



# ACCOUNTING, PROCUREMENT AND ADMINISTRATIVE PROCEDURES MANUAL

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## **Account Codes**

**Policy:** To provide accuracy, completeness and consistency in the recording of project costs. PS maintains financial records, supporting documents, statistical records and all other records in accordance with the International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS).

### **Procedures:**

1. When a cost is recorded in the system it will be assigned to the account and project code to which it belongs irrespective of whether or not money remains in the budget to cover the cost.
2. In determining to what account code an item should be charged, the Chart of Accounts will be consulted. Similar costs must be charged to the same account code.
3. When new expense codes are created, a new chart of accounts will be distributed to staff. General codes are related to the office expenditures while every project has specific code.

## **Bank Reconciliation**

**Policy:** To assure control over cash and completeness of records, the accounting records will be reconciled to the bank statement for each bank account on a monthly basis. The reconciliation will be done as soon after the close of the month as possible but no later than the second of the month. If the full bank statement is not available, the computer records may be used, but the bank statement must be attached at a later date.

### **Procedures:**

1. External independent accountant is responsible for reporting to the government.
2. Systematically go through the bank statement and check off each amount as it appears on the bank statement and then the corresponding amount in finance table.
3. Financial and Compliance Officer should review the cleared transactions for appropriateness. Any transactions that are unclear should be scrutinized.
4. Once the Executive Director has reviewed the bank reconciliation, she should sign and return to the Financial and Compliance Officer Program or Project and Office Coordinator for filing.

## **Cash**

**Policy:** To assure that cash is disbursed only when properly documented and approved. Cash should be used only in cases when wire transfer is not possible, in a case of urgency or as petty cash for small office supplies and taxi receipts.

**Purpose of Form:** The purpose of the Cash Count form, and a book is to provide a standardized format for the reconciliation of the office safe.

### **Procedures:**

1. Only the Financial and Compliance Officer, and Project and Office Coordinator may access the safe. In the event that the Financial and Compliance Officer or Project and Office Coordinator will be absent, then custody of the safe can be turned over to the Program Officer. Prior to turning over the safe, the contents must be counted and verified by both the Financial and Compliance Officer, and the Program Officer using the Cash Count form, and the book. If the Financial and Compliance Officer is absent unexpectedly, a duplicate key will reside with the Executive Director and the Financial and Compliance Officer can do a Cash Count in order to turn the safe over to the Program Officer. Upon return of the Financial and Compliance Officer, a Cash Count shall be performed and the safe turned back over to him. The person in charge of the safe is responsible for its contents.
2. If an approved Payment Request Form (PRF) is to be paid in cash, it will be presented to the custodian of the safe and he/she will count out the cash.
3. Upon receipt of the cash, the payee will certify that he/she has received payment in full. This payment will be witnessed by the custodian of the safe, and appropriate receipt
4. The copy of the PRF/receipt will be given to the payee. The original will be attached to the documentation.
5. Upon payment, the cash disbursement should be recorded in finance tables.
6. File the voucher package in a folder in the safe. The voucher package should be in the following order: Cash Disbursement Voucher, Payment Request Voucher and accompanying documentation if any. Once the Cash in Office account has been reconciled, the voucher package will be filed with the rest of the documentation.

## Cash Receipts

**Policy:** To provide control over cash receipts and assignment to correct programs.

**Procedures:**

1. To document the receipt of the funds, a Cash Receipts Voucher will be completed.
2. Checks that are received in payment of amounts due will be deposited at the bank within 10 working days of receipt. A Cash Receipts Voucher will be completed for each deposit and a copy of the check and the deposit receipt attached.
3. Each deposit will be entered in. If there are several checks they will be credited to the proper account separately but only one debit to the bank account will be recorded. For example three checks have been received Check 1 for a small project in the amount of 20,000 rsd, Check 2 a reimbursement for an unspent advance 5,000 rsd and Check 3 a refund from a vendor for returned supplies 10,000.

The entry is as follows:

|                 |        |
|-----------------|--------|
| Project 1       | 20,000 |
| Advance Account | 5,000  |
| Supplies        | 10,000 |

## Cash Reconciliation

**Policy:** To maintain close control over cash.

**Procedures:**

1. Using the Cash Count form, count the cash in the safe. The amounts must be verified by two persons – Executive Director and another person designated by the Executive Director.
2. Compare the ending balance from last month’s reconciliation to the beginning balance of the month being reconciled. The two should match. If they do not, the discrepancy must be investigated.
3. Take the voucher packages from the safe that have been paid in the month and check them off.
4. Check off any deposits that were made during the month.

5. File the voucher packages.

### **Instruction for wire payment**

**Policy:** To maintain strict control over payments and assure that all invoices are issued and recorded correctly.

**Purpose:**

Instruction for payment: Assures proper documentation and approval of payment order.

**Procedures**

1. When an invoice/pro-forma invoice is received, it will be checked for accuracy before issuing of the payment order.
2. Once determined that the Invoice/pro-forma invoice is accurate and completely filled in an instruction for payment will be prepared by the Financial and Compliance Officer or Project and Office Coordinator. A copy of the payment order will be made and attached to the invoice/pro-forma invoice. If payment is made through E-banking, only date of payment will be on the invoice/pro-forma invoice.
3. Prior to being presented for signature to the authorized signatory, the invoice/pro-forma invoice will be entered into finance table.
4. Enter the complete name of the vendor or person to whom the payment is made out to. This should be the same as the name appearing on the invoice/pro-forma invoice.
5. Enter the amount, a description of the transaction and the account number. This should be the same as on the invoice/pro-forma invoice.
6. It is important that the amount on the payment order be exactly equal to the amount of the invoice/pro-forma invoice. Payment orders must be individually entered.
7. When the check has been signed, the check should be given to the payee and the voucher package filed.
8. In a case of VAT exemption, VAT certificate should be attached to the invoice/ pro-forma invoice.
9. For project purpose, a supporting document as a proof of payment is bank statement. In a case when we have more payments on one bank statement, only one bank statement will be delivered to a donor.

## Equipment

**Purpose:** To maintain solid control of equipment purchases, insure proper capitalization and depreciation when required, and safeguard productive assets.

### Policy:

1. Equipment will be divided into three classes: --non-expendable, expendable, and distributed equipment. Non-expendable equipment is equipment whose per unit cost, including shipping, but excluding accessories not permanently attached to the unit, exceeds 5,000 eur and has a life of 2 years or more. Expendable equipment are fixed assets over which PS wants to maintain control (bookcases, desks, etc.) but which do not meet capitalization standards. Distributed equipment is equipment purchased for distribution to PS grantees, or other beneficiaries of PS programs--i.e. not used by PS staff. In any doubt, PS will apply IAS.
2. All PS equipment, expendable and non-expendable, will be tagged and recorded.
3. Software, unless it has a unit cost of 5,000 eur or more will be treated as a consumable supply.
4. An inventory of all equipment will be taken on an annual basis during the month of January.

## Outside Contractual Services/Consultants

**Policy:** To maintain control over outside contractual services and be sure that the terms of the engagement are clear to all parties.

### Procedures:

1. Determine the type of services and approximate cost that you want to obtain.
2. Assure that there are sufficient funds in the budget to obtain these services.
3. Review Serbian procurement regulations to determine the level of competition required to obtain the services.
4. For personal service engagements—i.e. consulting agreements, you must develop a detailed scope of work that gives definite deliverables and you must demonstrate that the price is reasonable either on a daily rate basis or a fixed price one. The Executive Director must approve the Scope of Work.
5. Contact qualified consultants to do an initial screening. Prepare a list of qualified consultants for submission to the Executive Director. If you do

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not put out a competition for consultant services because you believe the person you have selected is uniquely qualified you must document your decision with a justification memo and a copy of the persons resume.

6. The qualified consultant can go through the single tender procedure if we believe that this person is uniquely qualified, and when the contract value is under 10.000 EUR per year.
7. Once you have located a provider, negotiate the terms with the provider. At this point you will need to document the reasonableness of their rate either via a biodata or knowledge of consulting rates. Ask for outside references. In the case of outside services, the Executive Director should sign any contract given by the provider. It should be signed by the Executive Director or his designee.

### **Petty Cash**

**Policy:** To provide cash in the office for minor items without opening the office safe. For increased control, the Petty Cash Custodian will be a staff person outside of accounting. The level of Petty Cash shall be set at 25,000 rsd. The maximum individual expense that can be paid from Petty Cash is 10,000 rsd. Amounts in excess of 10,000 rsd need to flow through the regular Payment Request procedures.

#### **Procedures:**

1. A check will be issued in the name of the Petty Cash Custodian for 25,000 rsd.
2. The Petty Cash Custodian will keep the Petty Cash in a locked cash box.
3. When a staff member requires petty cash for an individual expense, he/she will make a verbal request to the Petty Cash Custodian.
4. If the Petty Cash Custodian determines the request is a legitimate one and within the Petty Cash limits, he/she will record the amount requested in the Petty Cash Book.
5. The person receiving the amount will sign the Petty Cash Book certifying the amount received.
6. When the person receiving the petty cash has completed the transaction, he/she will bring the receipt back to the Petty Cash Custodian plus any unused funds.
7. The Petty Cash Custodian will log in the receipt and the cash returned.
8. Regardless of the amount remaining, the Petty Cash Report should be prepared at least once every month.

## **Instructions for Petty Cash Report**

### **Expenses**

1. Description of Expense: Provide a description of the expense you are reporting.
2. Date: Give the date the expense was incurred. This should be the date on the receipt.
3. Project/Account: In the next blank column enter the project and the account that the expense is to be charged against. If the expense is a common cost and is to be distributed to all projects, leave the project code blank.
4. Continue with each expense until all expenses have been listed.

### **Final Section**

1. When you have entered all the expenses, count the cash remaining in the Petty Cash Fund. Then enter the amount of advances out standing from Petty Cash Log.
2. Sign and date the form.

## Procurement

**General Procurement Policy.** This Manual establishes Partners' policies and procedures for: the acquisition procurement/contract and delivery of those goods and services crucial to its operations. Partners' policies and procedures are designed to ensure that procurement activities will occur within the guidelines of good business practices and in the timeliest, efficient, cost effective and transparent manner possible.

Unless stated otherwise, these policies and procedures will apply to all procurement actions irrespective of:

1. Funding Source (When the funding source and Partners' procurement practices are in conflict, Partners will comply with the donor's procurement policies and requirements.
2. Currency of Payment, or
3. Method of Payment.

In the event of any conflict between this Manual and other internal documents, the policies and procedures in this manual will prevail.

**Procurement Guidance.** All staff involved in procurement will follow the procedures outlined in this Manual. These include:

- transparency of the procurement process,
- anti-collusion provisions
- other safeguards against corruption.

**a. Evaluation Criteria for Goods.** Evaluation criteria in the bid documents may include:

- Best value for money, including discounts
- Highest quality
- Shortest delivery terms
- Successful and continuous relationship with the vendor
- Training services and programs, as needed
- Quality and level of maintenance provided, if appropriate; and
- Best warranty, including longest period.

**b. Evaluation Criteria for Consulting Services.** Evaluation criteria in the bid documents may include:

- Quality of technical expertise and response
- Capability and relevant experience of proposed staff/consultants
- Evidence of previous experience with the proposed services
- Cost
- Ability to meet target delivery/completion dates

It is important to be as open and transparent as possible with regard to procurement procedures, selection criteria, and individual awards. Transparent measures include:

- maintaining consistency in procurement functions,
- determining evaluative criteria prior to issuing solicitation documentation,
- comprehensive written records being maintained, and
- completely documenting the procurement process.

- Avoidance of conflicts of interest, including bias and unfair competitive advantage:
  - You must ensure that competitions are not biased in favor of one offeror over another. For instance, any member of an employee's immediate family must not receive an award, or have a financial or other interest in the individual or firm selected for an award.
  - Unfair Competitive Advantage. You must ensure that no potential contractor has unequal access to information that may provide that contractor an unfair competitive advantage. For instance, a potential contractor who has received procurement sensitive information, such as others' offered prices that are not available to all competitors must be excluded from the competition.

**Purpose:** To assure that PS obtains good value for any supplies or services purchased.

**Policy:**

1. PS will seek to procure from reliable vendors that can be depended upon for delivery and service.
2. PS procurement under grants will be carried out under the provisions of the grant agreement.
3. PS will maintain a list of regular suppliers from which it obtains goods. The list should include more than one vendor for any particular type of good or service used on a regular basis. This list will be based on the vendor's proven ability to provide good services or goods at competitive rates.
4. For equipment purchases in excess of 1,000 EUR 3 bids must be provided.

**Procedures:**

- A. Small purchases (under 2,500 EUR).
  1. Identify the need.
  2. Obtain approval from the Financial and Compliance Officer.
  3. Obtain a price from one of PS's regular suppliers. Based on the price quoted you may chose that vendor or you may investigate other potential suppliers. You should investigate other potential suppliers if the price quoted by the regular supplier seems high. The price quoted and the supplier should be given to the Financial and Compliance Officer for further review.
  4. Once approved proceed with the procurement.
  
- B. Purchases more than 2,500 EUR
  1. Identify the need and approximate price.
  2. Obtain approval from Finance and Compliance Officer to proceed with a procurement.
  3. Obtain a price from one of PS's regular suppliers. Based on the price quoted you may chose that vendor and fill in the single tender report form with justification why you have choose that vendor, or you may investigate other potential

suppliers. However, you are strongly supported to solicit bids from at least three vendors. For purchases under 5,000 EUR, the solicitation may be verbal but must be documented. Bids may be solicited from vendors not on PS's list of regular vendors, but prior to placing an order references and/or other evidence of reliability must be obtained. For purchases above 2,500 up to 10,000 EUR bids should be documented and in writing.

4. Upon receipt of the invoice, complete a Payment Request Form and attach the invoice and Vendor Selection Form, obtain the necessary approvals and submit to accounting for payment.
5. If a non-expendable (unit cost of 5,000 EUR and life of two years or more) good is being procured under a grant agreement see below for further instructions.

C. Purchases over 10,000 but under 25,000 EUR

Purchases over 10,000 must be approved by the Executive Director. The same steps are followed as for purchases over between 2,500 and 10,000 EUR except for the following:

1. Written specifications must be sent to at least 3 vendors. If time is a constraint, specifications can be given to fewer than 3 vendors if the vendors are on PS's list of regular suppliers. However, the final package must contain a written justification for going to fewer than 3 vendors.
2. The bids must be received in writing.
3. A written justification for the bid selected must be

attached.

4. D. Purchases over 25,000 EUR

The same steps are followed as for purchases over 10,000 but under 25,000 EUR except for the following:

1. Written specifications must be sent to at least 3 vendors.
2. The Negotiation Tender Form is not obligatory, however, you should use it when additional justification is necessary. The ratio should be always "the best value for money".

E. Contracting for Consultant Services

1. All contracts for consulting services must be approved by the Executive Director.

2. A contract must be drawn up which contains all the applicable provisions of the sample consultant agreement

F. Purchases Under Grants

Purchases under grants are subject to the same requirements as other purchases except that for non-expendable purchases, the grant agreement must be reviewed to ascertain if any additional approvals are required.

## **Signatory Authority**

**Purpose:** Establish clear authority over signature authority.

### **Policy:**

1. Unless delegated specifically by the Executive Director, the Executive Director must sign all agreements and contracts 2,500 EUR or more. This includes any extension of current agreements which would make the aggregate total of all contracts more than 2,500 EUR. For example if a consultant who had an original contract for 500 EUR was offered a second contract for 2000 EUR, the Executive Director would be required to sign the second contract since the aggregate value is now 2,500 EUR.
2. In all cases, the procurement process must be followed before entering into an agreement for services or materials.
3. The Executive Director can delegate signature authority in writing. However, for contracts in excess of 25,000 EUR this can be done only on a case by case basis. For example the Executive Director could delegate signature of consultant agreements to the project manager responsible for the project. However, if an agreement was in excess of 25,000 she /he would have to delegate responsibility for that specific agreement.

## **Meals & Incidentals**

**Financial and Compliance Officer or Project and Office Coordinator should issue travel log with the following:**

1. Location: Enter the location where you were staying. Use a separate line for each location if you moved from one location to another.
2. Date In: Enter the date you arrived at the location.
3. Date Out: Enter the date you left the location.
4. Days: Enter the number of days you were at the location.
5. Rate: Enter the allowed rate for the location. (not obligatory)
6. Supporting documents should contain:
  1. Amount to be charged: Based on the calculated amount enter the amount of the per diem to be charged to the designated project.
  2. When you have entered all the expenses, enter the amount of the advance you received. If the advance is greater than the expenses, you will need to return the funds to PS. If the advance is less than the expenses, complete a Payment Request Form.
  3. Sign and date the form.

## **Timesheets**

**Purpose:** To maintain strong controls over time charges to projects.

**Policy:** Personnel cost is a major component of the costs of a project. It is important to maintain strong and timely controls over these charges. All PS employees will maintain daily timesheets.

### **Procedures:**

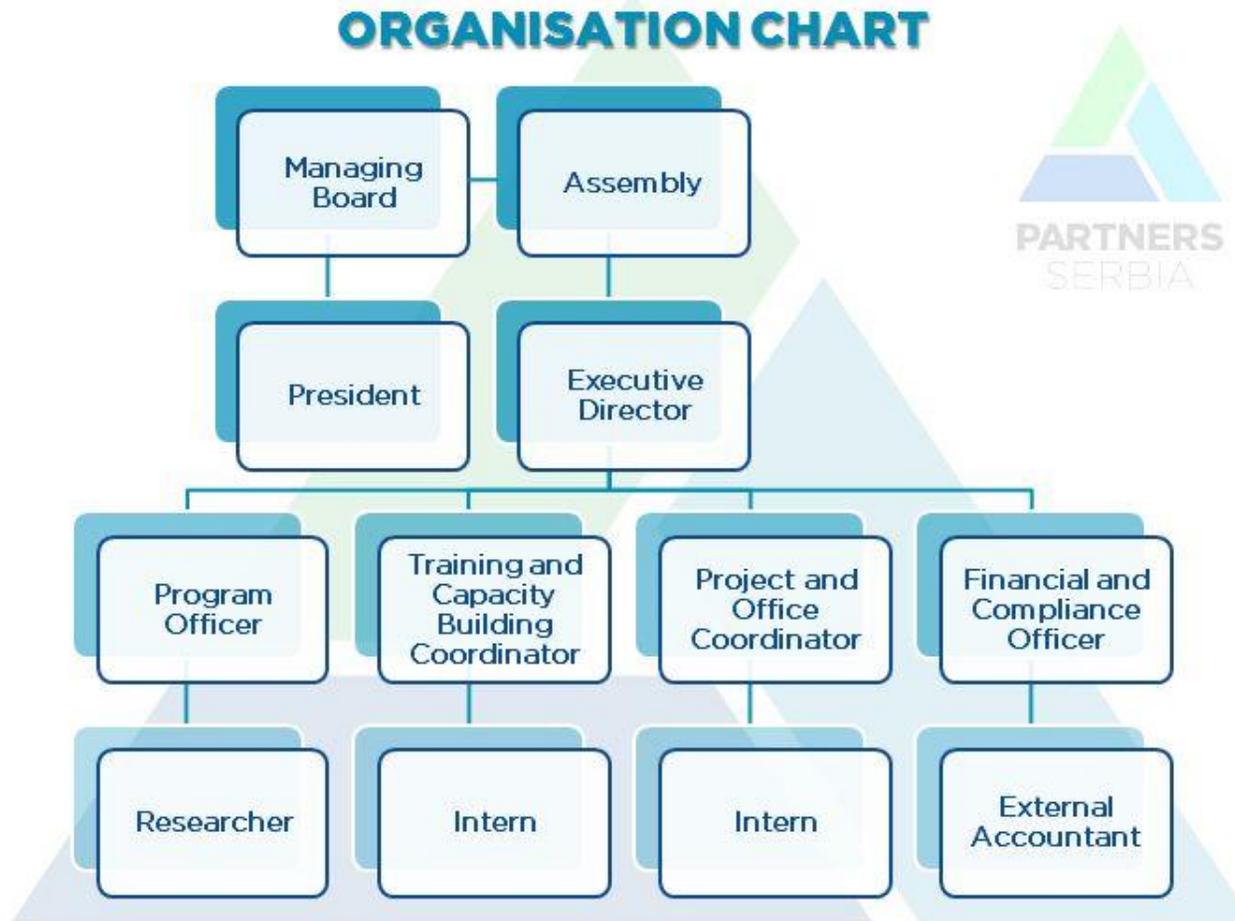
1. At the beginning of each pay period every employee should obtain a timesheet for paper form or use the computer template (preferred)
2. The timesheet should be filled out daily. A normal work week for PS employees is eight hours including lunch per day for five days a week.
3. Timesheets should be filled out by on the computer.
4. A leave request form should be attached to the timesheet for any vacation, sick, or personal days taken. By its nature sick leave is rarely foreseen. However, each employee is responsible for completing a leave request for sick leave after the fact. This is necessary so that the Executive Director/Supervisor (depends on project) can be certain that the employee had sick leave available.
5. At the end of the pay period, the employee should submit the timesheet to his/her Supervisor for approval. The Supervisor should carefully review the timesheet to be sure that it is properly filled out--hours are correct, columns and rows have been totaled, approvals obtained, etc. If the supervisor is not available, his/her designated deputy should review and approve the timesheet.
6. The Supervisor (or his/her designee) should send the completed timesheets to Finance and an external accountant by the close of the next working day following the end of the pay period. If the Supervisor has not received a timesheet from the employee, he/she should not wait, but forward all timesheets that have been received as of that date.
7. Timesheets are due in Finance by the close of business of the day following the end of the pay period.
8. Paydate for PS will normally be the last day of each month. No employee will be paid unless a properly filled out timesheet has been

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submitted to Finance for the preceding pay period.

9. It is the responsibility of each employee to assure that the submission is timely. Employees whose timesheets are late will receive one warning Finance that their timesheets have not been received before the payroll run is processed.
10. Persistent late submission of timesheets may render the employee liable to disciplinary action.

### Main Roles and Responsibilities



Partners Serbia organization chart

| <b>Actions</b>   | <b>Responsible Party</b>  |
|--|---|
| Internal Control – all Administrative and Financial Procedures | President of the Managing Board   |
| Closeout of the Projects                                       | Executive Director  |
| Requests Procurement   | Any Employee  |
| Drafts the Solicitation  | Project Officer, Financial and Compliance Officer, and Project and Office Coordinator |
| Distributes Solicitation                                       | Project Officer, Financial and Compliance Officer, and Project and Office Coordinator |
| Review Responses   | Project and Financial and Compliance Officer, and Executive Director                  |
| Vets Winning Bid   | President of the Managing Board and Executive Director                                |
| Fills In Procurement Template                                  | Project Officer, Financial and Compliance Officer, and Project and Office Coordinator |
| Reviews Procurement Instrument                                 | Financial and Compliance Officer & Project and Office Coordinator                     |
| Obtains Signatures   | Financial and Compliance Officer & Project and Office Coordinator                     |
| Monitors Instrument's Execution                                | President of the Managing Board and Executive Director                                |
| Control in accordance with Serbian regulations                 | External Accountant   |