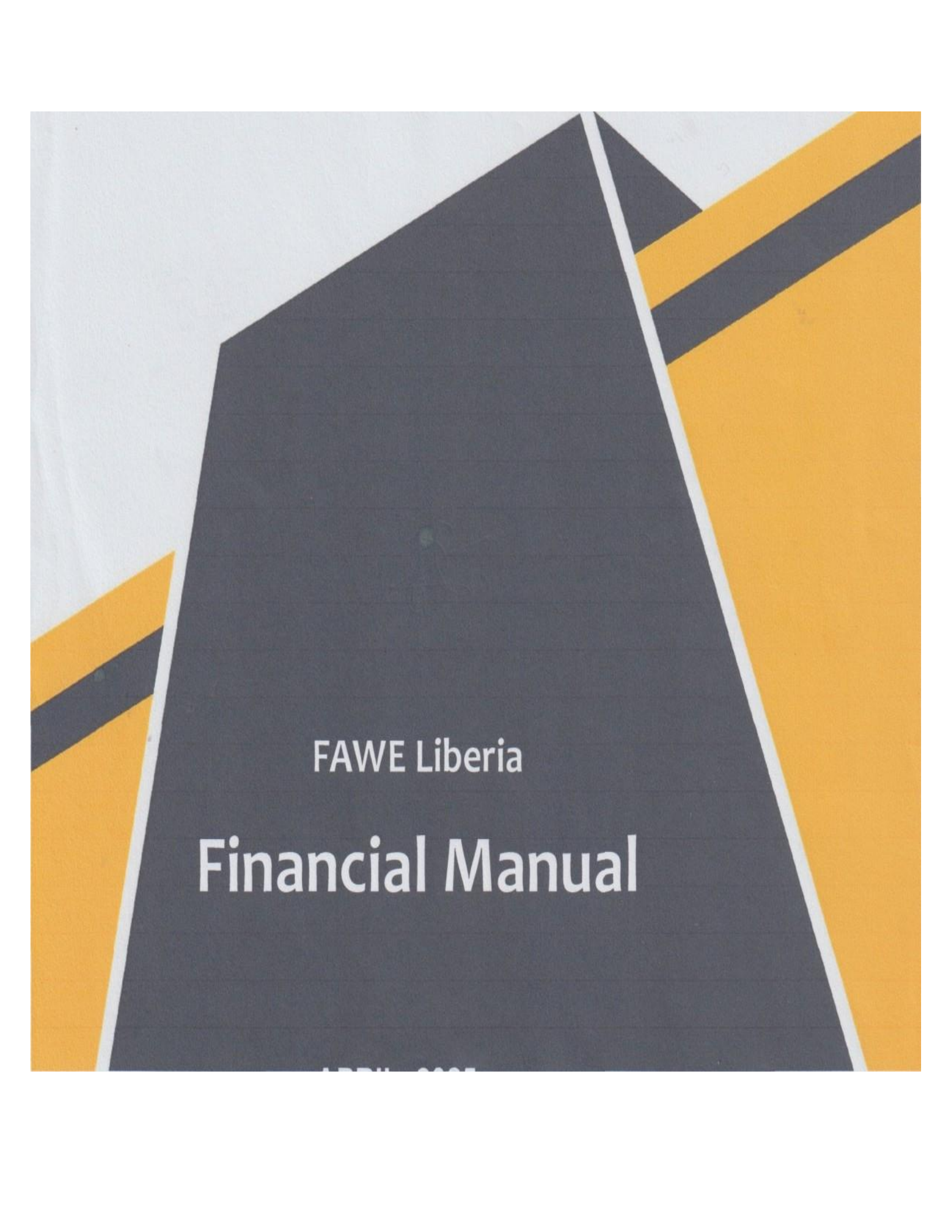




FAWE Liberia

Financial Manual

1994-2005

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Statement by the National Coordinator

As the **National Coordinator** of the **Forum for African Women Educationalists (FAWE) Liberia**, I am pleased to present this **Financial Manual**, which serves as a vital guide to our financial management policies, practices, and standards.

FAWE Liberia is committed to upholding the highest standards of transparency, accountability, and integrity in all aspects of our operations. This manual provides the framework for managing our financial resources effectively, in alignment with both our internal governance structures and the legal and regulatory requirements of the Republic of Liberia. It also ensures compliance with donor expectations and internationally accepted financial practices.

The purpose of this manual is to establish clear financial procedures and internal controls that will guide our staff in the proper handling of funds, procurement, budgeting, and reporting. It promotes efficiency, safeguards against fraud and mismanagement, and supports strategic decision-making for the success of our programs.

All staff are required to familiarize themselves with the contents of this manual and to adhere strictly to the policies and procedures outlined herein. Budget Holders, Finance Staff, Program Managers, and all relevant personnel play a crucial role in ensuring the financial health and sustainability of our organization. Your commitment to these standards is key to FAWE Liberia's continued credibility, growth, and impact.

Together, let us ensure that our financial practices reflect the values of excellence, responsibility, and service that define FAWE Liberia.

Hon. Millias Z. Sheriff, MBA, M.Ed., PGD, BSc.

NATIONAL COORDINATOR

Forum for African Women Educationalist (FAWE Liberia)

Monrovia, Liberia

1.1 Purpose of this Manual

This **Financial Manual** serves as the cornerstone of **FAWE Liberia's** financial management system. It provides comprehensive guidance on financial policies, procedures, and internal controls, and is designed to ensure consistency, accountability, and transparency in the use of organizational and donor resources.

All **FAWE Liberia** staff are required to read, understand, and apply the procedures set forth in this manual. The document shall be accessible at all times, forming an integral part of employee induction, training, and compliance systems.

The purpose of this manual is to:

- Establish **standard financial procedures** in compliance with the Government of Liberia's *Public Financial Management Law (2009)*, relevant Income Tax Regulations, and the *Public Procurement and Concessions Act (PPCA)* of 2010;
- Ensure that FAWE Liberia adheres to the **core principles of good governance**, accountability, and donor compliance;
- Define **roles, responsibilities, and authority levels** to prevent misuse of resources and enable proper financial delegation;
- Enhance **transparency and efficiency** in programme implementation through rigorous financial and procurement controls;
- Promote the **separation of duties** among financial, administrative, and programmatic staff to reduce risk of fraud or mismanagement;
- Provide a **framework for budgeting, reporting, procurement, and audits** in line with international accounting standards (IFRS for NGOs) and guidelines from the *Liberia Institute of Certified Public Accountants (LICPA)*;
- Serve as a **reference guide** during internal or external audits, donor assessments, and compliance reviews.

1.2 Basic Principles of Financial Management

Effective financial management is essential to the success and sustainability of FAWE Liberia's programs. It ensures that financial resources are efficiently used, risks are minimized, and stakeholders are confident in the integrity of our systems.

The following four elements are critical to strong financial management, as recognized under both international best practices and national frameworks in Liberia:

1.3 Internal Controls

Internal controls are systems and procedures put in place to safeguard assets, ensure the accuracy and reliability of financial data, and promote operational efficiency. These include:

- **Authorization levels** for expenditures, payments, and commitments;
- **Segregation of duties** between authorization, custody, and record-keeping functions;
- **Bank reconciliations**, physical asset verifications, and surprise cash counts;
- Use of **pre-numbered vouchers** and checks;
- Compliance with the PPCA on procurement thresholds and competitive bidding.

1.4 Accounting Records

Accurate and up-to-date accounting records provide the basis for sound decision-making and financial reporting. These must:

- Be kept in line with **International Public Sector Accounting Standards (IPSAS)** and LRA income reporting guidelines;
- Record all transactions **chronologically and systematically** using double-entry bookkeeping;
- Be supported by **source documents** (receipts, invoices, contracts);
- Be maintained in both **manual and electronic formats**, using software compliant with donor requirements and national tax policies;
- Allow for **auditable trails** from original documents to financial statements.

1.5 Financial Planning

Financial planning involves budgeting and forecasting activities to ensure that resources are allocated to achieve strategic objectives. **FAWE Liberia** will:

- ➔ Develop **annual budgets** linked to strategic and operational plans;
- ➔ Use **cash flow projections** and scenario planning for financial sustainability;
- ➔ Ensure that all budgets are **approved by the Board** and shared with donors;
- ➔ Maintain **cost allocation policies** for shared resources across projects;
- ➔ Align financial planning with the **Medium-Term Expenditure Framework (MTEF)** encouraged by the *Ministry of Finance and Development Planning (MFDP)*.

1.6 Financial Monitoring

Financial monitoring enables timely identification of issues, tracking of expenditures, and compliance with budget limits. This includes:

- ➔ **Monthly budget variance analysis** to monitor actuals vs. budget;
- ➔ **Quarterly financial reports** to the Board, donors, and stakeholders;
- ➔ **Project-specific financial monitoring** in line with grant agreements;
- ➔ Conduct of **internal audits** and external annual audits;
- ➔ Application of **risk management policies** including fraud prevention mechanisms.

2. Internal Controls

2.1 Finance Responsibilities

The overall responsibility for financial oversight and accountability at **FAWE Liberia** rests with the **National Coordinator** and the **Executive Committee**. While the day-to-day financial operations may be delegated to the **Finance Department** and budget oversight assigned to designated **Budget Holders**, the National Coordinator and Executive

Committee must remain actively engaged. They are ultimately accountable for ensuring that:

- Financial procedures are consistently followed;
- All expenditures are appropriate, justified, and within approved budgets; □
Financial and reputational risks are identified and minimized.

All **senior managers, finance personnel, check signatories, and budget holders** are expected to lead by example in maintaining the highest standards of financial integrity, transparency, and accountability.

2.2 Role of Budget Holders

Budget Holders are typically program or project managers entrusted with the financial responsibility for their respective areas. Their responsibilities include:

- Actively participating in the **planning and development of project budgets**, ensuring alignment with program objectives;
- Ensuring that **expenditures remain within the approved budget limits**;
- Maintaining **accurate and timely financial documentation** to support all transactions;
- Collaborating with the Finance Team to produce **regular budget performance reports**.

2.3 Financial Responsibility of All Staff

All **FAWE Liberia** staff share the responsibility for safeguarding the organization's financial and material resources. Staff must:

- Exercise **diligence, honesty, and integrity** in handling all funds and resources;
- Comply strictly with **approved financial procedures** when spending or requesting reimbursement of funds;
- **Refrain from using organizational resources for personal purposes** unless prior authorization is obtained, in which case full and prompt reimbursement must be made;
- Immediately report to a **senior manager or finance officer** any suspected breaches of financial procedures, irregularities, or fraud.

2.3.1 Appropriate experience and skilled staff

- ➔ All finance staff must have job descriptions clearly setting out their responsibilities ➔ Finance staff should be suitably qualified and experienced.
- ➔ All finance staff to receive induction into policies including minimum financial controls, budgetary controls and transaction recording.
- ➔ Every staff member (not just finance staff) should understand their financial responsibilities and have a clear statement in their job description of those responsibilities.
- ➔ All staff should receive the training and support they need to carry out their financial management responsibilities.

2.3.2 Segregation of Duties

- ➔ All finance roles need to be shared between more than one person, so that one person does not have sole responsibility for a process without it being checked by someone else (e.g. the bank reconciliation should be checked by someone who did not complete the reconciliation or record transactions in the cash book).
- ➔ Segregating duties helps protect staff who are responsible for finance or handling cash.
- ➔ There should also be physical controls by restricting access to cash, stock and other assets.

2.3.3 Accounting and Financial Management Controls

- ➔ These include checking the arithmetical accuracy of records and the preparation of reconciliations on at least a monthly basis.
- ➔ There needs to be supervisory procedures in place including reviewing the management accounts promptly with reference to budgets and variances, carrying out special reviews such as surprise cash counts, taking physical inventories of assets etc.

See section 5 on Financial Monitoring.

2.3.4 Authorization of Expenditure

FAWE's daily financial activities shall be designated to personnel with different functions and responsibilities. The below listed personnel shall be responsible for preparing, reviewing, and authorizing of accounting forms, and other documents.

1. **National Chairperson:** Shall review payment request and sign checks for withdrawal.
 2. **National Coordinator:** Shall review and approve all payment requisitions, vouchers, Purchase Orders, Cash Count Reports and sign all checks for withdrawal.
 3. **Project Officer:** In consultation with the Finance Administrator shall prepare requisitions for project implementation.
 4. **Finance Administrator:** Shall verify payment vouchers review all requisitions, Purchase Orders, Cash Count Reports, and Goods Received Notes. Shall also prepare periodic financial reports, including yearly reports, supervise annual audit, inspect cash books, review bank records and shall report directly to the National Coordinator.
 5. **Finance Officer:** shall prepare all payment vouchers, write checks reconcile bank statement, maintain daily cash transactions into cash book and other accounting books. Shall assist with preparation of all financial reports.
 6. **Logistics Officer:** Shall purchase goods and services and obtain proper external supporting documents or process internal documents. The Logistics Officer shall prepare all purchase requisitions, Purchase Orders, and issue Goods Received Notes
- ↳ Everyone should understand what their financial responsibilities are.
 - ↳ A more junior member of staff must not authorize a transaction for a more senior member of staff and no member of staff should authorize a transaction that benefits them personally

- There should always be more than one person involved in every expenditure item.
- All items of expenditure must be allocated to the correct expenditure code and approved by the individual Budget Holder who has authority over the budget line.

2.4 Procurement

Procurement at FAWE Liberia shall be guided by the principles of transparency, value for money, competitiveness, and accountability. The following procedures must be strictly adhered to when procuring goods and services:

- **Budget Confirmation:** Prior to initiating any procurement, the **Budget Holder** must confirm that funds are available within the approved budget. The Finance Department may provide advice or verification, but it is the **Budget Holder's responsibility** to ensure budgetary provision.
- **Requisition Process:** A **Purchase Requisition Form** must be completed by the relevant **Section Head** or **Project Officer**, verified by the **Finance Administrator**, and submitted for approval to the **National Coordinator**.
- **Quotation Requirements:** For purchases of **US\$500.00 / L\$25,000.00 and above**, a minimum of **three (3) pro-forma invoices** or quotations must be obtained from different reputable vendors. The supplier offering the **best combination of quality and reasonable pricing** shall be selected.
- **High-Value Purchases:** For purchases exceeding **US\$5,000**, the **National Coordinator** or the **Finance Administrator** must be directly involved in the negotiation and selection process to ensure compliance with procurement standards and to mitigate risk.
- **Bid Analysis:** If the chosen quotation is significantly **higher or lower than the price stated in the initial requisition**, a **Bid Analysis Report** must be prepared by the requester. This report must be verified by the Finance Administrator and approved by the National Coordinator before proceeding.

- **Responsibility for Low-Value Purchases:** Purchases **below US\$5,000** shall be executed by the **Logistics Officer**, following the necessary requisition and approval procedures.
- **Advance Payments:** **Advance payments are not permitted** unless expressly authorized under exceptional circumstances. Refer to Section 2.2.1, *Payment of Goods*, for further details.
- **Conflict of Interest:** **FAWE Liberia** prohibits procurement from any **relative of staff** or from organizations that **employ relatives of staff**, to avoid real or perceived conflicts of interest. Exceptions may only be made where:
 - The purchase demonstrates clear value for money;
 - Approval is granted by **at least two senior staff members** not related to the supplier or staff member involved.

All staff involved in procurement are expected to act with the highest level of **professional integrity**, ensuring that all transactions are **fair, transparent, and in the best interest of FAWE Liberia**.

2.4.1 Payment of Goods

- Goods and services should only be paid for once they have been received and verified. Payments should not be made in advance.
- No staff members or relative of staff members should benefit directly from the purchasing of goods.
- A payment request form should be filled in before the payment can be made.
- The payment request form with the invoice and all other documentation are passed to the Budget Holder and all authorized persons to sign off.
- The check is written, including filling out the check stub and writing the payment date and check number on the authorized payment voucher.

- The check is passed for signing by the relevant signatories according to the bank mandate. All paper work should accompany the payment for signing so the signatory can clearly see what they are paying for.
- Where possible all payment will be made by check.

2.4.2 Proof of Payment

- Payment vouchers and checks shall be issued as instruments of payment by FAWE
- FAWE's official receipts shall be used as instruments for cash receipts
- Requisitions slips, invoices, bid of analysis, purchase orders and goods receiving notes shall serve as source documents for payment vouchers or check payments.
- Paid vouchers and checks stubs, duplicate copies of receipts issued shall be used to make entries into journals.

2.5 Bank Accounts and Cash Management

2.5.1 Bank Accounts

- The National Chairperson in consultation with the Executive Committee shall consider and decide the number of bank accounts to be operated in the name of FAWE Liberia, in what currencies the bank balances are to be maintained and in which specific banks the balances are to be kept.
 - Separate checking accounts for USD and LD shall be established in the name of FAWE.
- All payments except petty cash shall be done using checks.

2.5.2 Bank Signatories and Check Signing Powers

There shall be three signatories to the bank account of FAWE as follows:

1. National Chairperson
2. National Coordinator
3. National Treasurer

A minimum of two signatories shall be required to sign checks for withdrawal at a given time.

- Signing powers for signature must not be evaded by signing multiple checks for a single purchase.
- Check signatories should understand their responsibilities; they have an obligation to question any transaction they are not happy with regardless of what it is for.
- Checks must only be signed when all the relevant documentation is attached.
- Signatories should **never** sign blank checks.
- Check books should be kept in a locked drawer or safe.
- All checks prepared but not yet paid shall be kept in FAWE's safe.

2.5.3 Cash Management

- All cash must be kept in a locked box in the safe or a secure, locked drawer.
- The cashier will be responsible for the key to the safe and for distributing the cash. The cashier must not authorize the use of cash.
- In the absence of the cash custodian the cash shall be controlled by an acting custodian designated by the Finance Administrator in consultation with the National Coordinator. The amount of cash should be kept to a minimum. The level of cash should be no more than \$1,500.00 USD.
- The petty cash custodian with the finance officer and the finance administrator shall conduct a physical count of cash on hand in the middle and at the end of each month.
- The cash count report shall be signed by the petty cash custodian, and approved by the national coordinator.
- The fund will be replenished once it is 75% exhausted.

Before the cash is replenished the cash should be reconciled by someone other than the cashier at least every two weeks. This involves counting the cash in the cash box and checking it against the balance on the cash book.

- ➔ A request for a 'top-up' check should be raised in the same way as other checks.
- ➔ When a 'top up' has been collected from the bank one person counts the cash into the cash box in the presence of someone else. Both parties sign a cash deposit voucher to confirm the amount received
- ➔ Miscellaneous 'cash 'income' of value greater than \$10 equivalent (e.g. sale of goods) is deposited immediately into the bank and NOT used to 'top up' the cash. Keeping such income separate will make control of cash easier.

2.5.4 Staff Floats

- ➔ Wherever possible goods and services should be paid for on the production of invoices after the receipt of goods using checks; however as this is not always possible, it may be necessary for an individual to take an advance to pay for goods.
 - ➔ A staff float system will be established for the payment of all expenses below US\$50 and L\$2,000. Any single staff float disbursement shall not exceed US\$49 and L\$1,500.
- ➔ FAWE shall establish a separate petty cash fund for both USD transactions and LD transactions
- ➔ A float request form should be completed; this includes the name of person making request, the amount requested, reason for request and the budget code for the expected expenditure.
- ➔ When several payments need to be made by cash, a float request must be completed in advance to ensure that the necessary is available
- ➔ This must be authorized by the Budget Holder and the National Coordinator but not the individual taking the advance.

- ➔
- ➔ The cashier makes payment and recipient signs form to say they have received the cash.
Floats should be recorded in the cash book under the outstanding float code NOT an expense code. Any balance in the outstanding float code is owed by the staff member until the production of receipts or full repayment.
- ➔ No further float should be given unless the previous one has been fully accounted for by the recipient. Therefore, no staff member should have more than one float at a time.
- ➔ Details should be kept of all staff advances so that there is a record of the amounts owed at any time.
- ➔ As soon as the purpose for the float has occurred, the staff member needs to fill out the bottom half of the form and attach the (original) receipts and any other documentation.
- ➔ All staff floats must be fully accounted for with receipts after the items have been paid.
- ➔ All staff floats should be authorized when they are returned.
- ➔ When the float has been accounted for, the staff float should be transferred from the outstanding float code to the appropriate expense codes on the cashbook with the voucher number as the reference.
- ➔ For ease of retrieval, float request forms should be filed by voucher number order.
- ➔ Potentially settling the float may result in returning some of the initial float or requiring an additional payment, this should occur immediately.

2.5.5 Bank Reconciliations

- ➔ Financial records must be checked against bank statements for all bank accounts every month. This will highlight any unusual activity in the bank account and help prevent errors or fraud.



- ➔ To complete a bank reconciliation, the balance in the bank account as per the bank's records is compared to the balance as per the organization's cash book.
- ➔ Items on the bank reconciliation should be monitored, and any errors should be investigated and corrected.

All bank reconciliation shall be done by the Finance Officer, inspected and verified by the Finance Administrator and approved National Coordinator.

2.6 Fraud Policy

FAWE Liberia is committed to maintaining the highest standards of integrity, transparency, and accountability in all its operations. Fraud, corruption, and any other form of financial misconduct are strictly prohibited and will not be tolerated under any circumstances. The organization shall implement robust mechanisms to **prevent, detect, investigate, and respond to fraud** across all departments and activities.

2.6.1 Definition of Fraud

Fraud is defined as any intentional act of deception, misappropriation, or dishonesty undertaken to obtain an unauthorized benefit, whether financial or otherwise. This includes, but is not limited to:

- ➔ Theft or misappropriation of cash, inventory, or other assets;
- ➔ Falsification of financial or procurement records;
- ➔ Submission of false claims for expenses or reimbursements;
- ➔ Unauthorized use of FAWE assets for personal gain;
- ➔ Collusion with vendors or third parties to inflate prices or award contracts unfairly;
- ➔ Manipulation of accounting records or misstatement of financial reports;
- ➔ Conflicts of interest that are concealed or not properly managed; ➔ Bribery or facilitation payments to influence decision-making.

2.6.2 Fraud Prevention and Detection Mechanisms

To mitigate the risk of fraud, **FAWE Liberia** will implement and enforce the following controls:

- **Internal and External Audits:** Regular financial and operational audits will be conducted to ensure adherence to approved policies and procedures.
- **Proper Supervision and Segregation of Duties:** Responsibilities shall be clearly defined and separated to prevent any one individual from controlling all aspects of a financial transaction.

- **Whistleblower Mechanism:** A safe and confidential reporting system will be established to allow staff and stakeholders to report suspicions or knowledge of fraud without fear of retaliation.
- **Risk Assessments:** Periodic risk assessments will be carried out to identify and mitigate potential areas of vulnerability.
- **Mandatory Training:** All staff, particularly those involved in finance, procurement, and administration, shall undergo periodic training on ethics, anti-fraud awareness, and compliance.

2.6.3 Zero Tolerance Approach

FAWE Liberia adopts a **zero-tolerance policy** on fraud and corruption. Any staff member, service provider, contractor, or partner found to have engaged in fraudulent activities shall face **disciplinary action**, including possible **termination of employment or contract**, legal proceedings, and recovery of misappropriated funds.

2.6.4 Reporting Fraud

All suspected cases of fraud must be reported immediately to the **National Coordinator**, **Finance Administrator**, or designated **Compliance Officer**. Reports may also be submitted anonymously through approved whistleblower channels. FAWE guarantees that all reports will be treated with confidentiality and thoroughly investigated in accordance with due process.

2.6.5 Examples of Fraud

- Forging of receipts/checks
- Obtaining receipts for a higher amount than was paid
- Not returning unspent cash advances
- Forging of checks
- Signing of blank checks or payment vouchers in advance

- Stealing of any kind
- Unauthorized selling of the organizations' properties or projects' properties ➤ Connecting with an outsider or an insider to rob the organizations.
- An unauthorized transaction of business of any kind in the name of an organization ➤ Misapplying the organization funds or project fund.
- Dishonestly obtaining money, assets, use of assets, services, information or advantage for the individual concerned or for a third party (e.g. a contractor)
- Dishonestly causing a loss, damage or disadvantage to the organization or another party (e.g. contractor, individual, employee, donor, and volunteer).

2.6.6 Steps which should be taken if fraud is detected:

- Limit potential loss (e.g. review safe keeping of checkbooks, money, assets, and as appropriate alert bank, suspend bank signatory/ies if appropriate)
- An investigation board shall be constituted promptly to establish the facts
- If the suspected fraud has been committed by an employee, they must be suspended while the investigation is being conducted, following the Disciplinary Procedure.
- If the suspected fraud involves a partner's employees, a formal written complaint should be made to the partner as soon as the fraud is detected.
- A report written and action taken.

2.6.7 Where fraud is proven against one or more individuals:

- Use of the disciplinary process- usually dismissal is warranted
- Let other interested parties know details of the incident as appropriate to prevent others from future loss: e.g. donors, colleagues, other NGOs, members of the public.
- Recover the loss where possible by arrangements with the fraudster. In some cases deduction from final salary or benefits may be possible without their permission- but take legal advice. Legal action for recovery of funds should only be taken after careful consideration of legal advice.

- ↳ Complete the report of the fraud
- ↳ Ensure lessons are learned and shared if fraud is the result of any internal control weaknesses. Discuss with auditor. Strengthen relevant internal controls

3. Accounting Records

3.1 Required Financial and Administrative Records

FAWE Liberia is committed to maintaining accurate, complete, and up-to-date accounting records that comply with recognized financial management standards and donor requirements. The following key documents and registers must be maintained as part of the organization's financial management system:

- a) **Cash Books:** A **separate cash book** must be maintained for each **bank account** and each **petty cash box**. These books must be updated regularly to reflect all transactions and reconciled monthly with bank statements.
- b) **Supporting Documentation Files:** All financial transactions—both income and expenditure—must be supported by valid source documents (e.g., receipts, invoices, contracts, payment vouchers). These documents should be **filed in sequential order** according to **voucher numbers** and organized by fiscal year.
- c) **Fixed Asset Register:** A detailed register of all organizational assets must be maintained, including asset descriptions, purchase dates, serial numbers, location, custodian, and depreciation schedules. The register must be updated whenever assets are acquired, disposed of, or relocated.
- d) **Vehicle Logbooks:** A **logbook must be maintained for each vehicle** owned or operated by **FAWE Liberia**. This should capture all vehicle movements, fuel consumption, servicing records, and authorized users.
- e) **Monthly Payroll Records:** A comprehensive **payroll sheet must be prepared monthly**, listing all staff salaries, allowances, statutory deductions, and net payments. Payroll must be reviewed and approved before disbursement.
- f) **Staff Advance Register:** A dedicated register must record all **staff advances** issued for travel, activities, or operational purposes. This register should include advance amounts, dates issued, purpose, repayment deadlines, and balance tracking.

g) **Cash Float Register:** Where **cash floats** are issued to staff (e.g., for field activities), these must be recorded in a register that details the float amount, purpose, staff responsible, and date of liquidation or replenishment.

3.2 Record Retention Policy

All financial and administrative records must be **retained for a minimum of six (6) years, or longer if required by specific donor agreements, national regulations, or audit requirements**. Records must be stored securely in a manner that ensures their accessibility, confidentiality, and protection from damage or loss.

3.3 Coding Structure

- A standard chart of accounts should be used to code all the transactions.
- The code of accounts should be kept as straightforward as possible but enable the information to be analyzed both on type of expenditure and by project.
- The chart of accounts needs to be drawn up based on projects, each project should have codes for income, staff costs, office running costs, and programme expenditure.
- All budgets and accounts should be drawn up using this chart of accounts and they should be directly linked to the activity plan.

3.4 Cash Books

- All cash and bank transactions must be recorded in a cashbook.
- A separate cashbook should be kept for every bank account and petty cash box.
- Cash books should include:
 - *Date of transaction*
 - *Brief description of item*
 - *A unique reference number (such as a check number/ receipt number)*
 - *Amount spent*
 - *Relevant accounting code*

- The cashbooks should clearly show income and expenditure separately.
- Physical records should back up all transactions in the cashbook and clearly show the check amount, check number, budget code and who authorized the payment.
- Cashbooks should be maintained and updated regularly, at least once a week (this can be on QuickBooks, other accounting package or excel). The longer the record keeping is left, the more difficult it will be to reconcile.

3.4 Filing of Paper Records

- It is important for transparency and accountability that all financial transactions can easily be linked to supporting documents (i.e. supplier invoices) – this is called the audit trail.
- There must be a paper record for every item of income and expenditure (whether paid by check, petty cash or bank transfer).
- The paper records must be easily retrievable. It must be easy for anyone to find the paper record for each financial transaction recorded in the accounts.
- Paper records should be filed by payment voucher number.

4. Financial Planning

4.1 Budgetary Control

Effective financial planning is essential for ensuring that FAWE Liberia's resources are allocated efficiently and in alignment with its strategic and operational goals. Budgetary control is a key component of financial planning and must be observed by all departments and staff involved in financial management.

The following principles shall guide the organization's approach to budgeting and financial control:

- a) **Realistic Budget Estimates:** Each fiscal year, comprehensive and **realistic estimates of income and expenditure** must be prepared. These should reflect actual funding prospects and anticipated operational needs.
- b) **Alignment with Strategic Objectives:** All budgets must be **directly linked to FAWE Liberia's strategic and operational plans**, ensuring that financial resources support the achievement of programmatic goals.
- c) **Activity-Based Budgeting:** A **clear connection must exist between planned activities and the financial resources required** to implement them. This approach enhances accountability and enables effective evaluation of value for money.
- d) **Project-Specific Budgets:** Each project must have a **distinct and detailed budget**. This promotes transparency, facilitates donor reporting, and ensures proper monitoring of project-specific expenditures.
- e) **Responsibility of Budget Holders:** Budget Holders, typically project managers or department heads, are **responsible for preparing accurate budgets and ensuring that expenditures remain within approved limits**. They must closely monitor spending to avoid overspending or misallocation.
- f) **Support from Finance Staff:** The finance team shall **provide Budget Holders with timely and accurate financial reports and guidance**, enabling them to make informed decisions and maintain effective budgetary control.
- g) **Oversight by Finance Administrator:** The Finance Administrator is responsible for reviewing all expenditures to ensure they are **appropriate, allowable, and within the approved budget**. They must also ensure budget revisions are made in accordance with changing conditions or project needs.
- h) **Expenditure Authorization and Coding:** All expenditures must be **properly coded according to the organization's chart of accounts** and approved in accordance with the **Financial Authorization Policy**. Only authorized personnel may approve expenditures against specific budget lines.

5. Financial Monitoring

5.1 Financial Reporting

Effective financial monitoring is essential for informed decision-making, ensuring transparency, and fulfilling donor and regulatory requirements. FAWE Liberia's financial year runs from **January 1st to December 31st**. To support management, executive members, and development partners, a structured financial reporting system is in place.

5.1.1 Monthly Financial Reports

The Finance Department shall prepare and submit the following reports on a monthly basis:

- **Budget Variance Report:** compares actual expenditures and income to the approved budget, highlighting significant variances and their justifications.
- **Income and Expenditure Report:** summarizes all revenues and expenses incurred during the month.
- **Cash Count Report:** reconciles physical cash balances with book records to verify cash-on-hand.
- **Bank Reconciliation Statement:** reconciles cash book balances with bank statements to ensure accuracy and completeness of transactions.

These reports must be **shared and reviewed with the Senior Management Team (SMT)** during regular monthly finance meetings to ensure proper oversight and timely corrective action where needed.

5.1.2 Quarterly Financial Reports On

a quarterly basis:

- **Budget Holders** are required to conduct a detailed review of budget performance, analyzing any significant **variances between planned and actual figures**.
- A **reforecast of income and expenditure** for the remainder of the year must be prepared, factoring in year-to-date performance and updated projections.
- The quarterly forecast allows the Senior Management Team to:
 - Determine if projected income is sufficient to cover forecasted expenditures.
 - Make strategic decisions on income generation or cost-cutting measures if a shortfall is anticipated.

These quarterly reports strengthen forward planning and financial risk management.

5.1.3 Annual Financial Reports

At the end of each financial year, the following annual reports shall be prepared:

- **Statement of Income and Expenditure:** summarizes all revenues received and expenses incurred during the year.
- **Balance Sheet:** presents the organization's financial position, including assets, liabilities, and net assets as of December 31st.
- **Annual Budget Variance Report:** provides a comprehensive overview of budget performance throughout the year.

All annual financial statements must be **audited by a reputable and independent external auditor** in accordance with generally accepted auditing standards. For more details on the audit process, refer to **Section 8** of this manual.

6 Human Resources

6.1 Salaries, Allowances and Expenses

6.1.1 Payroll

- All payments to staff should be included in the payroll to ensure that the correct tax liabilities are calculated in accordance with local law. This includes overtime payments and bonuses.
- Payroll and salaries must conform to local taxation and social security regulations.
- A payroll listing should be produced on a monthly basis, this should include:
 - *Gross Salary*
 - *Tax to be deducted*
 - *Employee and Employer Social Security*
 - *Other deductions (loan repayments, personal use of vehicles – all of which should be clearly explained)*
 - *Net Salary to be paid*
- The payroll must be reviewed and signed off by the National Coordinator and the Finance Administrator.
- If possible, payroll should be paid via a bank transfer or else by check.
- A salary control account should be used to record salary transactions, this is to ensure that all salary payments are monitored and recorded.
- A monthly reconciliation of the salary control account should be prepared. The account should zero once all the payments have been made to staff, tax, social security, loans etc.
- All relevant government payments should be deducted and paid over within the correct time frame.

6.1.2 Salary Advances

- ➔ An employee of FAWE shall be entitled to salary or wage advance if requested. Not more than 40% of a monthly salary/wage or contract fees shall be given as an advance. An advance shall only be given at the middle of a month or at the middle of contract period.
- ➔ All advances requested shall be verified by Finance Administrator and approved by the National Coordinator. All salary/wage advances shall be paid by employee through salary or contractor's fee deduction.

6.1.3 Staff Expenses and Per Diems

- ➔ Reasonable staff expenses can be reimbursed. Each partner should set out a policy for staff expense and per diems, ensuring that it complies with local tax requirements.
- ➔ No expenses claims should be authorized by the person making the claim even if they are the Budget Holder. The claim should be authorized by their line manager.
- ➔ All claims should be backed up by receipts for every item and attached to a payment request form or a petty cash voucher depending on the method of payment
- ➔ If possible, it is better to work on an expenses and reimbursement system but where impractical FAWE will consider a per diem system. FAWE will confirm per diem rates with donors on any donor funded projects.
- ➔ No-one should ever be able to double claim for any costs incurred when travelling. For example, if per diems are designed to cover food and accommodation, then neither food nor accommodation can be claimed in addition to the per diem.

7. Asset Management

Effective asset management is essential to ensuring the responsible use, protection, and sustainability of FAWE Liberia's physical and financial resources. This section outlines the policies and procedures for acquiring, recording, safeguarding, maintaining, and disposing of the organization's assets.

All assets owned or controlled by **FAWE Liberia**, such as equipment, vehicles, furniture, and other fixed assets, must be managed in a manner that ensures optimal use, accountability, and alignment with donor and organizational requirements. These procedures are designed to prevent loss, theft, or misuse of assets and to maintain an accurate and up-to-date record of all assets throughout their lifecycle.

This section must be adhered to by all staff involved in the acquisition, custody, use, or disposal of assets, and must be read in conjunction with **FAWE Liberia's** procurement, finance, and audit policies.

7.1 Fixed Asset Management

- ➔ Any asset with a durable life span of more than a year shall be considered by FAWE as Fixed Asset. Disposal of any asset acquired by a donor shall only take place when authorized by the donor. Assets acquired with FAWE's own funds shall be disposed of with the approval of the Executive Committee.
- ➔ A Fixed asset register will be established to ensure proper control over fixed assets. This should include description of asset, date of purchase, supplier details, condition, asset number, make and model, serial number, location, purchase price.
- ➔ A separate page for each type of asset will make it easier to review (vehicle, general office equipment, computer equipment)
- ➔ When an asset is sold details of disposal date, disposal price, buyer's details and reason for sale should be recorded.
- ➔ It is good practice to perform a fixed asset inventory check on an annual basis. This ensures that the register is up to date and all assets are accounted for.
- ➔ The assets should be marked so that they are clearly identifiable as the partners' assets and include the register reference number.
- ➔ The plans for the replacement of fixed asset should be looked at as part of the three year planning cycle.

7.1.1 Method of Depreciation

A straight line method of depreciation shall be used to value all assets acquired by FAWE. The annual rate depreciation for each asset shall be as follows:

ASSET	RATES (%)	ESTIMATED USEFUL LIFE
Building	2.5%	40 years
Office Equipment	16.67%	6 years
Office Furniture	10.00%	10 years
Vehicles	33.33%	3 years
Generators	10.00%	10 years
Phone	25%	4 years
Computers & Electronics Assets	25%	4 years

7.2 Vehicles

The logistics officer should take responsibility for monitoring all aspects of vehicle management (This should be different from the main user of the vehicles). Their duties would include:

- i. Ensuring there is adequate insurance cover
- ii. Ensuring that road duty charges are paid
- iii. Ensuring compliance with repairs & maintenance procedures
- iv. Monitoring repairs and maintenance costs by vehicle
- v. Monitoring fuel consumption by vehicle
- vi. Ensuring the drivers are completing the vehicle log book
- vii. Monitoring personal usage and ensuring it is recorded properly and the deductions made from payroll.
- viii. Preparing a quarterly report to the person covering the above. Such information will check how the vehicle was used in the last month and will assist

in making decisions regarding when to replace vehicles and which vehicles to replace first.

7.2.1 Use of Vehicles

- Vehicles should be only used for official business. The Logistics Officer should consider this and put appropriate controls in place to ensure that vehicles are not used as a source of income.

7.3 IT Security

- FAWE should have appropriate IT systems in place to ensure that information is protected.
- This will ensure that the information is available for future reference and is unchanged as well as keeping sensitive information confidential.
- The key controls that should be in place over the IT system are:
 - a) Regular back up of the data – at least once a week and must be stored on a disk off site.
 - b) User access restrictions
 - c) Anti-virus protection
 - d) Firewall
 - e) Compliance with data protection regulations
 - f) Consistent filling systems.
- Backups must be done at least once a week and stored on a disk off site by a senior member of staff in an identified, secure location.

8. Audit

8.1 Preparation for the Audit

FAWE Liberia shall engage the services of an **independent external auditor** to conduct an **annual audit** of its financial records and statements. The audit process is not only a compliance requirement but also a strategic tool for strengthening **financial management, accountability, and internal controls**.

Key provisions for audit preparation include:

- The audit must be conducted **annually**, following the close of the financial year.
- The audit process should begin **no later than two months after the fiscal year-end** to ensure timely financial reporting.
- External auditors shall be **engaged well in advance** of the year-end to allow sufficient preparation time.
- The audit should serve a **constructive role**, providing professional advice and recommendations to enhance FAWE's internal control environment and financial reporting practices.
- The selection of external auditors must follow a competitive and transparent process. FAWE shall **re-tender the external audit engagement at least every four (4) years**. Current auditors may reapply, and if they continue to offer the best value and quality of service, they may be retained.

8.1.1 Criteria for Auditor Selection

When evaluating potential audit firms, **FAWE Liberia** shall assess them against the following criteria:

- **Firm Background and Reputation**
- **Experience with Non-Governmental Organizations (NGOs)**

- **Registration and Good Standing** with a recognized professional accounting or regulatory body
- **Qualification and Competence of Assigned Audit Personnel**
- **Proposed Audit Approach and Methodology**
- **Audit Timeline and Duration**
- **Familiarity with Computerized Accounting Systems**
- **Cost and Value for Money**
- **Availability of Ancillary Services** (e.g., tax advisory, training)
- **References and Track Record with Similar Organizations**

8.1.2 Auditor Selection Process

To ensure transparency and value, **FAWE Liberia** shall undertake the following steps when selecting external auditors:

- Solicit **tenders from at least three (3)** qualified audit firms. Referrals and recommendations may be sought from other NGOs to identify reputable firms.
- Issue a **formal tender invitation letter**, outlining the scope of work, key timelines, selection criteria, and submission requirements. (A sample tendering letter is provided in the appendices and may be adapted for context-specific use.)
- Conduct a **comprehensive evaluation** of all submitted proposals using the above criteria.
- Prepare an **evaluation report** detailing the assessment of the top three shortlisted firms, including justification for the final recommendation and selected audit firm.

Exceptions, Review, and Approval

- Exceptions: Written approval by Executive Director or Board.
- Review: Annually or on significant changes.

Review by:

Executive Director: _____

Hon. Millias Z. Sheriff

Date: 07/07/26

Approved by:

Chairperson, Board of Directors: _____

Atty. Evelyn M. Barrow

Date: 07/07/2026

