Global Financial Framework

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Contents

Glossary

The following acronyms and abbreviations are used throughout this document.

AD	Area Director	MDP	Mectizan® Distribution Programme
AO	Area Office	MIS	Management Information Systems
AGM	Annual General Meeting of trustees	MT	Management Team
CD	Country Director	Myportal	Sightsavers Intranet
CEO	Chief Executive Officer	NTD	Neglected Tropical Diseases
CO	Country Office	PCI	Payment card industry data security standard
COO	Chief Operating Officer	PDDT	Partner Due Diligence Tool
DGLA	Director of Governance, Legal & Assurance	PFA	Project Funding Agreement
DPA	Data Protection Act	PM	Programme Manager
DPO	Data Protection Officer	PMR	Planning, Monitoring & Reporting team
FD	Finance Director	PO	Purchase Order
FMF	Financial Management Framework System	PPR	Planning, Performance & Reporting team
FO	Finance Officer	RD	Regional Director
FSSA	Finance & Support Services Assistant	RFSSM	Regional Finance & Support Services Manager
FSSM	Finance & Support Services Manager	RO	Regional Office
FSSO	Finance & Support Services Officer	ROAR	Reflect, Oversight, Analysis & Review group
GARM	Group Accounting & Reporting Manager	S2B	Online-banking system
GDPR	General Data Protection Regulation	SFM	Senior Finance Manager
GTM	Group Treasury Manager	SM	Safeguarding Manager
HMRC	Her Majesty's Revenue and Customs (UK tax authority)	SCB	Standard Chartered Bank
IC	Investment Committee	SORP	Statements of Recommended Practice
INGO	International non-government organisation(s)	T&C	Terms and Conditions
KPI	Key performance indicator	VfM	Value for Money
MDA	Mass drug administration		

1. Introduction

1.1 Why is a Global Financial Framework needed?

Sightsavers' vision and mission:

Sightsavers' vision is of a world where no one is blind from avoidable causes and where people with disabilities participate equally in society.

Sightsavers' mission is to prevent avoidable blindness and fight for disability rights.

This strategic framework breaks down the strategy into key objectives, one of which is "***Using resources strategically and effectively***". To fulfil this objective, there needs to be a proper and effective financial management and control framework that is integral to the day-to-day activities of the organisation, which is the purpose of this document.

Sightsavers is registered as a UK Charity and as such is regulated by the UK Charity Commission. The charity owes a statutory duty of care to its donors to ensure that funding received is spent as intended and in accordance with the objectives, as set out in Sightsavers' governing document. A proper and effective system of financial management and control is an essential part of fulfilling this statutory duty. It is also the hallmark of any efficient organisation.

Sightsavers' financial management and control framework is multifaceted, incorporating

- Governance
- organisational structure
- appropriately skilled, qualified, accountable and supervised managers and staff
- documented corporate policies
- established internal procedures and processes and
- external monitoring including audit.

This Financial Framework document pulls together key information on the main areas of financial management and control within Sightsavers.

The main objectives of the Financial Framework document are:

- To outline the globally applicable financial policies and procedures
- To be a central reference point for all Sightsavers' staff.
- To convey an important message to our external stakeholders that Sightsavers has sound financial controls and accountability as part of our day-to-day activities as an organisation.

The document is a "framework" and is not designed to provide a position on every possible circumstance, so guidance from the CO, RO and the UK office finance managers and directors should be sought where there are matters of uncertainty. It is also worth noting that whilst this is a global framework there will still be instances where there may be different local regulations and practices, specifically for subsidiaries and divisions, which are not discussed in this document.


SIM card: Strategy map
Sightsavers
Our vision: No one is blind from avoidable causes; visually impaired people participate equally in society.
Our mission: To eliminate avoidable blindness and promote equality of opportunity for disabled people.
Ultimate aims
Governments ensure quality eye care is universally available as an integral part of wider health systems.
Governments ensure all children with disabilities receive a quality education within the wider education system.
Visually impaired people are equal members of society and governments implement obligations under international conventions for people with disabilities.
People with disabilities actively seek eye care services.
Beneficiaries
What must we achieve for our beneficiaries?
1 Demonstrate scalable cost effective approaches to eye care which strengthen health systems.
2 Demonstrate scalable cost-effective approaches to the development of inclusive education for children with disabilities in their local context.
3 Demonstrate effective approaches that impact positively on the inclusion and empowerment of people with disabilities.
4 Deliver integrated neglected tropical disease programmes in support of agreed global targets.
Capacities
What do we need to excel at to deliver for our beneficiaries?
5 Develop effective programme implementation partnerships.
6 Ensure high quality programmes.
7 Develop effective and joined-up advocacy.
8 Establish strong strategic networks and alliances.
Learning & growth
Where do we need to invest in order to excel?
9 Develop organisational capabilities.
10 Establish adequate specialist/technical expertise.
11 Generate and disseminate sound research and evidence.
12 Establish effective information sharing systems.
Resources
How do we ensure we are resourced adequately?
13 Grow our income.
14 Use resources strategically and efficiently.
Sightsavers
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www.sightsavers.org

1.2 Who should use the Global Financial Framework?

The Global Financial Framework is not only relevant to finance staff: **it is a tool for everyone in Sightsavers to use and be familiar with**, for example:

- Do you manage an office or team at Sightsavers?
- Do you work directly with Sightsavers' partners?
- Do you travel on behalf of Sightsavers?
- Do you authorise payments?
- Do you handle cash in your role?
- Do you incur expenditure chargeable to Sightsavers?
- Do you get involved with forecasting and funding plans?
- Do you purchase equipment for partners and projects?
- Do you procure goods or services on behalf of Sightsavers?
- Do you have involvement with auditors?

If so then you will need to use, understand, and make reference to the Global Financial Framework document.

1.3 How to use the Global Financial Framework?

The Financial Framework has been structured according to the main financial activities carried out within Sightsavers. The chapters also show roles and responsibilities, and some useful dos and don'ts. The Framework chapters follow a logical order but are self-contained. To navigate to a particular section from the contents page, place the mouse cursor over the chapter heading, press the 'Ctrl' button on the keyboard, and left click the mouse.

It is intended that the Framework will not duplicate policies and procedures documented in other established Sightsavers' manuals but will reference these documents where applicable. If there are any contradictions between the Financial Framework and other Sightsavers' policies and manuals please inform the FD as soon as possible.

In most instances, references to other policies/manuals will be accompanied by a link to the location of the document on Myportal. The final pages of this Framework contain a list of the most relevant policies and procedures along with a description and a link to their location.

1.4 Mechanisms for updating the Framework

A full formal review and update process is carried out twice yearly and this will be the responsibility of the FD with support from the Global Finance Team. However, the document is fluid and continuous and in-year updates are encouraged if material. If any member of staff identifies that an interim update of any section is required, they should advise the FD.

An up-to-date version of the manual will be stored on My portal. Any material changes will be communicated to the Global Finance Team. It is the responsibility of each member of finance staff to ensure that the staff in their office have been informed and inducted on each new version released.

2. Governance, Legal and Assurance

This chapter explains Sightsavers' responsibilities, in particular around risk management and legal and regulatory compliance.

2.1 Summary of roles and responsibilities

Roles	Responsibilities
Global Board of Trustees	• Ensure the organisation complies with all relevant laws and regulations and its own governing document (the Royal Charter and Standing orders). • Review and approve Sightsavers' audited accounts through the AGM. • Review Sightsavers' risk log. • Approve and oversee the implementation of Sightsavers' policies. • Review and approve request for registering a new office or exiting from a territory. • Ensure the maintenance, implementation, and oversight of safeguarding policies.
Audit Committee	• Review management's and the DGLAs reports on the effectiveness of systems for internal control, financial reporting and risk management. • Oversee the delivery of external audit, and the production and recommendation of the statutory accounts to the Global Board. • Review the risk management strategy and make recommendations to the Global Board. • Oversee the safeguarding of the organisation's assets. • Review the legal issues register. • Oversee data protection of the organisation, including the oversight of the DPO.
Governance Committee	• Monitor the balance of skills and attributes of trustees. • Appoint, and review changes in, directors, trustees and representatives within the governance and legal structure. • Monitor governance processes (e.g. trustee induction and training, appraisal of the Global Board and trustee performance, management of conflicts of interest), performance of panels and committees, and advise whether these are effective.
Investment Committee	• Consider and decide on issues relating to the management of investments, pensions and treasury activities. • Undertake periodic reviews of the investment strategy and policy to ensure it remains appropriate in the context of risk appetite of the Global Board and external factors.

Roles	Responsibilities
Remuneration Committee	• Monitor the implementation of Sightsavers' remuneration strategies, policies and plans relating to both UK and overseas employees. • Ensure that, where appropriate, matters relating to such strategies etc. are brought to the attention of the Global Board. • Agree action on remuneration matters within its delegated authority.
Management Team	• Update Sightsavers' risk log. • Comply with, implement, and monitor Sightsavers' policies. • Oversee the process of registering a new office. • Comply with local laws and regulatory frameworks
Chief Operating Officer	• Oversee the global audit process. • Oversee Programme Delivery risk. • Oversee Sightsavers' Programme supply chain, compliance with GDP, liquidity and reserves.
Country/Area/Regional Directors and Cost Centre Managers	• Ensure that they and their teams comply with and implement Sightsavers' policies. • Oversee the legal compliance of their cost centre and the cost centres that report to them. • Notify the COO and the DGLA of any legal issues with a material risk of financial loss, giving rise to a risk of reputational damage and/or requiring the appointment of local legal counsel. • Ensure statutory financial reporting and audit is conducted on a timely and accurate basis.
Regional Finance Managers, Country/Area Finance Officer/Manager **Finance Director**	• Ensure that all tax and other statutory deductions are correctly calculated and paid within the statutory deadline. • Ensure that financial reporting complies with any financial reporting regulations.
Subsidiary and National Boards	• Ensure the organisation complies with all relevant laws and regulations and its own governing document. • Review and approve Sightsavers' audited accounts. • In the case of India, Ireland and Kenya, to maintain and review the entity's risk register.
All	• Keep up to date with relevant policies and processes and apply these at all times.

2.2 Sightsavers' responsibilities

- Sightsavers owes a statutory duty of care to its donors to ensure that funding received is spent as intended and in accordance with its objectives.
- Sightsavers must ensure compliance with all relevant laws in the countries in which it operates.
- Sightsavers must ensure that charitable funds and assets are used reasonably and unused funds are kept safely and appropriately.
- Safeguarding assets.
- Safeguarding people (beneficiaries, employees and agents).
- Sightsavers must keep financial records up-to-date and accurate.

The governance set up adopted by Sightsavers to meet these responsibilities is outlined in the Overview of Sightsavers' Governance document, currently (2022) being updated by the DGLA.

2.3 Sightsavers' financial risks and how they are reviewed

The management of risks is a requirement of UK charity accounting standards, Sightsavers' risk management policy, and the Charities Statement of Recommended Practice (SORP). Sightsavers' risk management framework consists of a risk log which is regularly updated by the MT and reviewed by Audit Committee and the Global Board. This lists the key risks, including financial risks, which could prevent Sightsavers achieving its objectives, and also sets out the management strategy to address each risk. The risk management framework, and appropriate policies, can be found via the link in appendix 4.

2.4 Legislation

The organisation must comply with the laws for each of the countries in which it works. This includes compliance with taxation provisions, registration requirements, employment law, social security and pension acts and other relevant laws.

The AD/CD/RD and CEO have a responsibility to ensure that Sightsavers complies with the law in that country. Matters relating to registration should always be copied to the COO, the DGLA and the RD.

Other Sightsavers global experts should have input as necessary when there are queries relating to compliance with law (for example, if it appears that a local law is contradictory to a Sightsavers' established policy). In certain cases, it will prove necessary to take professional legal advice.

The DGLA maintains a list of legal issues that is reviewed by Audit Committee. AD/CD/RDs should ensure that the DGLA is informed of any legal issues with a material risk of financial loss (>£5,000), that may give rise to a risk of reputational damage and/or which may require the appointment of local legal counsel.

If Sightsavers are going to establish a presence in a new country, a due diligence process must be undertaken, and the DGLA must be contacted in the first instance. The Global Board are responsible for approving Sightsavers entering countries not already listed as an approved territory.

2.4.1 Country Office Registration requirements

Sightsavers must be appropriately registered in the countries where it operates. The type of registration and the requirements will vary with the local legislation and the intended activities in that region.

2.4.1.1 Responsibilities

It is the responsibility of Grant, Project, Programme, Fundraising and Hiring Managers to establish with the CD and RD whether Sightsavers' registration is sufficient for the planned activity.

It is important to consider Sightsavers' registration at the earliest stages of work, such as project initiation. If required, initiating a new registration or changing the type of registration can take some time.

2.4.1.2 When should Sightsavers be registered?

As previously mentioned, the requirement to register varies greatly depending on the activity and the region. If Sightsavers is not currently registered in a country and the intention is to develop a presence there, either through partners or through locally employed staff, a review must be conducted to establish the operational, tax, security and legal requirements, and identify the type of registration that is needed. This review should include the following:

RD
COO
Director of Global Fundraising (for fundraising activities)
Manager responsible for the underlying work
DGLA
Global Head of Security and Crisis
Controller of Governance and Assurance
Local legal counsel with the appropriate specialisation

There are a number of points for consideration when conducting this review.

- The intended configuration of Sightsavers' operations. For example, working through partners, remote staff based in neighbouring countries or staff employed locally.
- The engagement and involvement of the Ministry of Health.
- The requirements of applicable legislation governing the operation and registration of INGOs.
- Requirements and restrictions on funding, commitment, importing, taxation and employment.

- The options available for registration, these may feedback on the type of activities that are conducted there. For example, registering as a company limited by guarantee may open up fundraising opportunities. However, most will be registered as branch offices of the Royal Commonwealth Society for the Blind.
- Whether approval will be required from the Global Board.

2.4.1.3 Registration Process

The following steps provide high level guidance if it is determined that Sightsavers needs to register in a new country. These must be done prior to the start of any work, be it programmatic or fundraising:

1. Conduct internal consultation to consider and initiate any related pieces of work that impact either the registration or the implementation of the planned work. This should include the following functions:
    a. Finance and Treasury
    b. Human Resources
    c. Physical Security
    d. Compliance
    e. IT
    f. Procurement
    g. Insurance
2. If required, Global Board approval must be obtained and evidenced, interim approval may be obtained more rapidly from the Governance Committee should the need arise (which will be ratified at the next the Global Board meeting following approval).
3. The RD initiates the registration in conjunction with the Director of Governance, Legal and Assurance and local specialist legal support.
4. The local regulations that relate to the proposed activity should be ascertained and fed back to the work manager. This is required in order to ensure that the planned work complies with regulations and legislation. For example, local fundraising regulations may impose certain restrictions on marketing, which may not have been factored into a planned fundraising campaign.
5. Original registration documents are securely stored at the CO and copies sent to the DGLA and the COO.
6. An initial Governance Attestation is completed by the CD or RD and provided to the Director of Governance, Legal and Assurance.

2.4.1.4 Maintenance of country office registration

Maintenance of Sightsavers' CO registration is the responsibility of the CD, or the RD if there is no CD. This includes ensuring that the registration is renewed and monitored to ensure that it is appropriate for Sightsavers' operations.

CDs are required to submit an annual Governance Attestation to the DGLA.

2.4.2 Taxation

It is Sightsavers' policy to comply with the local tax requirements of each country. There are a number of taxes that can arise in the different countries in which Sightsavers works. The main areas are as follows: income tax and other payroll taxes, import duty, value added/sales tax and withholding tax. Information on these main areas is contained within the relevant chapters.

Tax compliance should be periodically reviewed by the RFSSM and internal and external auditors.

Furthermore, with regards to a corporate criminal offence a person acting on behalf of the charity knowingly facilitating *someone else's* tax evasion could also be liable. Therefore, staff should be also vigilant when dealing with partners and third parties and their taxes.

Advice should be sought from The Uk Office - Finance/HR and external auditors if there are any concerns over complying with local tax requirements. The CD must ensure that this happens as soon as the concern is raised to prevent the possibility of penalty payments.

2.4.3 Restricted funds

Some supporters ask Sightsavers to spend their donations on specific activities or projects. These funds are known as restricted funds and Sightsavers has a legal requirement to ensure that the donation is spent as the donor requested. Restricted funds are therefore separately accounted for.

Sightsavers has established a Financial Management Framework System (FMF) to ensure that restrictions are complied with, amongst other functions. The FMF is accessed via the internet at the following location **FMF**. Further details about fund management and restricted income can be found in section 4.5.2 of this framework.

2.4.4 Statutory financial reporting

Sightsavers' registration in the UK requires it to undertake an annual statutory audit covering its global group. The audited financial statements must comply with the Charity Statement of Recommended Practice (SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the UK Generally Accepted Accounting Practice (GAAP) and have been prepared in accordance with the Charities Act, Charities (Accounts and Reports) Regulations and the Royal Charter, which is the governing document. The audited accounts must be approved by the trustees at the Annual General Meeting which must be convened no more than 10 months after the year end of 31 December.

Some of Sightsavers other offices have local statutory reporting requirements and rules about the format of the accounts and submission dates. Other offices have to submit audited accounts (in a non-specified format) as part of the requirements of being a registered NGO. Country and Regional Management teams must ensure Sightsavers complies with all local statutory financial reporting and audit requirements. Internally, Sightsavers has a policy that all full function programme offices will have an annual external audit regardless of the local requirements. Further information on this is in chapter 9 of this framework.

2.4.5 Bribery, Corruption and Counter-Terrorism Funding

The UK Bribery Act became law on 1st July 2011. Under this Act, the existing offences for UK nationals and residents of giving or offering and receiving or agreeing to receive a bribe are retained. In addition, a new offence was introduced of bribing a foreign public official. The Act also introduced a new corporate offence of failing to prevent bribery. This means that Sightsavers could be prosecuted for failing to prevent bribery by an employee or other associated person if it does not have adequate procedures.

Money underpins all terrorist activity and supports the training, recruitment, facilitation, and support of terrorist groups. Terrorist financing is the raising, transfer and/or storage of funds for the purpose of terrorism, which may involve fraud, money laundering, bribery, and corruption. Sightsavers has a zero-tolerance attitude to fraud, corruption, money laundering and the financing of terrorist and has well developed policies to counter it, including the **Anti-Fraud and -Corruption Policy**, **Procurement Policy**, **Anti-Terrorism Financing Policy** and the **Travel Policy**. Sightsavers' procedures also contribute to preventing fraud through the maintenance of good financial controls as outlined in this document.

2.4.6 Safeguarding and Modern Slavery

Safeguarding means promoting and protecting people's health, wellbeing, and human rights, and enabling them to live free from harm, exploitation and abuse.

A safeguarding approach means identifying and minimising the risk of harm to children and adults from staff, representatives and partners; and includes responding appropriately to any safeguarding concerns about children and adults within communities where Sightsavers works.

It entails a Safeguarding Policy, which is further supported by a suite of other policies, all targeted at organisational activities across all programme themes. These policies are to ensure that Sightsavers' activities are implemented in a safe and protective environment where harm, exploitation and abuse are prevented as far as reasonable possible and responded to effectively.

Sightsavers has appointed an international Global Head of Safeguarding (GHoS) and Designated Safeguarding Leads (DSLs). These roles are designed to build understanding and capability, knowledge and expertise and to act as a reporting mechanism for issues related to safeguarding.

Sightsavers' Safeguarding Policy mandates that, in addition to complying with the policy, all representatives must sign and be held accountable to Sightsavers' Safeguarding Code of Conduct. This applies both within and outside of working hours. Staff and representatives are also required to complete mandatory Safeguarding training on the Gomo e-learning platform. Partners are also required to sign the Partner and Supplier Code of Conduct and are expected to have policies and procedures in place that cover safeguarding prior to entering into a partnership with Sightsavers, in line with the Minimum Partnership Criteria and Due Diligence Assessments. Where partners do not have appropriate policies, but it is deemed essential that Sightsavers works with them, policies will be developed as part of the early stages of the partnership.

The UK Modern Slavery Act 2015 is designed to combat slavery, human trafficking and bonded labour in the UK and the supply chains of UK organisations. Sightsavers is committed to improving practices to combat slavery and human trafficking. It has a zero-tolerance approach to modern slavery within its operations and strives to act ethically and with integrity to ensure modern slavery is not taking place in any part of the organisation. Sightsavers has a **Global Anti-Slavery Policy**, which sets out clear expectations of staff and partner organisations and supports its wider work on Safeguarding. Sightsavers publishes an annual statement on its website, detailing the measures taken to combat slavery and human trafficking.

2.4.7 Data Protection

Sightsavers complies with UK GDPR 2021 and the Data Protection Act 2018 (DPA), which form the equivalent regulatory framework to EU GDPR since the UK left the EU. In operations in all other non-UK territories there may be local compliance requirements and legislation which apply to the handling of personal information and privacy in-country, including the EU GDPR for Sightsavers' offices based in the EU.

The DPA and the UK GDPR 2021 regulate the processing of personal data, including its transfer, legal basis for processing (such as consent) and the security requirements. Sightsavers' **Data Protection Policy** provides guidance for the collection, use, storage and transfer of personal data. Sightsavers has adopted processes to support the Data Protection Policy, including the Data Protection Impact Assessment (previously Privacy Impact Assessment) and the Legitimate Interests Assessment both of which address the mandatory record keeping requirements under legislation.

Sightsavers' staff are expected to have undertaken the appropriate training module (Cyber Security Induction and Data Protection) on Gomo to ensure they are aware of the impact of Data Protection on their work.

2.5 Summary of dos and don'ts

Do

- Ensure the detail of any new office registration is discussed in advance with and the COO and legal advice is sought before commencement of the registration process – CD/RD
- Ensure that all tax and other statutory deductions are correctly calculated and paid within the deadline – FSSM.
- Proactively read and comply with Sightsavers' approved policies - all staff.
- Undertake appropriate risk assessment as part of Country Strategy Plans and for major projects and activities – AD/CD/RDs.
- Ensure local requirements around audit and statutory reporting are complied with.
- Talk to the Safeguarding Manager (SM) about any concerns about safeguarding or modern slavery – all staff

Don't

- Make facilitation payments or engage in any other form of bribery and corruption.
- Delay discussing and addressing any tax issues which may incur penalties and damage to reputation.
- Commence local fundraising without checking that your registration permits this, and the funding sources pass a due diligence test.
- Wait until an incident happens to read the relevant policies.
- Worry if you do not fully understand a policy; ask your line manager to explain or refer to the policy owner.

3. Subsidiaries management

This chapter outlines the requirements registering, maintaining and reporting on a Sightsavers' subsidiaries.

3.1 Summary of roles and responsibilities

Roles	Responsibilities
Officers / Board members	• Ensure the organisation complies with all relevant laws and regulations. Review and approve Sightsavers' audited accounts. • Review Sightsavers' risk log. • Approve and oversee the implementation of Sightsavers' policies. • Review management's and the DGLA's report on the effectiveness of systems for internal control, financial reporting and risk management. • Review the risk management strategy twice a year and make recommendations to Council. • Review the legal issues register
Finance Manager	• Ensure that all tax and other statutory deductions are properly calculated and paid within the statutory deadline. • Ensure that financial reporting complies with relevant regulations. • Oversee the subsidiary audit process. • Provide general support to ensure good financial management of a subsidiary's activities.
All	• Keep up to date with relevant policies and processes and apply these at all times. • Where customisation is required for local operating or regulatory reasons, ensure Sightsavers' policies, processes, procedures and systems and adequately adhered to.

3.2 Definition

A subsidiary is a separate, distinct legal entity for the purposes of taxation, regulation and liability. They differ from divisions, which are operating units within an overall organisation, and generally will not be legally or otherwise fully distinct from it.

The accounts of a subsidiary will be included consolidated within group financial statements where there is a control relationship or arrangement, with the effect that activities are combined and reported as if operating as a single economic entity.

For Sightsavers, its subsidiary undertakings are consolidated with the group financial statements. They are, however, distinct separate charitable entities, registered and raising funds in overseas jurisdictions, which are separate and discrete from countries of programme operations. There will generally either be a contractual relationship between the subsidiary and the main Sightsavers charity, for example an affiliation agreement, or a right to appoint to board members, either of which can establish a control relationship.

Alternatively, the operations of Sightsavers' countries with programme implementation activities are generally included within the results of the main Sightsavers charity and can be regarded as having the broad characteristics of branches.

Sightsavers' subsidiaries have their own local compliance and governance structures.

3.3 Registration of Subsidiary requirements

The process for registering a new subsidiary office is summarised in the box below:

Subsidiary office registration process

The presumption is that the subsidiary will be established for purposes of fundraising in a separate jurisdiction to the UK and separate to those of programme implementation activities.

- Council approval to fundraise in the country must be obtained before registration.
- Director of Fundraising, or equivalent, in consultation with COO then leads registration process (which may include multiple elements.)
- Registration must be complete before commencing fundraising activities.
- Local specialist legal and financial advice should be sought, so to understand and ensure compliance with all applicable local operating and financial requirements.
- Clarify documentation requirements with the relevant licencing and regulatory authority.
- Ascertain local fundraising regulations and do not commence fundraising unless registration permits
- Original registration and licencing documents must be securely stored at the registered office, with copies in head office held by compliance and assurance team.
- As required ensure the fundraising subsidiary is registered with the local tax authorities.

3.4 Statutory financial reporting

The audited accounts for the following entities must be approved and submitted to the relevant authorities no later than:

International Humanitarian City (Dubai)	31 March
Sweden	31 May
Norway (Norway approval deadline; filing deadline is 30 days after approval, so may be earlier)	30 June
Ireland	30 September
Italy	30 June
Sightsavers Trading	31 October
USA (Sightsavers International Inc.)	30 June
USA (Sightsavers Inc.)	30 June

These accounts will be prepared and presented in accordance with local legislative and regulatory requirements.

3.5 Management accounts

Monthly / quarterly accounts are required for each subsidiary, consisting of a trial balance reported in Profit and Loss and Balance Sheet form, to monitor charitable expenditure, grant funding requirements, solvency and regulatory ratio requirements, as well as general financial performance, and the efficiency of income generating investments and support activities.

3.5.1 Reserves policy for investment phase of subsidiary operations

This will be variable depending on the subsidiary's donation income and cost profile, and the stage of the investment and payback cycle. For developing subsidiaries (subsidiaries requiring grant funding support from Sightsavers UK for investment purposes) large values of reserves should not be retained and reserves should be regularly reviewed to ensure solvency (and liquidity), especially prior to year-end.

3.5.2 Established fundraising subsidiaries

The minimum target level of reserves for established fundraising subsidiaries should be aimed at an average of 3 – 4 months of annual average expenditure to be retained, for financial risk management purposes of the entity. This should be reviewed regularly to ensure that target levels are maintained, and excess reserves are returned to the Group Treasury operation, through allocations of charitable expenditure, in order to be managed under group policy guidelines. Sightsavers is working towards putting in place a specific reserves policy for all established fundraising subsidiaries that are generating a net surplus on their fundraising and administration activities.

3.6 Programme Income

Sightsavers' fundraising subsidiaries may receive four types of funding income:

- Restricted funding – funds that have been received for specific projects.
- Soft restricted funding – funds that have been received to support generic areas of activity such as work in a specific country or thematic area (cataract, trachoma etc), received primarily from some major donors and corporates.
- Fully unrestricted funding – with the exception of Sweden and Norway, funds that can be applied to cover the subsidiary's operational costs and also any type of programme related expenditure without donor restriction.
- Gifts in kind – non-monetary donations which are accounted for at value.

Sightsavers Ireland, Italy and the two USA subsidiaries have an agreement with Sightsavers globally that surplus unrestricted and soft restricted funding will be provided to the global entity to be used to support unrestricted programmatic related expenditure.

Sightsavers Sweden remits 100% of all the unrestricted donations to the global entity, in line with Swedish legal requirements. It then receives a funding grant from the global entity to cover its operational costs.

Sightsavers Norway remits 75% of all the unrestricted donations to the global entity (slightly in excess of the Norwegian legal requirement of 65%). If required, the global entity will then make a funding grant to it to cover any operational costs in excess of the remaining 25% donations received.

Sightsavers International Inc almost exclusively receives gift-in-kind donations of Mectizan® from the Merck Corporation. The full donation value is remitted to the global entity as restricted programme expenditure.

3.7 Summary of dos and don'ts

Do

- Prepare a thorough, signed off investment case and business plan for entering a new fundraising market.
- Fully understand the operating and financial regulatory regime.
- Fully involve the finance and assurance teams in any project to enter and operate in a new market.

Don't

- Underestimate the demands and requirements of successfully establishing a sustainable presence in a new fundraising market.
- Ignore the systems and process challenges of integrating local operations with group accounting systems and control framework.
- Be afraid to consult local expert help and knowledge

4. Financial planning, reporting and fund management

This chapter explains Sightsavers' key planning processes and how these fit together in support of organisational strategic objectives.

4.1 Summary of roles and responsibilities

Role	Responsibilities
Planning, Monitoring and Reporting team	• Lead the organisational planning and forecasting processes. Provide analysis and consolidated summary to the management team. • Support all staff in planning, forecasting and fund management. • Support the ROAR group.
Country/Area/Regional Director/Heads of departments and Cost centre managers	• Annually update the country 3-year financial plans • Regularly review the data held on the Financial Management Framework System (FMF). • Review forecasts monthly to ensure they are up to date • Request plan changes/adjustments via the PMR team, including justifications. • Review locally produced detailed management accounts monthly to identify and report any issues or concerns around plan vs actual income and expenditure.
Regional Financial and Support Services Manager/ Africa Finance Team	• Coordinate and review plans and forecasts for the region • Monitor CO forecasting and management accounts
Finance Support Services Manager/Assistant and **Programme Manager/Officer**	• Ensure all planning and forecasting schedules are complete, accurate and submitted as per timetable. Ensure the AD/CD/RD and the Programme Team are provided with monthly management accounts showing actual and forecast spend broken down into individual projects and management costs categories as well as the country funding position • Ensure all expenditure is coded correctly • Ensure projects have a supporting plan in the standard project budget template format (chapter 8) and is regularly updated as per changes to funding or planned activities • Ensure projects have a procurement plan in place in the required format • Request any updates to plan values in the FMF. • Ensure spending on a project is not expected to exceed the total of the agreed expenditure plan on the FMF. Monitor this through monthly forecasting.

Role	Responsibilities
	• Ensure expenditure is in line with the donor funding agreement and that expenditure incurred on restricted funded projects is coded to donor fund codes.
Fundraisers	• Ensure that all restricted donor funds are added to and updated on the FMF. • Review the FMF to identify funding gaps before approaching donors for restricted funds. • Communicate with CO teams when new funding comes available for their programmes. • Update and monitor the FMF to prevent double funding and uncoordinated approaches to the same donor in different countries.

4.2 Planning and performance process

Each year, the PMR team issues separate planning and forecasting guidelines, which establish how the planning and performance process will be completed that year. This includes guidance on:

- Detailed fundraising planning
- Support cost planning
- Programme planning (includes large, restricted grants)

Each year the exact deadlines for submission will differ slightly, but they will be approximately end of June for income plans and fundraising expenditure plans and end of September for management and programme costs.

Plans will be consolidated, analysed and finalised in the last quarter of the year.

Financial forecasts are expected to be kept up to date on a monthly basis and are regularly reviewed by the PMR team.

4.3 Resource allocation

Resource allocation is a key part of central operational planning activities. The three key aspects of operational planning and resource allocation are discussed below. Each of these is managed through the FMF.

Expenditure Financial Plans	• Long term plan defining targets for each team over the next three-year period. • Plans are approved by the management team.

	• A programme procurement plan supports the financial plan, and this is coordinated by the programme supply chain team. • Each team has an approved financial plan for each year. Requests to change financial plan values during the year should be made to the PMR team.
Forecast	• Teams should only forecast to spend funds that have been made available to them for the year. • Formal updates to the forecast are presented to the management team regularly during the year. • Cost centre managers should update the forecast data in the FMF monthly to reflect the latest expectation of the year end position.
Funding	• The FMF includes a "funding module" that is a database of all restricted funding proposals being managed by fundraising teams. This database is linked to the financial plans to identify restricted funding for each item of expenditure.

4.3.1 Strategic Alignment Process

Each year, early in the planning process, the programme portfolio is reviewed to ensure it is adequate to deliver the longer-term organisational strategy. This process is led by the ROAR group and each country portfolio is assessed for strategic fit going forward. The outcome of this process will inform more detailed programme portfolio planning as ROAR provides directions for project exits, re-designs or the need for new projects to be designed in any given country. This latter step will be based on available resources.

4.4 Financial monitoring and reporting

Sightsavers has a framework of financial monitoring and reporting to keep track of progress and use of funds on an ongoing basis. The objective is for the timely preparation and publication of user-friendly accounts and other reports to aid decision making. The main reports and responsibility for completion are as follows:

4.4.1 Consolidated Global management accounts

Monthly consolidated global management accounts pack consist of a Statement of Financial

Activities (SOFA), Balance Sheet, KPI schedule and supporting schedules, including commentary.

While much of the information within the pack is at the organisational level, expenditure is analysed out by cost centre. The global management accounts are prepared by the PMR team from the Financial Accounting System SUN. The accounts are reviewed and provided to the management team in advance of each monthly meeting.

Individual management packs are also produced for Ireland and the USA entities.

Transaction reports for individual cost centre managers are produced either monthly or quarterly (as requested) for cost centre managers to review and ensure the expenditure is accurate and understood and any irregularities can be investigated and explained.

4.4.2 Local management accounts

In addition to the global management accounts, each AO, CO and RO must produce monthly local management accounts in a format that fits with the local requirements. At a minimum, these local management accounts must track expenditure against forecast and financial plan at the project and management cost category level. The source information for the management accounts pack must be SUN. These management accounts should be distributed and discussed with the AD/CD/RD and Programme staff.

The FSSM/Africa Finance team is responsible for ensuring that the management accounts pack is prepared, but local staff are responsible for analysing the information, reconciling to their own records and partner reports, and raising queries where they find discrepancies.

4.5 Fund management

4.5.1 Fund types

Section 2.4.3 defines restricted income and explains that Sightsavers has a statutory requirement to ensure that restrictions are complied with. It is important to understand some of the terminology associated with fund management and the implications of these terms. Definitions are as follows:

Unrestricted

- Funds received to support any aspects of Sightsavers' work and costs
- No donor requirements
- In some cases, Sightsavers may choose to set these funds aside for a specific purpose. These are referred to as designated funds.

Soft restrictions

- Funds raised to support an area of Sightsavers work, usually geographical (region or country) or thematic (eye care, education etc). The list of soft restricted fund pots is maintained by the PMR team.
- Allocated to the appropriate programme expenditure at year end and can be moved from project to project if necessary.

Standard (Hard) restriction

- Funds raised for specific activities, projects, or outputs
- Funding agreements may require component funds to be raised. These are funds which are required as a contractual obligation on the part of Sightsavers for a particular grant, e.g., where a donor funds a maximum percentage of a budget.
- These funding agreements often include indirect overhead recovery and it is important that a fair recovery is built in. Sightsavers has an indirect rate that can be used to support these discussions. The Programme Finance team can advise on this.

4.5.2 Financial Management Framework System

The Financial Management Framework system (**FMF**) is used for all aspects of financial planning, forecasting and fund management.

The FMF provides fundraisers with details of projects (including financial plan, forecast, spend to date and secured funding) and records restricted funding proposals. Funding teams update the FMF directly to show their intention to fundraise against a particular project.

No approvals are required as every project or programme is available to fundraise against unless it has been recorded as not suitable by the AO/CO/RO. However, all significant applications must be checked and approved by an appropriate member of the fundraising team, who will ensure that relevant members of other teams are kept informed.

Each newly committed restricted proposal will be allocated a donor fund code, which is a unique code to identify the income and subsequently the expenditure against these funds. Fundraisers and CO staff should be aware of the different funding agreements and ensure expenditure is coded to the correct fund code.

It is critical that all relevant members of fundraising and programme staff regularly review the FMF and are aware of any projects within their responsibility that have restricted funds. It is especially important that staff are aware of budgets/forecasts that have been agreed with donors and advise the fundraiser of any potential changes to planned expenditure at the earliest opportunity.

4.5.3 Fund accounting

In order to monitor the usage of income received and to facilitate donor reporting and overhead recovery, Sightsavers operates a system of fund accounting within SUN. Under this approach, every income transaction must be recorded in SUN with a donor fund code that relates to the particular funding agreement under which the income is received. In addition, every expenditure transaction must be recorded with a donor fund code that relates to the income stream that is funding this activity. Where no funding or no co-funding agreement is in place a code of U001 should be used, indicating that the expenditure is funded from Sightsavers' unrestricted resources.

Details of the code to be used and the funding available are contained within the FMF. Where component funding is required within the donor agreement a component code will be set up and should be used to denote committed unrestricted resources.

4.6 Reserves

The definition of reserves in the Charities SORP is "**that part of a charity's income funds that is freely available for its general purposes**." This definition therefore normally excludes restricted funds as these would not be readily available for general purposes. Such 'non-available funds' could include endowment funds or other restricted funds. Designated funds are included in reserves as these are unrestricted funds that the trustees have decided to earmark for a specific purpose. This designation is for administrative purposes only and does not legally restrict the use of the funds.

Sightsavers has a **reserves policy** in place which defines the level of funds that should be held to ensure continuity of programmes.

A statement of this policy is made in the trustees' annual report in accordance with SORP guidance.

Key features of Sightsavers' reserves policy are:

- It defines and differentiates between restricted and unrestricted reserves
- The target level of unrestricted reserves is informed by income and expenditure forecasts based on planned activities, combined with an analysis of the potential risks

It is the responsibility of the Chief Operating Officer, with oversight from the Investment Committee, to monitor reserves on an ongoing basis. It is also critical that the impact on reserves is considered when reviewing forecasts and future financial projections, and in development of the investment policy.

4.7 Summary of dos and don’ts

Do

- Ensure the team understands the planning performance process.
- Ensure procurement planning for projects is aligned with financial planning.
- Keep income and expenditure forecasts up to date.
- Ensure the FMF is up to date with secured restricted amounts - fundraisers.
- Review the global management accounts pack on a monthly basis and share as required – RDs
- Ensure local management accounts pack is prepared, reviewed, and reconciled to partner reports – AD/CD/RD and FSSM.

Don’t

- Miss deadlines for submitting important information or for closing off month end process
- Assume all responsibility for financial analysis rests with the finance staff.

5. Income processing

This chapter explains how Sightsavers recognises and manages its income.

5.1 Summary of roles and responsibilities

Role	Responsibility
Database and Donations Team	• Process income received from supporters onto Blackbaud. • Oversee the activity of the outsourced supplier in processing donations.
Funding teams	• Update and monitor the Financial Management Framework System (FMF) to prevent double funding and uncoordinated approaches to the same donor in different countries.
UK Finance Team	• Manage the interface of income data from Blackbaud to SUN Accounts. • Reconcile income between CRM Systems and SUN Accounts.
Planning, Monitoring and Reporting Team (PMR)	• Ensure income is recorded against the correct donor fund code.

5.2 Blackbaud

Blackbaud is a database that is used to support fundraising activity, particularly individual supporters. It contains important and confidential details about each of Sightsavers' supporters, such as address, bank account, contact history etc. This information is subject to the requirements of the DPA 2018, which is the UK's implementation of the GDPR. Queries regarding this should be addressed to the line manager and if external advice is needed should be escalated to the COO.

In order to keep records secure, Blackbaud must only be accessed by authorised staff members using regularly changed passwords. The Database and Donations team has responsibility for processing all UK and some other donations onto Blackbaud, including the data feed from the outsourced supplier. The information recorded on the database can be selected and used for fundraising activities.

The Fundraising teams in India and Italy maintain their own local CRM solutions which work in a similar way to Blackbaud.

External agencies, Areldata and Profundo, hold Swedish data and Norwegian data on behalf of Sightsavers.

At time of writing (2023), a project is underway to engage a different database provider in Norway if an alternative can be found that meets expectations.

5.3 SUN Accounts

Each business unit in SUN Accounts has an income control account (53400) and these are credited with all the income arising during each month. At month end, an interface file is extracted from Blackbaud and uploaded to SUN Accounts debiting the 53400 account and crediting the various income category and fund combinations, with the exception of Sweden, Norway, Italy and India, where files are extracted from their own CRM systems and then manually entered via journal into SUN Accounts.

5.4 Income recognition

In accordance with the Charity SORP, income must be recognised when Sightsavers becomes legally entitled to it, it is reasonably certain of receipt and it can be measured. For most of Sightsavers' income, this is when it is invoiced, or when it is banked (appears on a bank statement). Legacies are recognised either on receipt or on notification of an impending distribution. Some income from institutional donors may be classified as "performance related" income under the SORP guidelines. In this case, it is recognised in line with the performance of specific deliverables. Where income is received in advance of its recognition, it is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued and included in debtors.

5.5 Income reconciliation

Given the basis of recording income as set out above, it is imperative that Blackbaud and SUN Accounts are reconciled on an ongoing basis to ensure completeness of income. This work is undertaken by the Income Control Officer, reporting to the GARM. Processes within this role constitute a key control over income processing. This includes reconciling each credit transaction in the 53400 account to Blackbaud data and maintaining detailed reconciliation records and advising where journal adjustments are necessary to correct any errors. Separate income reconciliation arrangements are in place for any income which is not recorded on Blackbaud; these are carried out by the Subsidiary Finance Executive.

In addition to the above income reconciliation done on a transactional basis, top level summary reconciliations by business entity are carried out between Blackbaud and SUN by account code and donor fund code. This is undertaken monthly by the Group Accountant, reporting to the GARM for the main entity and for the subsidiaries by the Subsidiary Finance Executive, reporting to the Subsidiaries Finance Manager. This constitutes an important element of the external audit on income.

5.6 Money handling guidelines

The vast majority of banking is now undertaken by the outsourced donations processing (see 5.8 below) company, but where cheques or cash are received into Sightsavers there are guidelines and procedures that must be adhered to. Please refer to section 6.4 for more details.

5.7 Gift Aid

Gift Aid is the name for the system whereby Sightsavers can claim back from HMRC the income tax already paid by the donor on their donation. Most donations from UK taxpaying supporters are subject to a Gift Aid declaration. These declarations are completed by supporters and stored within Blackbaud. Gift Aid forms processed by the outsourced supplier are stored on their database but are fully accessible to Sightsavers. A valid, current declaration must be retained in support of every claim made. The Database and Donations Manager has responsibility for Gift Aid claims and prepares these after each month end using a report run from Blackbaud and submit these to HM Revenue and Customs (UK tax authority). The finance team are informed of the details and liaise with the Database and Donations Manager when the claim is received.

Sightsavers is also able to reclaim tax on some donations made by Ireland Supporters. However, the system is different to the UK requirements and is dependent on the supporter concerned completing an official form entitled 'Tax relief for donations to eligible charities and approved bodies'. Details **here**.

5.8 Outsourced income collection and processing

Sightsavers outsources all of the income collection and processing activity. Specifically, the outsource organisation supplies specified response handling, payment processing, data capture, fulfilment, management reporting and mailings under contract to Sightsavers.

The contract contains key control provisions, including the organisation making external or internal audit reports available to Sightsavers. Sightsavers also has the right to conduct audits and monitor the performance of services provided through the use of service level agreements around donation handling and fulfilment services. Sightsavers also ensures that the organisation complies with the DPA, GDPR and is fully PCI compliant.

Sightsavers receives daily data feeds that are used to update Blackbaud, and validation checks are performed against the organisation's system to ensure accuracy. Income is subsequently reconciled between Blackbaud and the bank account.

5.9 Other fundraising offices

Income for the Ireland office is largely processed by the outsource company in conjunction with the Database and Donations team, although some local banking takes place.

USA donations are handled by UK Finance; they are collated into a batch and passed on the 2nd working day after the month end to the Database and Donations team, who upload the batch into Blackbaud. Similar arrangements exist for Sightsavers International Humanitarian City.

5.10 In-country fundraising

Sightsavers recognises that in-country fundraising can provide the opportunity for offices to extend their programmes and hopefully increase Sightsavers' impact. However, please note this is not a core part of the fundraising strategy nor a strategic objective.

Any in-country fundraising must be fully compliant with local legislations and Sightsavers' registration in the country concerned must be checked to ensure this is permitted.

5.11 Gifts in kind

Gifts in kind in the form of Mectizan® tablets are included as income in the accounts at the established market rate at the date the tablets are recorded as being received overseas for use.

Tablets accepted by Sightsavers in a particular country will contribute to the global gifts in kind income figure in the statutory accounts. It is therefore vital that the Director of Neglected Tropical Diseases, the SFM and GARM are kept informed and copied in on all communication including:

- Output statistics and relevant project reports for Sightsavers' programmes and where they are received for the country as a whole.
- Correspondence on the number of tablets being allocated to Sightsavers on the application form sent from the Ministry of Health /National Oncho Task Force to the Mectizan® Distribution Programme (MDP). **This internal communication must take place before the application is submitted to ensure Sightsavers is able to accept the number of tablets quoted on the form.**
- Correspondence relating to approved tablet numbers from the MDP.
- Completed tax certificates.

The tablets are accepted by the US subsidiary organisation, Sightsavers International Inc. The number of tablets that will be accepted is at their discretion and, to facilitate their decision making, data on the number of tablets to be accepted by Sightsavers will be requested from COs in June each year with a mid-year update in January. These will be compiled and submitted to the Board meeting of Sightsavers International Inc.

Other gifts in kind are included at valuation and are recognised as income when utilised. The Procurement Policy details which gifts in kind are acceptable, which are not, and what the process is.

5.12 Summary of dos and don'ts

Do

- Ensure any banking's are kept securely in the safe until deposited with the bank.
- Ensure that any in-country fundraising is correctly recorded in the fundraising and accounting systems – AD/CD/RDs and Finance staff.
- Follow grant management guidelines.

Don't

- Accept in-country fundraising before ensuring this does not break the terms of registration and before discussing with the RO, relevant funding team and DGLA.

6. Treasury Management

This chapter explains how Sightsavers manages its liquidity, financing, forecasting and treasury operations.

6.1 Summary of roles and responsibilities

Roles	Responsibilities
Chief Operating Officer	• Together with the FD and GTM authorise opening of new bank accounts and any amendments to the bank signatories. • Act as authorised signatory for all Sightsavers' bank accounts in all Business Units. • Authorise transfer requests of funds to COs, AOs and ROs. • Authorise bank transfers when required in line with the delegated authority limits.
Financial Director	• With GTM, act as initial authority for bank account opening and closing, and any amendments to signatories. • Responsibility for bank and cash management across Sightsavers, deputised by the GTM. • With GTM, authorise all central payment transfer requests (or delegation thereof) across bank accounts and subsidiaries.
Group Treasury Manager	• With FD act as initial authority for bank account opening and closing and any amendments to signatories. • Deputise for the FD with responsibility for bank and cash management across Sightsavers. • Authorise all central payment and transfer requests across bank accounts and subsidiaries with the FD.
Treasury Team	• Administrate and manage the corporate credit card and virtual credit card processes
Country/Area/Regional Director	• responsibility for bank and cash management at the AO/CO/ROs, with support from the FD and RFSSMs. • Ensure that the signatories to bank accounts are up to date and that the GTM is informed of any required changes. • Authorise the funds transfer requests in line with delegated authority schedule. • Ensure that the electronic banking user matrix is accurate, appropriate and in line with delegated authority schedule with due segregation of duties. Ensure that the GTM is informed of any required changes.

Roles	Responsibilities
	• Ensure effective local petty cash control including reconciliations, secure storage and cash control reviews.
Country Finance Officer/Manager	• Day-to-day management of bank and cash, including regular review of bank statements and cash balances, review of electronic banking process and raising up of any issues or irregularities with relevant CD.
Project Finance Teams (Disability and NTD projects)	• Liaise with Group Treasury regarding advance funding release process and cash management and transfers.

6.2 Global Bank Account Management

Sightsavers Head Office, under Treasury Operations (Treasury Administration), maintains all global bank accounts.

This includes opening and closing bank accounts and amending bank signatories, ensuring bank mandates are in place and fit for purpose, in conjunction with CDs.

Sightsavers Head Office is also fully responsible for the Standard Chartered Bank electronic banking platform S2B for administration, segregation, account management and set up for payment processing.

The central principal bankers used by Sightsavers UK are HSBC, Standard Chartered Bank (UK, Middle East and some overseas offices), AIB (Ireland), Intesa San Paolo (Italy), Bank of America (USA), Nordea (Sweden and Norway).

Sightsavers' current overseas providers are SCB (India, Bangladesh, Cameroon, Gambia, Ghana, Kenya, Pakistan, Sierra Leone, Tanzania, Uganda, Zambia, Zimbabwe), Kotak Mahindra (Italy), Bank of Africa (Mali), Ecobank Senegal, Liberia and Guinea, National Bank (Malawi), Standard Bank (Mozambique), United Bank of Africa (Nigeria), Kenya Commercial Bank (South Sudan), Bank of Khartoum (Rep of Sudan).

An international payment provider (StoneX) makes payments globally from Sightsavers' Head Office.

Any new bank requirement must be approved by the Treasurer, COO, FD and GTM.

6.2.1 Opening a new bank account

When opening a new bank account, or applying to work with a new bank partner, this must be actioned with full reference to the requirements of the Treasury Policy.

An office wishing to open a new bank account should prepare a formal request to outline all the details to include:

- Which Business Unit
- Why the account is needed
- Which currency the account will operate in
- What the account will be used for – general funds, restricted funds
- When the account needs to be open
- The proposed list of signatories
- The proposed maximum balance to be held in the account

This should be sent to the FD/GTM for review and first approval.

A new bank account must not be opened, or steps taken to opening an account, without this prior notification.

As the review and collection of documents and signatures can be a time-consuming process please give as much notice as possible to the UK office Treasury Administration.

In opening a new bank account the bank mandate documentation will be drawn up by the UK office Treasury Administration to record all account signatories, signatory limits and roles and responsibilities.

Once the mandate is fully signed, the original must be returned to the UK office Treasury Administration for final processing and lodging with the bank. It may be necessary to utilise the local office to present documents to Non-SCB Banks.

The UK office Treasury Administration will maintain all the documents for audit purposes which can be made available if needed at country level.

6.2.2 Amending Bank Signatories (Mandates)

The signatory frameworks are established within the bank mandates for all Sightsavers' bank accounts.

Any CO wishing to make changes must first contact the RFSSM before informing the UK office Treasury Administration who will draw up the new mandate.

It is not permitted for an office to bypass this Head Office control by liaising directly with the local bank, even if the bank's own control process will allow changes by local signatories only.

The AD/CR/RD is responsible for informing HH, as soon as possible, of any authorised signatory leaving or intending to leave the organisation, to ensure they are removed from the mandates. Where possible, a nominee for replacement, should be notified at this time to ensure effective and timely changes are made.

A full review of banks and signatories will be made annually in line with internal and external audit requirements.

6.2.3 Closing a Bank Account

An office wishing to close a bank account must give their justification for doing so to the RD, FD and GTM where the necessary closure actions will be taken by the UK office Treasury Administration, including marking the account as closed in SUN.

This will be followed up for confirmation, in the form of proof from the bank, that the account is closed which will be kept on file at HH.

6.3 Global Electronic Banking

Electronic Banking is predominantly a the UK office function for the centralisation of banking and payments and utilises Standard Chartered Bank (SCB), HSBC, StoneX, Allied Irish Bank (AIB), Nordea, Bank of America, Banca Intesa San Paulo (Inbiz) and Ecobank.

Due to the changes in the Global banking legislation, it has been necessary to move to electronic banking in selected COs. This process is controlled through the Treasury Operations team in the UK office and any use, access, amendments, additions, deletions, segregation and operating limits must be reviewed and approved by COO and CD for COs and the MT at the UK office for the UK Office.

Signing levels are related to the Delegation of Financial Authorities with approved variations in the electronic banking platforms offering further control of limits

For all COs using SCB, a schedule of current users is held by GTM as the administrator of the S2B (online banking) system.

Each CO has a suite of users with specifically segregated duties in the form of Operator, Approver A, Approver B and Approver C. The processing of any transaction requires a combination of 3 or 4 users, dependant on the value of the transaction.

A further set of operators and approvers both designated ‘J’ based at the UK office are set up in each CO profile to provide contingency back up and further segregation of approval.

6.4 Global Cash Handling

It is important for all Sightsavers’ offices to keep cash holding to a minimum this is less secure than funds held in a bank.

Any cash held in COs should be controlled, secured and reviewed by the Finance Manager regularly to reduce risk of fraud, misuse and personal danger in handling.

Sightsavers has a money handling procedure which must be adhered to by all staff members who are involved in handling cash:

For head office:

- All post received at the UK office is opened by Corporate Services team (including private and confidential mail) with the exclusion of envelopes addressed to the Supporter Care team.
- If Corporate Service team receive any cash or non sterling cheques, these are entered into a receipt book, signed by Corporate Services and passed to the appropriate team (Supporter Care, Treasury, Trusts etc.) to counter sign receipt of monies.
- Monies are logged onto appropriate fundraising system and, depending on the type of monies received, are either passed back to Corporate Services for sending on to Woods (Sightsavers' outsourced income processing company) or the Ireland office (stored securely overnight and sent via DHL once a week) or the UK Treasury team prepare paying in slips for the appropriate bank (and stored in a secure safe overnight)

For other offices:

- All post received should be opened by two designated team members (including private and confidential mail).
- If the post includes any cash or cheques, these must be entered into a receipt book, signed by the two post-opening staff, and passed to the local member of Finance staff to counter sign receipt of monies.
- If Finance staff are not immediately available, monies should be securely stored with any supporting documentation (for example, details of the sender).
- Monies are logged onto the relevant Finance system by the Finance team.

6.4.1 Cheques

- All cheque books must be retained in a secure location
- Cheque signatories must not have direct access to cheque books
- Cheque issues should be recorded in the appropriate repository eg SUN accounting or secure spreadsheet.
- Cancelled cheques should also be recorded and retained.
- Cheques should never be signed before the payee and the amount has been completed.
- Cheques up to £5,000 equivalent can be signed by a single signatory
- Cheques above £5,000 equivalent must be signed by two mandated signatories on the drawing bank account.
- All cheque requests should be accompanied by the correct and appropriate documentation. Due to new banking requirements globally, some Sightsavers' country banks do not accept cheques and written instructions to pay and the banking partner concerned has introduced a transition to electronic banking. This is covered in the Global Electronic Banking Section.

6.4.2 Petty Cash

Petty cash held in Sightsavers' offices represents a significant risk if not controlled properly.

Petty Cash amounts held must be maintained within agreed local limits according to the local situation.

Wherever possible, payments should be made by cheque or direct bank transfer to avoid the need for cash.

AD/CD/RDs are responsible for ensuring this and will be accountable for cash losses from their office.

Sightsavers uses the Imprest System for all Petty Cash holding: at any one time, cash plus petty cash vouchers must equal the pre agreed float level (the maximum agreed cash level).

When cash needs to be topped up, the vouchers and cash should be counted and checked to the Imprest amount (the float level). If this agrees, a cheque for cash should be written for the total amount of the vouchers. These vouchers should then be stamped as 'PAID' to prevent duplicate payments and processed onto the accounting system against the appropriate code for the nature of spend on each voucher.

Foreign currency holdings must be kept to a minimum and should not exceed the equivalent of £250 in total.

Cash counts must be performed at the end of each month by two people independent of the dayto-day petty cash handling process. Cash plus vouchers must reconcile to the float held in the SUN account.

In addition, surprise cash counts should be instigated by the AD/CD/RD at a different time to ensure that the petty cash and other currency floats are properly maintained. This must also include foreign petty cash.

Record of month end and surprise cash counts must be signed, dated, and included in the month end checklist.

Cash should be kept in a locked tin in a locked safe.

Appropriate key holding arrangements should be made by the AD/CD/RD and documented. Only one person should have a key at any one time.

Every petty cash payment must be authorised and supporting receipts attached to the voucher. The person receiving the cash must sign the voucher as confirmation.

A full reconciliation of CO petty cash must be provided to the UK office Group Accounting as part of the month end checklist as these are balance sheets accounts that must have a reconciled document in the audit file for review each month.

Any theft must be report to the UK office and RO immediately using the fraud reporting process.

6.4.3 Mobile Money

This is a mechanism of paying where the payee is identified by their mobile telephone number and works (broadly) in the same way as PayPal does (where the payee is identified by their email address). However, with mobile money, the payee does not require a linked bank account. This is therefore suitable for small payments to individuals, for example to cover subsistence for field operatives who are not staff, or to Sightsavers' beneficiaries where a payment needs to be made. There is no receipting, and it is reliant on collecting the correct telephone numbers, therefore is a small fraud risk, but is safer and quicker for these payments than staff carrying cash to be distributed. Care needed with storage of data which must be to GDPR or local data security legislation, whichever is the higher.

COs should not engage directly with banks or mobile wallet providers. This process is to be managed centrally by the GTM.

6.5 Global Foreign Exchange Processing

6.5.1 360T

360T is a system that provides Sightsavers with a review of exchange rates for comparison purposes and to facilitate 'spot value' transactions for large value payments.

The 360T system is provided by Deutsche Börse Group and is fully regulated and authorised. 360T serves the needs of corporate treasurers, institutional asset managers and hedge funds as well as commercial and private banks by providing a link to broad FX liquidity from more than 200 liquidity providers – including large global players as well as regional and niche makers around the world.

There is no cost for Sightsavers engaging with this provider, as all costs are levied against the counterparties offering FX transactional rates across total market activity on the platform.

360T is used for FX price discovery and price competition and Finance will not perform any type of FX transactional activity that is not currently performed in day-to-day treasury operations using the three FX providers (see below).

6.5.2 Hedging

Sightsavers adheres to a Hedging Policy approved by the Investment Committee, and this is embedded into the treasury policy which is available on IRIS.

6.5.3 Fxecute

This is an electronic global international foreign exchange payments platform provided by an organisation called StoneX, which provides an alternative payment delivery and exchange facility for Global payments to the current banking providers SCB and HSBC.

It is operated daily to process overseas CO, Partner and supplier payments that require a foreign exchange transaction between USD, EURO and GBP.

Currently it is a standalone portal into which all approved payments identified through the SUN Accounting system as due are entered daily.

The portal provides segregation and delegation of duties starting with operator level for inputting the payment and ending with dual combinations of authorised approvers as delegated by the Trustees.

Each supplier payment is linked to an approved Delivery Instruction which is validated in terms of bank account and currency. Full supplier management set up support is stored within the portal against the individual delivery ID supplier record.

A full history of all payments made to all suppliers is available and an advanced reporting facility allows full details to be retrieved at any time.

Fxecute can only make international FX payments that are settled by the core currencies, and therefore no direct USD, EURO or GBP payments are made. All charges related to the payment are incorporated into the exchange rate quoted at the time of the approval of the payment, which is also held against each individual transaction and can re reported against at any time.

For the transactions exchanged from GBP, proceeds due to StoneX from Sightsavers for each transaction are settled by a direct debit arrangement through HSBC. This therefore requires no secondary payment to settle the liability.

For the transactions exchanged from USD and EURO, the proceeds due to StoneX are identified and a report produced by the Payments Officer. A payment request is completed with this supporting report to request a manual secondary payment to be made between Sightsavers at HSBC and StoneX nominated bank accounts for each of EURO and USD. The StoneX receiving accounts are held with Bank of America and are held with the Fxecute platform for identification and evidence.

Fxecute offers an Investigation module which allows traceability of all payments to evidence they are delivered within the guaranteed time.

The "Host to Host" solution can override the entry of individual payments. This means one Host, (SUN Accounting) transfers data to the other Host (Fxecute) using the Sun Transfer desk and an automatic file upload between both systems.

It allows batches of payments linked to USD, EURO and GBP, which require an exchange transaction and are approved and due for payment within SUN, to be transferred into the Fxecute portal by automatic upload.

On receipt of the SUN file into the Fxecute portal, the approval process is provided by the mandated approvers on the portal. The whole batch of payments, by core currency, is then processed by StoneX to the overseas recipients.

This is fully automated but allows full visibility and control at every stage of the payment process and any errors or invalid entries can be identified before payment is made.

6.6 Global Investment Policy

Sightsavers has an investment policy which sets out the criteria for investment of accumulated surplus representing by general reserves, and in accordance with the overall Reserves Policy. The Investment Policy can be found on MyPortal.

An Investment Committee (IC) exists which is a formal sub- committee of the Council of Trustees and includes the COO and the Treasurer.

The IC has to consider and decide on issues relating to the “management of investments, pensions and Treasury activities” (per the Committee’s Terms of Reference)

The IC meets at regular intervals during the year and in addition to other activities, meets and reviews the performance of the Investment Manager(s) against agreed benchmarks

Investment activity is only to be carried out centrally with permission from the Investment Committee. Other offices requiring to investment must also gain permission from the Investment Committee prior to engagement with any institution.

Sightsavers engages investment managers, and a tender may be carried out for this professional appointment every five years.

The standard process for day-to-day administration of investments is as follows:

- An ongoing spreadsheet summary of investments is maintained by the Treasury Operations Department.
- This is updated for acquisitions, disposals, names changes/restructures as each transaction is advised by the Investment Managers.
- Information from the Investment Manager accounts is managed through the Internet portal called “e-banking UK” with individual security passes and segregated identification user log in.
- It is Sightsavers’ policy to sell any donated shares received (unless a particular restriction attached to the donation prevents this).
- A monthly report for each investment fund is prepared by the Investment Managers and is delivered through the e banking UK portal.
- This is used to provide the monthly accounting entries that are uploaded into the SUN accounting system Investment accounting codes.

- The investment portfolio is revalued each month end based on the report received from the Investment Managers and any unrealised gain or loss is account for in the SUN accounting system.
- A full reconciliation is provided between the Investment Manager's report and SUN accounting, for the month end process which is reviewed and signed off by the GTM / FD.

The Global Investment Policy has been further developed in 2023.

6.7 Central Payment Processing

6.7.1 Country Office Funds Transfers & Payments from the UK

The aim of the funds transfer process is to ensure that Sightsavers remits funds to recipients in a timely and efficient manner and at an amount that sufficiently meets the forecast local expenditure of each office. Funds which are not required for short term expenditure should not be requested to ensure maximum levels of cash holding limits are complied with. This enables Treasury to manage and maximise surplus funds centrally, manage cash handling risks and risks of fraud.

Treasury Operations are responsible for, but not limited to, making payment related to:

- CO Funds Requests
- Partner Funds Requests
- Local Supplier Payments

Where possible, it is expected that payments will be made centrally and only under considered circumstances would supplier/partner payments be made locally.

It is recognised that some local transactions will need to be made but this should be managed through the agreed guidelines by the RFM and RD to ensure cash handling restrictions are adhered to and fraud risks are adequately addressed.

The eProcurement System, Proactis should be used to create an order request for ALL transfers and payments. This ensures that payments are made based on forecasted local expenditure and approval processes are in line with the Designated Authority Schedule.

For CO Funds transfers, consideration must be given to the actual cash (bank) held balances and requests adjusted to remain in line with the Treasury Policy on cash holdings.

CO Funds Transfers are generally made in local currency, though there are occasions where this is not possible or there is a need for foreign currency in local offices.

Partner and local supplier payments are made in local currency unless an alternative is agreed with the Treasury Operations team or there is a specific arrangement stating another currency in partners PFAs.

It is vital when requesting a payment to ensure that payments made in a currency can be received by the recipient in that currency. Incorrect details will result in either delayed or failed payments, causing financial costs and reputation costs to the organisation.

On initial set up of a new Partner or Supplier it is essential that valid bank details are provided and evidenced by the receiving bank and in non-editable format.

Any bank account changes to an existing supplier or partner must be notified to the Treasury Operations team through the Supplier Management Service Desk with appropriate evidence.

When engaging with a new supplier it is vital that they are given a unique Sightsavers PO number to quote on their invoice so that a match can take place and be processed for payment.

Failure to do so will result in invoices being returned to the supplier and delay in payment.

It is also necessary that an invoice is addressed to the appropriate entity providing the service. For example, Sightsavers UK for Head Office and UK expenditure and Sightsavers "Country Name" if the requirement is based in an overseas Sightsavers country.

6.7.2 BACS Payments

Treasury Operations are responsible for the payment of UK and Ireland suppliers.

This group of suppliers are identifiable as their receiving bank details are made up of a Sort Code and an 8 digit Account Number. They are paid, using these details, through the UK Bank Clearing System (BACS).

BACS payments are made periodically and at least once a week by the Treasury Operations Payments Officer. Due to the process of the BACS system, the supplier will receive the funds 3 days later.

A remittance advice is produced with the payment, for each supplier to evidence and support the payment and notify of the payment date.

Any questions related to this process should be directed to the Treasury Operations Payments Office or the GTM.

6.7.3 Payment Processing

The Treasury Operations team, through the Payments Officer, are responsible for ensuring all payments on behalf of Sightsavers, are made on time and in the right currency.

This is achieved by associating a PAY TYPE, a reference held in SUN systems, to every single supplier, partner, CO and employee.

These pay types are then used to call individual payment reports on a daily basis to capture any payments falling due.

Payments are made via BACS (UK only), Standard Chartered Bank (UK and overseas), HSBC (UK and overseas) and StoneX Fxecute (overseas).

Payments are also made for all other Business Units – International Humanitarian City in UAE, Ireland, USA, Norway, Sweden and Italy using SCB, HSBC or the bank provider in country.

These payment reports are run periodically and at least once a week by the Treasury Operations Payments Office to identify all payment falling due in these business units. Please note that, unless specified differently under the contractually agreed terms, Sightsavers' standard payment terms for suppliers is set to 30 days from the date of invoice.

It is important to note that NO payments can be delivered "Same Day".

Below is a schedule of minimum delivery days for each banking provider **from day of payment** which should, along with the lead time of the rest of the purchase to pay process, be considered when requesting a payment to be made.

BACS (UK)	3 days
Manual HSBC (UK)	3 days
Standard Chartered Bank (UK and Overseas)	5 days
HSBC (Overseas)	5 days
Fxecute	3 days
Norway	2 days
Sweden	2 days
USA	3 days
Ireland	2 days
UAE IHC	3 days
Italy	2 days

Remittance advices are produced for each supplier at the time the payment report is confirmed. This will confirm the expected receipt date of the funds.

All payment reports and the bank payment created to process them are reviewed and approved by two designated individuals.

All payments require a combination of two approvals for any value of payment.

Approvals are controlled through each individual Banking platform using a combination of unique user ID, password and security device. Each user has their own and these are registered by the Banking provider through administration within each platform.

Any changes to users at operator or approver level requires two administrators in each banking platform. Some providers allow electronic administration and others require manual, original signature administration.

All payment approvers are authorised to perform this process by two members of the MT as originally delegated by the Board of Trustees.

6.7.4 One Off Payment Processing

This is available Under the Supplier Management Service Desk and is only for payments that will only be "One Off", so the supplier is NOT expected to be used again and will not be listed in the category of suppliers.

This will allow a record to be kept of each payment, by the Treasury Operations Department, in the Sun Accounting system because each beneficiary will be identified in a specific SUN code 5310TTT01.

On the Self-Service Desk go to Supplier Management – New Supplier Request.

Pick "Yes" for a one-off supplier and then complete all the boxes.

Please note:

1. **The supplier's bank account must be able to receive the currency of payment.**
2. **Full coding is required otherwise payment will not be made.**

This type of supplier does not require a PO to be raised, as the Service Desk Request will act as the coding and approval process and will be automatically sent for approval to the line manager.

Any Questions regarding this process please refer to Treasury Operations.

6.8 Sundry Invoice Processing

The Treasury Operations team are responsible for creating invoices, known as Sundry invoices, for reimbursement or receipt of funds from a third party.

On the Finance Service Desk select "Sundry Invoice Request", which will require full details to be provided to enable an invoice to be created.

This process also allows for the expected flow of funds to be recorded as a debtor receivable to Sightsavers in the accounting system, provide a visible and centralised record of any expected funds and for the receipt to be chased up if necessary. There are two types of Sundry Invoice

- An actual request from a third party that are either a contribution to or reimbursement of costs previously incurred by Sightsavers.

- A request for an income donation for Sightsavers that can be processed by the contributor in order to remit funds.

The Service desk ticket will prompt for all relevant information required in order that the appropriate invoice can be raised and recorded. Requests will be rejected that do not have sufficient or accurate information.

Invoices are prepared on headed paper and recorded with a unique identifying number that is confirmed through the Service desk ticket assigned to it.

Following preparation, the invoice can be directed to the recipient from the Treasury Operations team or returned to the requestor for onward submission.

6.9 Summary of dos and don'ts

Do

- Retain undisbursed cash in a secure tin in a safe - FSSM.
- Carry out periodic and surprise cash counts – AD/CD/RD.
- Follow Sightsavers' procedures around amending bank account signatories and opening new bank accounts – AD/CD/RD and finance staff.
- Monitor the usage of fuel cards
- Use PROACTIS / Head office payments systems
- Engage the UK office treasury on all changes to banking arrangements

Don't

- Keep staff who have left the organisation on bank mandates.
- Pre-sign cheques
- Hold excessive amounts in petty cash or foreign currency cash
- Leave the managements of bank and cash in the hands of just one person.

7. Expenditure processing

This chapter explains how Sightsavers ensures suppliers and staff are paid on time and covers the different systems and processes that support those.

7.1 Summary of roles and responsibilities

Role	Responsibilities
All staff	• Unless impossible, arrange for payments via purchase order and invoice. • Follow the procedures for using Sightsavers' credit cards, claiming expenses, and handling and retiring expense advances correctly. • Ensure FSSMs are made aware of any changes to payroll information.
All line managers	• Review and authorise expenditure requests, within own delegated authority limits, ensuring they have been filled in and coded correctly, are backed up by valid supporting documentation, and are in line with policy, procedures and Country limits/ rates.
Treasury Operations Team	• Match invoices to purchase orders and prepare batches for payment • Prepare weekly expense reimbursement payments • Administrate and manage the corporate credit card and virtual credit card processes
Finance Officers/Managers	• Prepare and reconcile the monthly payroll including any deductions.
Country/Area/Regional Directors and Financial Controller	• Ensure all expenditure against budgets are valid and appropriately authorised • Review and authorise the monthly payroll calculations. • Ensure all expenditure claims have been correctly authorised.

7.2 Summary of payment methods

Expenditure may be paid for as shown below; choose the most appropriate method starting at the top of this list (which also serves as a contents page to this chapter):

Type of expenditure and relevant section below	System
7.4 Invoices from Supplier 7.4.1 Day to day expenses – regular supplier 7.4.2 Capital items – regular supplier 7.4.3 One-off payments – not expecting to re-use supplier	Proactis
7.5 Funds transfer 7.5.1 Fund transfer between offices 7.5.2 Fund transfer to partners	Proactis
7.6 Online payments 7.6.1 Corporate credit card 7.6.2 Virtual credit card	HSBC then analysis via Proactis
7.7 Reimbursement of business expenses 7.7.1 Expenses reimbursed after incurred 7.7.2 Expenses reimbursed before incurred	Proactis expenses
7.8 Small one-off payments 7.8.1 Mobile money 7.8.2 Petty cash	Cash
7.9 Payments to staff 7.9.1 UK Payroll 7.9.2 Country office payroll 7.9.3 Satellite fundraising offices payroll 7.9.4 End of contract benefit scheme 7.9.5 Redundancy and contract termination payments	Local payroll software
7.10 Loans 7.10.1 General loans 7.10.2 Employee benefit loans 7.10.3 Other employee loans	Local payroll software
7.11 Summary of dos and don’ts	

7.3 General issues

7.3.1 Proactis system

Proactis is Sightsavers' online e-Purchasing and e-Expenses system. A Proactis user account is not provided by default; complete a 'new user' form on the Finance Systems' Service Desk.

Users in Proactis can:

- Request fund transfers to other offices or partner organisations
- Raise Purchase Orders (POs) and get approval prior to invoice and payment
- Raise expense claims
- Request and retire travel advances (non-Europe only)
- Amend and code corporate credit card statements Authorisers set up on the system can reject or approve costs against their budget.

Proactis is also available via a mobile app; personal mobile devices can be registered with Bring Your Own Device (see IT Security Policy) and the app can then be downloaded.

The training course within **Sightsavers' GoMo** gives detailed instructions.

A summary of the Proactis system is **here**.

7.3.2 Currency issues

Where goods or services are ordered from country A and accounted for in country B, and these countries do not have the same currency, it is likely that currency differences will arise due to exchange rates fluctuating between the time the goods/services are ordered and they time they are paid for.

POs must be raised in the local currency on the basis of the exchange rate applicable at the date the PO is raised.

Invoices will be paid in the foreign currency at the exchange rate applicable at the date the invoice is paid.

Expenses claimed by staff where the payment was in a different currency to the reimbursement will have the reimbursement made on the basis of the exchange rate on the date the expenditure was incurred.

Differences will be dealt with by Finance.

7.3.3 VAT issues

Setting up suppliers with the correct local sales tax code (VAT code in the UK) will ensure the tax is correctly accounted for and tax returns are able to be correctly submitted on time.

7.3.4 Payment mechanisms

In the UK, payments are by weekly BACS (Bankers' Automated Clearing System)

In the COs, payments are also weekly, through either Interbank Settlement RTGS (Real Time Gross Settlement) where the supplier's bank is different from the CO bank, or Automated Clearing House where payments are within the same banks.

Telegraphic Transfers may be used for international payments.

7.4 Payment on invoice from supplier

7.4.1 Day-to-day expenditure – regular supplier

Add a new regular supplier by raising a ticket on the Treasury Service Desk 'supplier management' then either 'supplier management' or 'partner management' as applicable. Bank details for the new payee are required in a non-editable format, in the form of an official bank statement or letter on the bank's letterheaded paper, clearly giving the supplier account name and full bank details (not a supplier invoice or supplier letter). For new partners, a signed Partner Confirmation Letter. Once set up, the service desk will notify the approval and the new supplier code.

Care must be taken to verify the bank details, as providing false bank information for payees is a common way that companies are defrauded.

Having identified required expenditure and having the code for the intended supplier and the relevant budget/ project, a Purchase Order (PO) must be set up on Proactis. **A PO must be used and approved prior to goods or services being ordered: do not order and wait for the invoice and then set up the purchase order.** This ensures expenditure is approved by the budget holder before the costs are incurred or committed, allowing the budget holder to maintain proper control of the areas of spend for which they are responsible. The amount on the PO can be amended if it is not known accurately at the time the PO is raised; use an estimated amount if the actual figure is not known.

Once approved, a PO number is issued, which must be given to the supplier to put on their invoice; this enables matching the subsequent invoice to the existing approval. Failure to do so will result in invoices being returned to the supplier and therefore delayed in payment.

It is also necessary that an invoice is addressed to the appropriate entity providing the service. For example, Sightsavers UK for Head Office and UK expenditure and Sightsavers "Country Name" if the requirement is based in an overseas Sightsavers country.

When the goods or services are received, the delivery should be receipted against the PO, which will mean that the payment can be processed as soon as the invoice is matched to the corresponding PO.

When giving the supplier the PO number and confirming the order of goods or services, the supplier should be advised to send their invoice to the Country Office, or, for the UK, the Treasury Operations Office based at Head Office (email to **invoices@sightsavers.org**). If invoices are received directly, they must be forwarded to the correct office.

Finance staff either in the Country Office or Treasury Operations will match the invoice to the PO (hence need to have the PO number included on the invoice by the supplier) and ensure payment within the agreed payment terms.

If the actual invoice is for a higher amount than given on the PO, the payments team will request a revision to the PO which will then require approval. Small increases of less than 5% will be dealt with by the payments team; higher variances will require further management approval.

If the supplier is expecting to invoice regularly or at key stages in a project (e.g. for temporary staff there will be regular invoices, for some works there will be invoices at key milestones), a single PO for the entire anticipated cost should be set up and invoices drawn against that single PO number.

Where a PO was raised for a higher amount than required and the balance is not needed, the originator should periodically clear down the unrequired amounts. To close or clear down a PO or the balance on a PO that is no longer required, a Treasury Service Desk ticket should be raised ('Proactis Purchase Order Close')

Users can check on Proactis when an invoice has been paid; a paid date is shown on the PO when the invoice has been approved and posted to SUN. Suppliers querying payment should be advised to wait at least 7 working days from the payment date to allow for bank clearance of the payment.

7.4.2 Capital items – any supplier

The process for making a capital purchase is the same as for day-to-day expenditure, however, the minimum for a capital purchase is £15,000; most staff will not need to make capital purchases and they are generally limited to ICT and building management staff, and staff purchasing vehicles for Sightsavers' use. All suppliers of Capital goods must be set up on Proactis, even if not expecting to reuse. Capital purchases must be supported by an invoice and must be updated in the Asset Register with the appropriate depreciation rate. The Fixed Asset Policy can be found **here**. If in doubt, please contact the Group Accounting and Reporting Team.

7.4.3 One-off payments – not expecting to reuse supplier

Treasury Service Desk – Payments, select "Yes" for a one-off supplier and then complete all the boxes.

The supplier's bank account must be able to receive the currency of payment and where possible, payment should be in the local currency.

This type of supplier does not require a PO to be raised, as the Service Desk Request will act as the coding and approval process and will be automatically sent for approval to the line manager.

Any Questions regarding this process please Treasury Operations.

7.5 Fund transfers

7.5.1 Fund transfer between offices

Proactis must be used to create an order request for any transfers between offices in line with the Designated Authority Schedule, including monthly requests to cover the running costs of the Local offices.

For CO Funds transfers, consideration must be given to the actual cash (bank) held balances and requests adjusted to remain in line with the Treasury Policy on cash holdings.

CO Funds Transfers are usually made in the local currency, though there are occasions where this is not possible or there is a need for foreign currency in local offices.

7.5.2 Fund transfer to Partners

Proactis must also be used to create an order request for any payments to Partners, in line with the Designated Authority Schedule. The request will generate a PO number which must be passed to the Partner organisation for inclusion on their invoices; failure to do so will result in invoices being returned to the partner which will delay payment.

Partner and local supplier payments are made in local currency unless an alternative is agreed with the Treasury Operations team or there is a specific arrangement stating another currency in partners PFAs.

It is vital when requesting a payment to ensure that payments made in a currency can be received by the recipient in that currency. Incorrect details will result in either delayed or failed payments, causing financial and reputation costs to the organisation.

7.6 Online payments

7.6.1 Corporate credit card

Corporate credit cards are available to permanent staff who are required to undertake travel on behalf of the organisation where the monthly expenses expenditure is high and the purchases cannot be made directly between the supplier and Sightsavers but can be made by credit card; this includes staff who regularly travel as part of their duties at Sightsavers. Applicants should discuss with their line manager, who if they agree that a corporate credit card would facilitate the staff member's work, authorise the request via the Treasury Service Desk – Credit cards.

Monthly credit card expenditure will be automatically listed within Proactis (expenses tab) when the statement arrives in Finance, and an automated email will be sent to card holders requesting uploading and matching of supporting documentation and coding against the relevant budget. This should be done within 20 working days of the statement being issued by Finance. The line manager will then approve/reject the allocation, with a final review by Finance.

Misuse of the Corporate Credit card, including using for personal expenses, and/or failing to adhere to the timetable for allocating and supporting the expenditure incurred may result in suspension/ removal of the card and/or disciplinary measures.

Separate detailed policy can be found **here**.

7.6.2 Virtual credit card

Virtual cards available to Sightsavers' employees who are required to undertake one-off expenditure on behalf of the organisation where payment by invoice (section 7.4 above) is not an option e.g. online, via telephone etc.

Virtual Cards are one-time use online credit cards issued by HSBC that exist with no physical presence (hence virtual), whilst still providing the details required for payment (card number, expiry dates and card security code). They can only be used for the supplier that is specified when ordering the card.

A Virtual Card can be applied for through the Service Desk: Finance team and will require line manager approval.

Full details of the Policy related to the use of Virtual Cards are available from the Treasury Operations Team.

7.7 Reimbursement of business expenses

7.7.1 Expenses reimbursed after incurred

In the course of their work, staff may need to incur expenditure in connection with Sightsavers official activities. Sightsavers will pay for the actual cost of expenses which are incurred wholly, exclusively and necessarily in the performance of duties undertaken by staff in their employment at Sightsavers and which comply with regulations of the country of operation; for some expenditure types, there is instead an applicable rate giving the allowance (for example) per day or per mile. A separate appendix to the Global Expenses Policy gives local rates and caps to expenditure where applicable. The applicable rates are those in the country where the expense was incurred; the expenditure should be charged to the home cost centre or relevant project (as applicable).

Staff should also ensure that the expenses they claim do not incur tax obligations in their home country.

Claims must be entered onto Proactis with correct coding and uploaded electronic supporting documentation; access to the Expenses module can be added to Proactis logins via the Service Desk. The claim is then automatically forwarded to the line manager for checking that it is genuine and relevant, and, if so, their approval. If rejected, the claim, with reasons for rejection, will go back to the claimant to review or delete.

Once approved by the manager, the claim is electronically forwarded to Finance to ensure it complies with policies and is timely (see below). Again, if rejected, the claim, with reasons for rejection, will go back to the claimant to review or delete.

Finance will arrange for approved expenses to be reimbursed into the claimant's personal bank account in the next weekly payment run. The expense-claiming employee must provide their personal bank details, via the service desk to the Treasury Finance Team. A remittance advice with details of the paid expense, the value and the date of payment are automatically emailed.

The training course **here** gives detailed instructions on using this module.

Claims where the expense was incurred more than 3 months ago will not be paid. Expenses incurred in October, November or December must be submitted and approved by 31st December otherwise they will form part of the following year's expenditure. Any problems with Proactis should be reported to the Finance Systems team in the first instance.

Most claims will be for direct expenditure which must be supported by receipts and, if applicable, this should be a tax receipt, to allow Sightsavers to reclaim any tax element of the expense. Keep receipts for any currency exchanged during trips (if applicable).

Daily allowances (per diems), mileage rates for car travel (etc), where reimbursement is not based on a specific receipt but on a calculation using internally agreed and published rates will apply in some instances; the country-specific guidelines will give details of applicable rates, and claims must be supported by a clear explanation and calculation and, where possible, other supporting documentation such as a route-finder printout to support miles travelled, or an itinerary to support daily subsistence allowance claims.

Some expenditure may not give a receipt; if this is the case, the expenditure must be listed with an explanation as to why it was not possible to obtain a receipt, any separate supporting documentation (such as bank statement showing the expenditure, a website page printed to show rates etc) should be provided, and approval of unreceipted expenditure is at the line manager's discretion.

Staff must keep expenses incurred to a minimum and record, explain and justify each expense properly. Expenses not directly attributed to the organisation's business purposes will not be reimbursed.

The volume of staff expenses should be kept to a minimum, and offices are expected to explore methods to maximise direct payments to suppliers rather than by a staff member paying and then claiming reimbursement.

7.7.2 Expenses reimbursed before incurred

Ideally, valid expenses are incurred by staff who upload receipts and receive reimbursement (see above 7.7.1). However, in some circumstances it is appropriate to reimburse valid expected expenditure prior to that expenditure being incurred; **this is only available as an option to staff outside Europe.** The process is more work for the staff using it than the more usual reimbursement after expenditure, so should only be used where necessary.

The amount should be kept to a minimum and will only be granted where credit cards are not widely accepted, Sightsavers does not have means to directly settle the expenses with the supplier and reimbursement after expenditure would be inappropriate (for example, if anticipated costs are high). Where this is the case, money will normally be transferred directly to the staff member's bank account, from which they should make payments and/or withdraw cash. Staff members may wish to send the money from their bank account via e.g. Western Union or similar, so that it can be collected in the destination country. If staff members are anticipating travelling with cash, they must ensure that their insurance covers this.

Any staff advances which exceed £1,500 (or equivalent in local currency) must be submitted to the RD for approval in advance, with justification for the amount and with a strategy to mitigate risk of loss and risk posed to the staff.

To receive an expenses advance:

1. Advances must be requested at least 10 working days before travel via Proactis.
2. Advances may only be requested if previous advances have been cleared ('retired', see below), with receipts and supporting documents submitted and any balance reimbursed to Sightsavers.
3. The advance request must clearly state the destination(s), date(s), itinerary and break down the estimate of the costs that the advance is to be used for.
4. The advance request will be approved by the staff member's line manager and then reviewed and checked by Finance who will then arrange payment; if Finance staff are requesting the advance, it must be signed by the RD. The finance review should confirm that there are no prior advance balances in the name of the staff member which are not yet accounted for, that the request is reasonable, and only contains anticipated expenditure that cannot be paid for directly by Sightsavers or by another payment method.

5. RD approval is needed if a top-up of an existing advance is required (for example, additional expenditure identified, or the itinerary extended).

To retire the expenses advance:

1. At the end of the trip, Proactis must be updated with supporting documents to show how the money was spent and each line must be correctly coded. This must be done within 5 working days of the end of the trip.
2. A template exists on Proactis to facilitate this; the completed template is forwarded and approved by the line manager.
3. Where rates or allowances are claimed, they should be at the applicable rate for the country of travel, not the home country where this is different.
4. Any residual/unused advance must be reimbursed to Sightsavers. The local office may request this is returned in cash to them and they will add it to their local petty cash, or it may need to be converted back to the home currency and repaid into the local office/ head office bank account. Receipts for these transactions should be kept and uploaded as documentation for this line within the retirement.

7.8 Small one-off payments

Assuming the processes outlined above are not suitable for payments, the following alternatives may be used:

7.8.1 Mobile money

This is a mechanism of paying where the payee is identified by their mobile telephone number and works (broadly) in the same way as PayPal does (where the payee is identified by their email address). However, with mobile money, the payee does not require a linked bank account. This is therefore suitable for small payments to individuals, for example to cover subsistence for field operatives who are not staff, or to Sightsavers' beneficiaries where a payment needs to be made. There is no receipting and it is reliant on collecting the correct telephone numbers, therefore is a small fraud risk, but is safer and quicker for these payments than staff carrying cash to be distributed. Payment batches are set up in the Country Offices. Care needed with storage of data which must be to GDPR or local data security legislation, whichever is the higher.

COs should not engage directly with banks or mobile wallet providers. This process is to be managed by Head Office Finance.

7.8.2 Petty cash

Some offices will maintain a petty cash tin which should be run on an Imprest system (i.e. at any time, total cash in tin + total receipted petty cash vouchers in tin = agreed float). Periodically the vouchers are processed onto Proactis and corresponding cash paid from the bank, thus increasing the cash in the tin but maintaining cash + vouchers = agreed float. The processed vouchers become the supporting documentation for the top-up request.

Every petty cash payment must be authorised and supporting receipts attached to the voucher which must be stamped as “PAID” to prevent duplicate payments. The person receiving the cash must sign the voucher as confirmation.

Petty cash floats must be kept to a minimum and should not exceed the equivalent of £250 in total.

In some instances, staff who have received an expenses advance may be asked to give any unused balance in cash to the local office. Where this occurs, a ‘credit petty cash’ voucher must be completed, the cash transfer verified by at least 2 people and the money added to the petty cash tin. This maintains cash + vouchers, which includes credit (‘negative’) vouchers = agreed float. This should normally be in local currency.

Petty cash tins must be checked monthly by 2 staff members to ensure vouchers + cash = agreed float and this check noted on the month-end checklist. In addition, surprise cash counts should be instigated by the AD/CD/RD at a different time to ensure that the petty cash and other currency floats are properly maintained. This must also include any foreign petty cash.

Petty cash must be stored securely in a locked tin and the tin within a locked cupboard or drawer. Key access must be limited to one person, and appropriate key holding arrangements should be made by the AD/CD/RD and documented.

and all transactions signed by both the petty cash officer and the recipient. AD/CD/RDs are responsible for ensuring this and will be accountable for any cash losses from their office.

Cash theft must be report to the UK office and RO immediately using the fraud reporting process.

7.9 Payroll

7.9.1 General Principles

Payroll processes will differ from country to country and each payroll should have specific policies and procedures as applicable. This section describes overarching expectations, however, local legislation will always take precedent.

All payments to staff must be either managed through:

a) the country’s established payroll processes

b) a staff advance account in the name of the recipient

Any other payments or in-kind contributions to staff are not authorised unless with express prior approval from RD.

Payroll must be run on appropriate dedicated payroll software which must be kept up to date with any statutory changes that apply in that jurisdiction, and which must either be electronically linked or reconciled monthly to the HR system.

Staff who are involved with payroll are expected to have undertaken appropriate training.

Data held in payroll systems is confidential and must be protected by appropriate passwords, and worked on in an environment where non-payroll staff cannot overlook either screens or printed reports. Any printed reports must be kept in a locked cupboard or, if not required, securely shredded.

The management of payrolls in Africa is guided by the Africa Payroll Procedures manual, which is periodically reviewed and updated by the Africa Payroll service.

The benefits and entitlements offered to staff vary from country to country, and are described in the Staff Handbooks for each.

The payroll preparation, review and approval processes for Africa are described in the Africa Payroll Procedures Manual.

The final pay for a departing member of staff may include additions in respect of holiday pay, redundancy payments, end of service benefits (etc), and deductions in respect of outstanding loan balances or unretired expense advances.

The person preparing the monthly payroll (in Africa, the Africa Payroll Specialist) is responsible for preparing any statutory returns to regulatory authorities, as well as providing information in respect of staffing costs for the consolidated statutory accounts. The Country Office is responsible for filing of the statutory returns and processing payments, all within the statutory deadlines.

Alongside preparing the monthly payroll, the person who makes the calculations must prepare reconciliations, with no residual unreconciled items, for the following checks:

- Gross to net pay – analyse the difference between the two totals each month. The difference expected to relate to deductions for tax, pension (etc), starters and leavers, changes to hours and changes to pay (etc).
- Analyse the month-to-month gross pay movement. The difference would be expected to relate to starters and leavers and changes in hours and pay.
- Verification of staff on payroll. A cross-check to independent HR data to ensure that the payroll does not include any "ghost employees" and that all starters are genuinely employed.

Staff must be paid monthly in arrears and the money arrive in their bank accounts no later than the last day of the month, or earlier if their contract of employment states an earlier date.

Payslips must be provided to all staff detailing their pay elements for that month. Staff based in Africa should access their payslips through the Employee Self Service ("ESS") portal.

Staff based in Africa may contact the Africa Payroll Service Centre through africapayroll@sightsavers.org, which email address is managed by the Africa Payroll Specialist. Queries and requests related to payroll processing (e.g. receipt of net pay) will be supported through the Service Desk in due course. If the Service Desk is unavailable, contact can be made through the aforementioned email address.

The first level of escalation of any issues remaining unresolved by the APS is to the Head of Finance & Operations – Africa (HFOA)

The second level of escalation of any issues remaining unresolved by HFOA is to the Planning, Monitoring and Reporting Director

Staff based elsewhere can raise any questions or concerns about their pay with their line manager, the FSSM or the AD/CD/RD.

7.9.2 Satellite fundraising offices payroll

A number of international fundraising offices have employed local staff, for whom a local payroll and registration of such with the local tax authority is required.

Sightsavers may look to contract with a local firm of accountants or payroll provider to meet this requirement, with the required remuneration and related information provided through HR and with financial control oversight and accounting and treasury activities performed or managed by the Head Office Finance team.

7.9.3 End of contract benefit scheme

In some countries there is a legal requirement to set up a specific end of contract benefit scheme(EOSB), in form of a gratuity fund. Details of these benefits can be obtained from the staff handbook or through the Regional HR manager. Any changes to these schemes must be approved by the Regional Directors and the COO.

- Some staff members, under both permanent and fixed term employment contracts, are entitled to one month's salary for each completed full year of service (or more or less than a month if local statutory law specify this.
- Staff are eligible to accrue EOSB benefits as follows:

Permanent contract staff: every 12 months of completed service;
Fixed term contract staff: at the end of their fixed term contract

The payment of an End of Contract benefit must be included in the country's payroll and follow applicable review and approval processes. The benefit may be taxable depending on the statutory requirements in that jurisdiction.

-
- When payment has been made under the scheme, Head Office Finance must be informed.
- A provision is maintained and updated twice a year by Finance for anticipated end of service benefits.
- The relevant Regional HR manager is responsible for updating Head Office Finance with any changes to staff or salaries.
- AD/CD/RDs and FSSMs must ensure they incorporate an estimate of the change in the end of contract benefit in their forecast.

• This section is a general summary of the principles and structure of the overall scheme. Specific governing documentation, including the country staff handbook, should always be consulted by staff and managers for definitive applicable rules. Assistance should be sought from the HR department if required.
• Any staff member leaving or finishing their employment before completing a first full year of service will not qualify and will have no entitlement

7.9.4 Redundancy and contract termination payments

Some staff may be eligible for redundancy and/or pay in lieu of notice and/or pay in lieu of unused holiday allowance at the end of their employment with Sightsavers. This is separate to, and may be additional to, the End of Contract Benefit scheme outlined above. Separate HR policies cover these and details will be included in staff members' contract of employment details. These termination payments may be subject to tax.

7.9.5 Salary advances

Salary advances are not given. Staff may be eligible for specific loans, see below.

7.10 Loans

7.10.1 General loans

General loans, for any purpose, other than a) expenses paid in advance, as outlined above, or b) specific employee loans (benefit and general) as outlined below, are not given.

7.10.2 Employee benefit loans

There may be additional employee benefit arrangements which are covered by the appropriate HR policies, for example:

- Season ticket loans
- Cycle to work schemes
- Childcare vouchers

All of these are supported through the local payroll and will not apply in every country.

7.10.3 Other employee loans

Employee loans are occasionally granted to some staff in accordance with the Staff loans policy.

For staff based in Africa, staff loans must be requested through the Service Desk, supported by documentary evidence. Any staff loan request will be subject to approval by the CD and RD. On approval of the staff loan, the Africa Payroll Service Centre will issue a staff loan agreement for signature by all parties, which will include a repayment schedule. The staff loan issuance, as well as subsequent deductions, will be processed through the payroll. Please refer to the Africa Payroll Procedures Manual for further detail.

For Staffs based elsewhere, the FSSM (RFSSM if it is the FSSM's claim) must ensure that the loan is recorded against the employee's loan account and include the appropriate repayments in the monthly payroll calculation.

There may be tax implications for the staff member taking an Employee Loan, which the staff member should check prior to applying and for which the staff member will be responsible for paying.

Outstanding balances of any loans or advances will be deducted in full from final salary/ any other final payments from staff who leave.

Loans where provided are interest-free.

7.11 Summary of dos and don'ts

Do

- Pay on invoice where possible, setting up a Purchase Order for approval prior to expenditure
- Submit and pay all statutory payments on time.
- Ensure that all finance and payroll files (electronic and paper) are kept securely.
- Ensure that all control accounts are reconciled as part of the month end process.
- Keep receipts for any valid business expenses and reclaim within 3 months using the electronic system
- Ensure expenses incurred in October, November or December are submitted and approved by 31st December.
- Avoid using expense advances and, if they are used, retire them within 5 working days of return to the office.
- Keep company credit cards safe and report any theft/misuse immediately. Complete the analysis of the card use within 20 working days of the statement being issued by Finance (Finance will issue within 10 working days of receipt from the bank).

Don't

- Make any payments outside the Proactis system, unless there is no alternative.
- Forget to submit valid, approved expenses claims by 31st December as late claims will be processed in the following financial year against new year budgets.
- Attempt to claim personal expenditure from Sightsavers, either by misusing the company credit card or by making an incorrect reimbursement expenses claim • Ask for a salary advance

  Make payments to staff that are not managed through:

  a) the country's established payroll processes

  b) a staff advance account in the name of the recipient

  Any other payments or in-kind contributions to staff are not authorised unless with express prior approval from RD.

8. Project financial management

This chapter explains the required processes for the effective management of Sightsavers' project expenditure including partner financial support and accountabilities.

8.1 Summary of roles and responsibilities

Roles	Responsibilities
Country Director / Area Director	Overall responsibility for all aspects of project financial management. Specific responsibilities that sit only with the CD: • Review PFAs for each partnership. These should be signed in line with Sightsavers' delegated authority framework. • Review and approve project budgets. • Approve partner funds transfers on Proactis. There are some responsibilities that are owned by COs with different team members responsible for completing different parts of them. These responsibilities are: • Undertake the partner due diligence assessment and prepare an action plan • Complete the Start-up and inception checklist (STIC)
Finance and Support Services Manager and Programme Manager (jointly)	• Prepare project and donor budgets. • Prepare PFAs for each partnership. • Review funds requests received from partners. • Review partner financial reports using checklist. • Review and analyse project and donor financial reports, including the compilation of variance explanations. • Complete procurement requests for project in line with organisational policy and processes.
Finance and Support Services Manager	• Upload partner fund transfer requests to Proactis. • Undertake partner financial monitoring visits. • Prepare project and donor financial reports. • Where donors require timesheets, collate these and recharge local salary allocations (see section 8.4.3)
Partners	• Request funds transfer • Prepare and submit regular financial reports on expenditure in line with requirements as stated in the signed PFAs. • Ensure all documentation required in relation to the procurement of goods and project are submitted to the project manager when requested.

Internal Audit / Regional Finance and Support Services Manager	• Complete minimum partnership criteria assessment and action plan
Roles	**Responsibilities**
Regional Finance and Support Services Manager	• Review and approve partner fund transfers on Proactis • Conduct Due Diligence reviews
Project Finance and Risk Advisor	For projects funded by significant or complex restricted funding streams: • Support preparation of donor budgets • Review PFA before signature • Review project financial reports for POR monitoring calls • Support donor financial reporting • Involved in the completion of some aspects of the STIC • Where donors require timesheets, collate these and recharge global salary allocations (see section 8.4.3) • Provide expertise in donor compliance regulations throughout project cycle

Oversight of regional partners or partners in countries without offices should be carried out in line with the roles and responsibilities above but the responsibilities should be assigned to the most appropriate role.

8.2 The Project Cycle

Every project, regardless of the thematic area it supports or the type of work it delivers, follows a similar pattern:

- Initial analysis and problem identification
- Project conceptualisation.
- Detailed planning and development
- implementation
- mid and/or end term evaluation, the findings of which inform the next phase of the project, or a decision to close and exit.

This cycle of phases is illustrated in figure 1 and can also be described as the project cycle.

The financial management requirements are different at each phase and so this chapter is structured around the project cycle to provide an easy reference for staff.

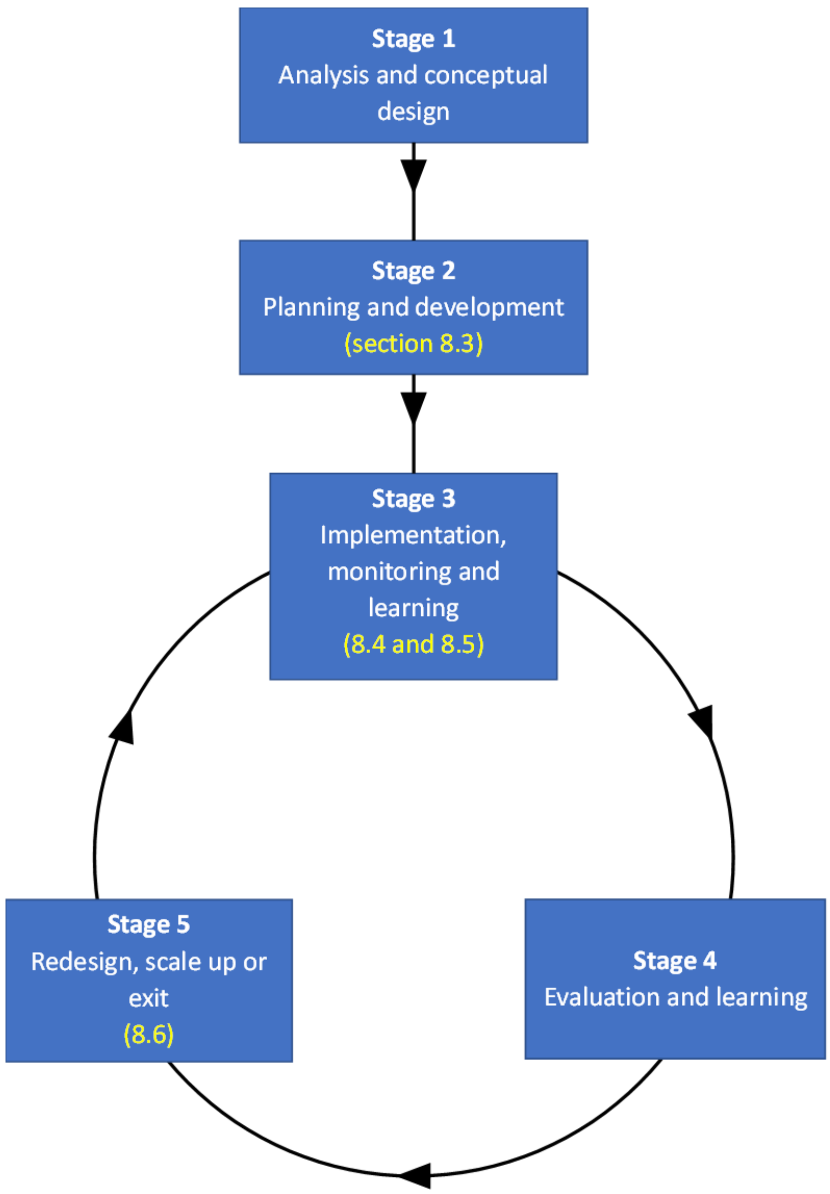


Figure 1. Project Cycle

8.3 Planning and Development

8.3.1 Partner selection and due diligence

A key part of the development of a project is the identification and assessment of suitable partners. Partner Due Diligence is a critical exercise that must be carried out during the project design process. It allows a check that partnerships are with appropriate organisations, and that the partners' strengths and weaknesses are understood, and how these may impact on the design and management of Sightsavers' projects.

All aspects of partnership, including identification and selection, are governed by **Sightsavers' Programme Partnership Policy**. The detail of how a partnership should be managed at each stage of the project cycle is documented in Sightsavers' Partnership Framework, available on **Myportal**.

Partner selection is supported by a two-stage due diligence process:

Stage 1. Minimum partnership criteria assessment

A desk review of Sightsavers' minimum expectations of any potential partner. In order to enter into or retain a partnership, Sightsavers should ideally be satisfied that NONE of the 13 criteria listed apply to the partner organisation. This assessment is carried out by a central team (Internal Audit and the Regional Finance Managers) to ensure an unbiased and consistent approach. The completed assessment and any emerging action points are then shared with the relevant programme team.

Stage 2. Due diligence assessment

If the partner meets the minimum partnership criteria, a face-to-face due diligence assessment is carried out to assess the structure, governance, credibility, and capacity of the organisation in detail, and return an overall risk rating for project delivery. This is undertaken by the CO that will be managing the partnership; ideally one programme colleague and one finance colleague working together. An action plan is drawn up to address any risks or weaknesses.

Full guidance on this process and the templates that support it are held on **Myportal**.

The due diligence process will provide detailed information about the partner and, potentially, actions to be undertaken with the partner to ensure that they are able to deliver. The outcomes of the due diligence process must be factored into project planning e.g. budgets should be included where needed for actions, systems should be set up to reflect the strengths and weaknesses of the partner.

8.3.2 Budgeting

Sightsavers has a standard project budget template (held on **MyPortal**) that must be used for all projects, unless specified otherwise. This template includes the overall project budget plus budgets for the CO and each partner organisation. The template is activity based, with budgets calculated using a unit cost methodology. It has been designed so that it explicitly links to the project logframe and implementation plan. The costs included in the template for programme procurement should also link to the procurement plan. Guidance notes are available to support the budgeting process and completion of this template.

The budget template is designed to be a building block of Sightsavers' organisational expenditure plan and so the total budget for each year in the FMF should exactly match the project budget figure. The implication of this is that the assumptions used in the preparation of the project budget e.g. around inflation and exchange rates should match those used in the organisational planning.

Donors may require a budget to be prepared in a specific template and may have requirements around budgeting that conflict with the organisational approach. Where this is the case, a budget should be produced in both templates, and these should be reconciled. Sightsavers' organisational approach should be used to manage the project, with the donor format used as a means of communicating with the donor.

Ideally, the budget in the organisational format should be produced first, and then translated to the donor format to ensure that the project can be managed in practice. Where the time for proposal development does not permit this, a conversion of the donor budget should be undertaken as part of the start-up / inception of the project. The guidance accompanying the project budget template explains how this should work.

In producing budgets for donor funded projects it is essential that donor rules are considered as these may have an impact on costs e.g. procurement rules may limit the products that can be purchased. The Country Office and PFT teams should work together to identify any unallowable budget costs and seek prior donor approvals where necessary.

Indirect Cost Rate Calculation

Projects incur both direct projects costs, and indirect costs. Direct costs are defined as those that are directly and easily attributable to specific activities undertaken by the organisation (e.g. specific projects). Indirect costs are those that remain, and tend to be ones that are cross cutting (e.g. salaries of central finance staff) so are difficult to attribute to specific projects, but do support them. To recover the full cost of a project, Sightsavers charges donors an Indirect Cost Rate (ICR) in addition to the direct project costs, where the donor allows. This is a percentage which is charged on top of the direct project costs in a donor budget. Use of an ICR applies across the donor funded portfolio including the large NTD programmes considered further in chapter 9.

Each year Sightsavers undertakes an ICR audited calculation. It is calculated by dividing the total indirect costs of Sightsavers globally (or "indirect cost base") by the total direct costs of the organisation ("direct cost base") using the previous year's audited financial data.

The table below lists the types of costs included in the two cost bases (the list is not exhaustive):

Direct Costs	Indirect Costs

All the costs of the country offices including: • **Staff salaries** • **Vehicles and any other equipment** • **Costs of meetings, workshops** • **Costs of clinical supplies** • **Administration costs of the country office attributable to the project** • **Monitoring and Evaluation costs** • **All partner costs** **Some costs of the Regional and Head offices directly attributable to the project (share of the salaries of technical advisors spent advising the project, share of PFR grant management support salary for the time spent on supporting the donor agreement), etc.**	Costs of regional and head Offices not easily attributable to specific projects or activities: • Cost of central finance function processing payments, payroll and overseeing accounting • Cost of central procurement team • Cost of global security and systems

Some of our donors, mostly institutional ones, will not pay for certain types of costs ("*ineligible cost*") so the costs used in the calculation were assessed for eligibility against donor rules (USAID in particular). As a result, the following costs are removed from the calculation:

- Advertising and public relations costs are disallowable as indirect costs;
- Alcohol costs are disallowable as direct or indirect costs;
- Entertainment costs are disallowable as direct or indirect costs;
- Investment management costs are disallowable as direct or indirect costs;
- Housing and personal living allowances are disallowable as indirect costs;

By applying the Indirect cost rate in a proposal, it is therefore important to note that the donor is **NOT** funding any of the above.

Some funders have additional restrictions on how the ICR is applied to the grant. Typically, the ICR is charged as per the calculated rate, as a percentage of the total of direct costs, then added to the total figure. However, some donors may have a limit on the chargeable rate, which is below Sightsavers' calculated rate. For example, the EC generally restrict the rate to 7%, which is below Sightsavers' historic average. Other donors may not allow the rate to be charged against all categories of the budget. For example, some may exclude subawards from the direct cost base on which we can charge the ICR. Please always seek guidance from your PFT lead on how to apply the ICR in line with specific donor regulations.

The rate is audited and certified annually. The certification letter is available should the donor request it.

For full details on the methodology and exhaustive guide on what constitutes direct and indirect costs, please see '*Sightsavers ICR calculation step-by-step guide'* available on the PFT TeamSite. A *Fundraisers summary guide to the ICR calculation*, can also be located on the TeamSite.

8.3.3 Project Approval

Project approval is a key part of the preparation of organisational financial plans and, as a result, the process for delivering this is documented in Chapter 4.

8.4 Project start-up and inception

8.4.1 Start-up and inception checklist

Successful implementation is built on a successful project start-up. In particular, sound project financial management is built on the establishment of high-quality systems and processes at the onset of a project. Sightsavers' requirements around project start-up are captured in the Start-up and inception checklist (STIC). The tool is held by the Programme Systems and Monitoring team. The main financial requirements include:

- Finalisation of project and partner budgets in the organisational format
- Reconciliation of project and donor budgets
- Development and signature of PFAs – see section 8.4.2
- Set up relevant codes in SUN and Proactis
- Set up project in the FMF
- Finalisation of the project procurement plan (for the first project year as a minimum) using the Programme Procurement Planner. The Planner contains guidance on how to use it. The procurement plan should agree with the budget.

A key part of the project start-up for projects funded by restricted funding is understanding the donor terms and conditions and ensuring that systems and processes are put in place to manage these. This includes (if relevant) set up of donor fund codes, time recording systems, procurement systems, record keeping systems, project bank accounts etc.

8.4.2 Project Funding Agreements

Every partnership is governed by a PFA, with the exception of certain NTD contracts which are governed by contracts (see chapter 9 for more information.) This PFA sets out the key terms and conditions that the partner must comply with and includes the agreed budget for the project. Sightsavers has a standard template that should be used as the basis for each PFA (held on **Myportal**)

The template is intended to meet Sightsavers' minimum requirements for partnership management. As a result, a key part of project start-up is ensuring that any requirements above the minimum are included. Two of the main sources of additional requirements are as follows:

- Donor agreements – donors may impose conditions on the use of their funding in the contracts signed with them e.g. procurement approach, record keeping, reporting formats. Any conditions that impact on partners should be included in the PFA;
- Due diligence – the conclusions of the due diligence should be factored into the requirements placed on partners. For instance, if the partner is particularly weak in one or more areas, more frequent financial or other reporting may be required.

The PFA should be signed at the beginning of the project, for the whole project duration, and then updated as required. Situations that may require an update include a project redesign, a re-budget or a new donor providing funding with extra conditions.

8.4.3 Timesheet and Labour Distribution Templates

At Sightsavers, a timesheet records the amount of time an employee works on different projects. Sightsavers does not operate an organisation-wide timesheet policy, however certain donors require timesheets to be completed by staff charged to the project, to approve payment for the expense. This should be identified and highlighted at the beginning of a project. In these cases, Sightsavers' policy is the specific staff members will be requested to complete a timesheet and share with the relevant PFT or NTD Finance team leads. Timesheets are part of a mechanism used by these teams to calculate the amount of salary which can be recharged to the donor. These timesheets form part of the audit process and will be cross checked with the amounts charged to the donor by the auditor. All timesheets must be signed off by the staff members' line manager, and it is the manager's responsibility to confirm the timesheet allocation is a true representation of the work undertaken during the period. Following this confirmation, the PFT/NTD lead will review and process the salary allocation.

Timesheets can also be used more widely by teams as a management tool for expense tracking, capacity planning, or to estimate team availability.

The timesheet template and instructions on completing the template are available on the PFT team page.

8.5 Project Implementation

8.5.1 Partner funds transfers

Partner financial management follows a standard cycle shown in figure 2 and documented over the following sections
(Note: there are different frameworks for large programmes, see chapter 9.):

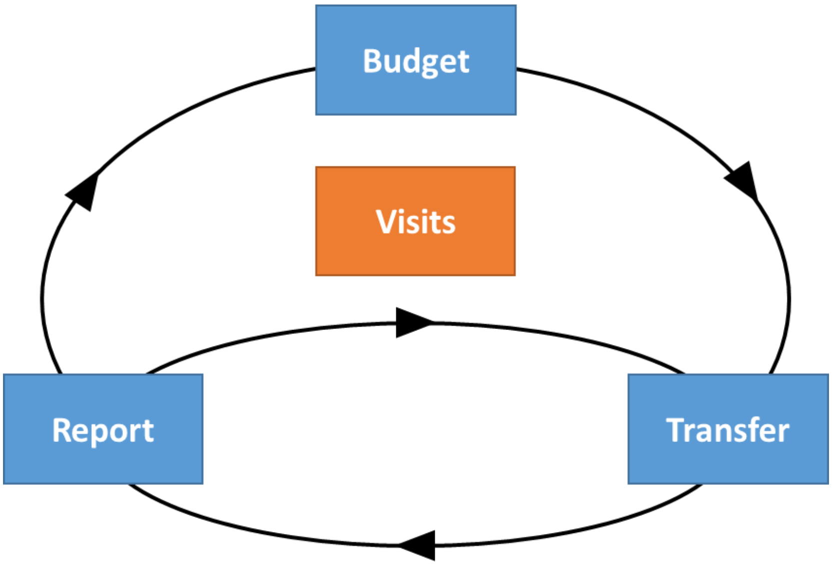


Figure 2: Partner financial management cycle

Sightsavers should transfer funds to partners in accordance with the approach agreed in the PFA and on the basis of a funds request from the partner. This request should be received alongside a report on the previous transfer. It should set out why the funds are required and factor in the amount of cash currently held. A worksheet is included within the organisational partner financial reporting template for this purpose.

When requesting funds, partners should bear in mind that there is a time delay between the submission of their request and the receipt of funds. This relates to the time taken to review of the report, approve the request and for the bank to transfer funds. They should factor this delay into the amounts being requested by including expected expenditure between the end of the next reporting period and next funds transfer in the forecast of expenditure to be incurred.

Partner funds transfers should be added to Proactis with supporting documentation and for approval in line with the organisational delegated authorities. Approvers should consider whether the request is in line with the budget, whether the funds being requested are appropriate to implement the planned activities and whether all previous transfers have been reported on.

The partner funds request should be reduced to reflect any expenditure that is questioned or invalid before funds are transferred. If questioned expenditure is subsequently found to be valid then the next funds transfer should be increased to reflect this. Figure 3 below shows the process to be followed.

If the questioned expenditure or other warning signs lead to

- a suspicion of fraud or corruption and/or
- significant non-compliance with donor rules and regulations and/ or
- non-compliance with Sightsavers' organisational policies then partner funds transfers should be suspended until the situation is satisfactorily resolved.

If any of these is proved then all options should be considered including, but not limited to, termination of partnership, recovery of funds, amending operating procedures etc.

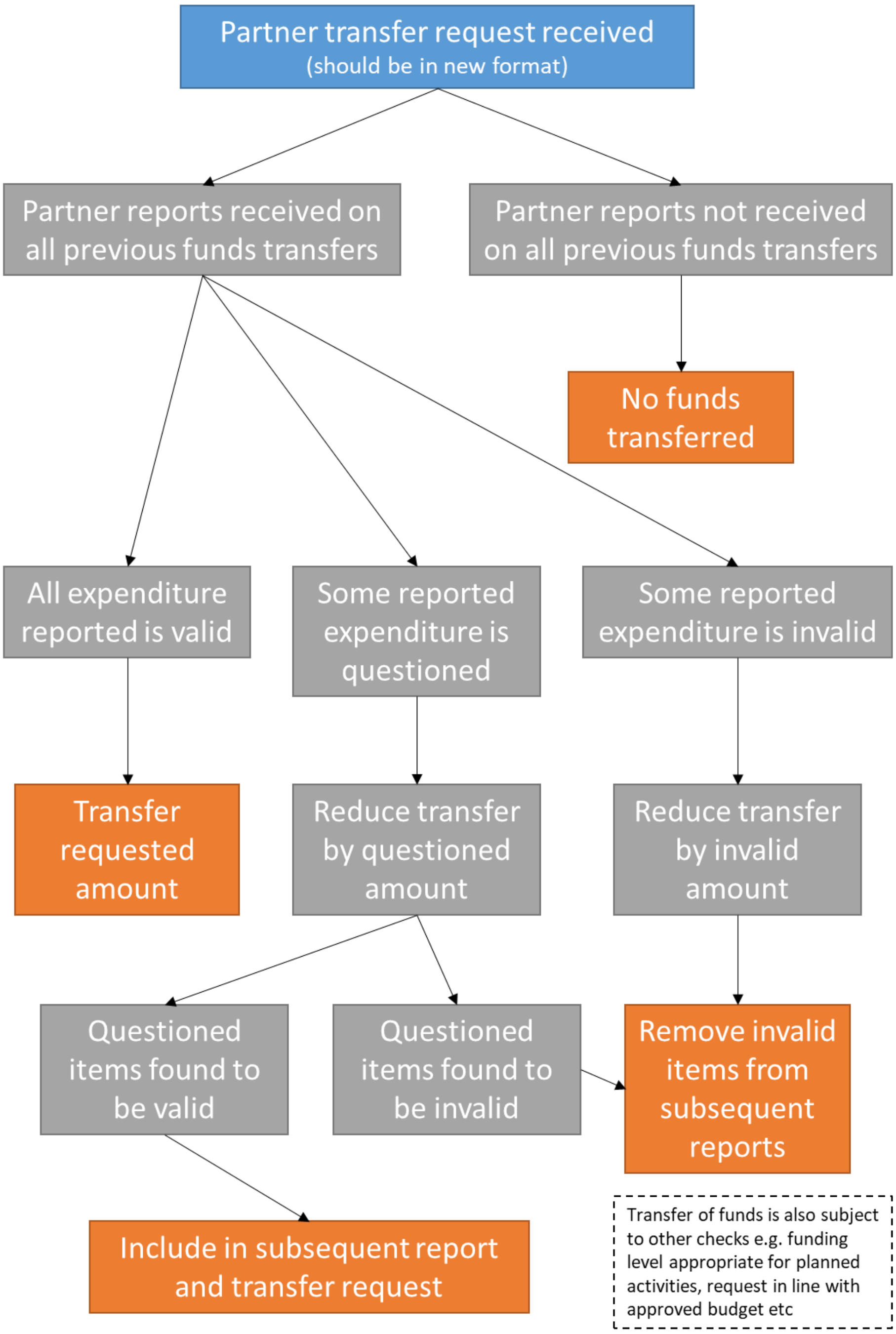


Figure 3: Partner transfer request review process

8.5.2 Partner financial oversight

Sightsavers ensures that the funds it provides to partners are spent to deliver agreed objectives, in accordance with the signed PFAs, through a system of financial oversight. This system comprises regular partner financial reporting and partner financial monitoring visits.

Partner financial reporting

Partners are required to provide regular financial reports against the approved budget lines of expenditure made from the funds transferred. These reports are required to allow monitoring of project performance, demonstrate that funds have been spent as intended and provide details of partner expenditure that allow the production of project and donor financial reports. The standard frequency for reporting is monthly but quarterly reporting is acceptable where the partner capacity and approach to implementation support this. The frequency of financial reporting from partners is documented in the PFA.

There is a standard organisational template for partner financial reporting (held on **MyPortal**) that should be used to support reporting in the organisational budget format. Guidance notes on how to use this template are available.

Every report received from a partner organisation should be reviewed by the FSSM and PM using the partner return checklist (2022: being updated). Questioned or invalid expenditure should be identified and the next funds transfer should be reduced. Once the report has been approved, it should be attached to a request on the Service desk for uploading into the partner business unit in SUN. This ensures that partner financial information is available to support analysis and reporting.

Partner financial monitoring visits

COs should conduct an annual programme of partner financial monitoring visits. This programme should be compiled by considering the risks associated with each partnership to determine how frequently each partner should be visited, though annual visits are the minimum permitted. This programme should be prepared jointly by finance and programme teams. It should be approved by the CD, who should also monitor activity against the plan.

Partner financial monitoring visits are usually undertaken by the FSSM. It is preferred that these visits are combined with programme staff visits to ensure a coordinated effort and harmonised approach, and to minimise the burden of reviews on the partner organisations. Each partner visit should consist of a review of any issues that have been identified in the project finances, an examination of supporting documentation behind the reported figures and an update on previously agreed actions. This should include actions agreed through the due diligence. Visits also provide an opportunity to re-emphasise donor requirements, identify unallowable costs and review records such as timesheets, and may include capacity building of partner staff.

Sightsavers has a Partner Financial Monitoring Handbook (held on **MyPortal**) that provides more detail on the purpose of partner visits, an explanation of how to prepare a visit schedule and how to undertake the visits themselves. Every visit should use the Partner Financial Visit Tool as the programme of work, to document the findings of the visit and prepare the report to be issued. Reports should be stored electronically in a location where they are accessible, ideally Sharefile. The tool contains a guide on how it should be used.

8.5.3 Project expenditure coding

Expenditure incurred on projects should be recorded in SUN and Proactis using the standard account and analysis codes (see 13.3 below). It is particularly important that the project code, budget line code and donor fund code are recorded for all project expenditure to ensure that project expenditure is easily identified, which budget line it relates to and who paid for it. Cost share transactions linked to a donor contract are also tracked in the Finance System by using a corresponding cost share donor fund code ‘C-code’ to the restricted donor fund code ‘R-code’. For example, a typical code may look like **R**54GR130 for donor funds, and **C**54GR130 for component funding. If cost share is being supported with another restricted donor, however, a project may use multiple donor fund ‘R-codes’.

8.5.4 Project financial reporting

Sightsavers has a standard project financial reporting template (held on MyPortal), linked to the project budget template, that should be used to monitor overall expenditure against project budget lines. Guidance notes have been prepared which document how the template should be populated using data taken from SUN. The template should be completed quarterly by the FSSM and variances should be analysed and explained by the FSSM and PM together. The CD should review and approve the financial report and the approved version should be uploaded to the Programme Portal.8.5.5 Project Oversight Reporting Calls (POR)

Projects which are funded by restricted donors, and any unrestricted project deemed necessary, are also subject to a formal progress review by the wider project team at the end of each quarter period, for the lifetime of the project. The information gathered during the call is written into a report and shared with the Senior Management Team for review. The following staff are generally present for the call:

- MEL representative (Coordinator and report writer)
- Country Office Team (to include both programme and finance staff)
- PFT representative
- IFT/Trusts representative (depending on funding source)
- GTL representative(s), dependant on project themes
- Other team representatives as required, dependant on current activities of project (Evaluation, Research, Data Disaggregation, etc)

The overall function of the call is to assess progress and challenges for the project and mitigate against future challenges or potential areas of non-compliance with donor regulations. During the call the following areas are reviewed:

- Country context update (Health i.e Covid/Ebola; Political/Civil unrest; Natural Disasters, etc)
- Progress to date, including review of outputs and project dashboard
- Financial update (see focus below)
- Donor Updates
- Other updates as required (upcoming mid-term reviews; evaluations, etc)

<u>Finance Update Focus</u>

Prior to the call, the Country Office Finance team need to create and circulate an updated financial report, which includes all financial data up to the end of the last quarter. This process allows the

Country Office to identify and raise any concerns about donor non-compliance. The report should be in a template conducive to a review of the financials in line with donor compliance regulations. This is often the donor reporting template for restrictive funding, which allows a review of spending variances against donor categories, which may be subject to contractual limitations. For unrestricted projects, the template will be the internal project reporting template.

All members of the call with then have a chance to review the financial report prior to the call, ready to raise any questions for discussion during the call.

This is an opportunity to raise and resolve any financial concerns on:

- Coding within the SUN system
- Donor compliance (identification of unallowable costs, review of spend vs agreed budget, burn rate vs outputs, identification of any preapprovals required)
- External factors influencing spend, such as exchange rates or inflationinflation.

Please note that the large NTD programmes covered in section 9 are subject to their own oversight process, often with a central team supporting and monitoring, and monthly summary reports of progress and risks. Preparation of financial reports using My CLAIMS involves upload of the relevant transaction listings which provides further opportunity to identify unallowable expenditure where prescribed by donor.

8.5.6 Donor financial reporting

Most donors require Sightsavers to provide a report on expenditure as a condition of providing funds. The format and frequency of these reports is specified in the signed agreements between Sightsavers and the donors. Every donor financial report should be based on a download of transactions recorded against the donor fund code from SUN, showing how each of these transactions is allocated to a donor budget line. Reports are produced by the FSSM in each office and reviewed by the programme team and CD before submission to the relevant Project Finance and Risk Advisor for review. Where variance explanations are required, these should be prepared jointly by programme and finance staff from the CO, ensuring that they agree with the narrative reporting to be submitted to the donor.

For many of Sightsavers projects, the donor is internal and the organisational reporting template is used. In some cases, reports are supported through MyCLAIMS (see NTD chapter 9). A financial reporting tool is used in a similar way linking from transactions to budget lines for upload into MyCLAIMS.

8.5.7 Re-budgeting

Projects are rarely implemented exactly as originally planned and so it is necessary to periodically review the plans and budgets. As a minimum, this should happen once per year as part of the organisational planning process (see 8.3 above). The logframe, implementation plan and budget should all be reviewed and updated to reflect the realities of implementation. The revised figures included in the FMF should match the updated project budget.

Significant changes to the implementation approach may require amendments to the budget outside of this cycle. Donor reporting schedules may also lead to irregular updates.

When revising the budget for a project, notice should be taken of donor rules around budget amendments to ensure compliance.

Guidance on how re-budgeting should be undertaken, using the budget template, is contained in the guidance accompanying the template.

8.6 Project Close Out

Sightsavers has a Project Close Out Checklist that should be completed when a project comes to an end. This can be requested from the PPR team. It is intended to guide CO teams through the close out process to make sure that all key requirements are covered. From a finance perspective this includes:

- Agreeing what will happen to all assets purchased during the project
- Completing final project reports and having these audited (where applicable) and
- Ensuring that systems reflect the final expenditure position and any final payments or reimbursements are processed.

8.7 Summary of dos and don'ts

Do

- Ensure that a thorough due diligence process is undertaken and that the implications of this are properly factored into the project design and management process.
- Use the organisational standard templates to support budgeting and reporting as well as project procurement planning and execution.
- Review partner financial reports in detail, using the checklist.

Don't

- Ignore the project close out process until the last minute.
- Forget to reflect donor requirements in PFAs.

9. Neglected Tropical Disease Programmes and Finance

This chapter explains the financial framework and processes established for the effective development and management of Sightsavers' significant donor-funded NTD programmes.

Note: There is a sister strand of large disability grants and contracts (Inclusive Futures) which have embedded financial and staff resources alongside programme staff/oversight. These programmes use some of the systems and processes that have been developed for large NTD programmes and Sightsavers is looking at further opportunities to work consistently in future.

9.1 Summary of Roles and Responsibilities

Roles	Responsibilities
Finance Director	• Ownership of advance funding release framework • Work with NTD/Inclusion Finance, Risk and Support to align systems and manage NTD funding effectively
Head of Treasury	• Implement advance funding release framework • Work closely with NTD/Inclusion Finance, Risk and Support on funding, payment and coding issues
Group Technical Accountant	• Work with NTD/Inclusion Finance, Risk and Support to resolve finance issues affecting NTD programmes
Country/Area/Regional Director	• Encourage use of NTD/Inclusion Finance, Risk and Support systems • Flag up training needs within for NTD systems and processes • Ensure deadlines are adhered to • Involve NTD/Inclusion Finance, Risk and Support in reviewing budgets and reports when appropriate
Regional Finance Managers	• Ensure use of NTD/Inclusion Finance, Risk and Support systems • Ensure all cost recovery is done in a timely manner and monitored at the regional level • Use MyCLAIMS on NTD programmes across the team • Flag up training needs within for NTD systems and processes • Ensure deadlines are adhered to and notice is given to NTD/Inclusion Finance, Risk and Support in case of issues • Include NTD/Inclusion Finance, Risk and Support in regional finance meetings and communications • Involve NTD/Inclusion Finance, Risk and Support in reviewing budgets and reports when appropriate

Finance Officer/Manager	• Meet reporting deadlines, and proactively inform NTD/Inclusion Finance, Risk and Support of any issues in meeting deadlines • Use MyCLAIMS on NTD programmes across the team • Ensure all cost recovery is done in a timely manner • Work with colleagues on realistic forecasts based on activities
Roles	**Responsibilities**
	• Inform NTD/Inclusion Finance, Risk and Support promptly of any changes to the programme timeline/forecasts • Where donors require timesheets, collate these and recharge local salary allocations (see section 8.4.3)
Programme Managers **NTD/ Inclusion Finance, Risk and Support**	• Work with finance colleagues to keep up to date realistic forecasts based on programme activities • Use MyCLAIMS on NTD programmes to support programme management • Responsible for managing the central finance, risk, contracting and supply chain elements of NTD, NTD Research and Inclusion projects. The team works closely with the relevant programme teams, country offices and donors to support the smooth operation of our programmes. Responsibilities include review of budgets and financial reports, provide expertise on donor compliance requirements throughout project cycle and where donors require timesheets, collate these and recharge global salary allocations (see section 8.4.3) -

9.2 Introduction

In recent years, Sightsavers has had a strong focus on tackling Neglected Tropical Diseases (NTDs). These diseases include:

- Blinding Trachoma
- River Blindness (Onchocerciasis)
- Lymphatic Filariasis (Elephantiasis)
- Schistosomiasis (Bilharzia or Snail Fever)
- Soil Transmitted Helminths (hookworm, whipworm and roundworm)

The organisation has been very successful in attracting funding for its NTD work to undertake significant, often multi-country, often consortium-based programmes. To date the key area has been Trachoma with its SAFE strategy (**S**urgery, **A**ntibiotic Mass Drug Administration (MDA), **F**acial Cleanliness and **E**nvironmental improvements). However, multi-million-pound integrated

NTD programmes have also been delivered for several years, covering MDAs to treat more than one NTD.

In terms of financial and governance structures, all these programmes have required a different model to the Sightsavers standard one, given a number of key features:

- The disease elimination agenda has required dynamic programmes and agile processes
- The large and diverse number of partners at several levels creates complexity, along with the consortium approach
- These partners are different to the usual local Sightsavers' CO partners. Many are peer international charities who also have their own well-established and robust financial systems

  • The relationship between the NTD team and Sightsavers' COs is more akin to that with an external organisation that is an implementing or co-ordinating partner, to ensure a consistent and equitable approach.
- The level of funding is highly material (historically running with a portfolio > £100 million) but now developing and being successfully funded for a single programme > $100 million, on top of the existing portfolio of large NTD grants.
- There are many significant different donor compliance requirements and preferences which need to be factored into systems
- The level of risk before any mitigation measures given the above is potentially quite high. There has therefore been a need to factor in additional audit requirements and related risk management strategies.

Each NTD/Inclusion Finance, Risk and Support team member forms a core part of project team for each large NTD programme, throughout the project cycle.

9.3 Budget and planning process

Financial planning starts with the development of project budgets for bids/proposals. Where the timescale permits, this is done in conjunction with Country FSSMs, helping to provide a more accurate budget, however, sometimes short turnarounds mean a reliance on unit costs from previous programmes. Input from programmatic and technical experts drives the planned project activities, deliverables and logframe, duly costed and reflected in a project proposal budget. Depending on the nature of the bid and timescale, this process may or may not involve other consortium members' inputs. NTD budget templates/lines have been developed for this purpose. These can be mapped to different donor formats and ensure comparability across NTD programmes (see MyCLAIMS).

Once funding is agreed, an inception period typically follows for more detailed planning and more comprehensive budgeting, usually quarterly budgets across partners, country offices and centrally.

The Country Office, partners and NTD/Inclusion Finance Risk and Support teams should work together to identify any unallowable budget costs and seek prior donor approvals where necessary.

Thereafter an annual re-budgeting process is established.

The Sightsavers' NTD/Inclusion Finance, Risk and Support Team has experience of budgeting for the various key NTD interventions across different countries and regions, and is able to draw on context specific unit cost data to develop realistic budgets. Experience to date has identified that unit costs can vary considerably not only due to different geographical contexts but also depending on the point in the project cycle that has been reached. For example, the unit cost for trachoma Trichiasis surgery (TT surgery) will be higher where there are few cases left to deliver, just prior to disease elimination as a public health problem.

Sightsavers has its own annual internal financial planning process using the Financial Management Framework System (FMF) that is referenced in section 3.5.2. The NTD/Inclusion Finance, Risk and Support team also feeds into this to ensure that income and expenditure plans for the overall organisation properly reflect this material area

9.4 Financial reporting

This is a key responsibility for the NTD/Inclusion Finance, Risk and Support team members. These reporting requirements include internal as well as external, usually donor financial reporting:

- Monthly Cost Centre (CC) summaries for the NTD CC managers
- NTD quarterly management accounts [aim to launch in 2022]
- Donor invoices and financial reports
- Donor funds requests and forecasting
- Ad hoc donor requests
- Release calculations
- Financial summaries for external fora, such as the International Coalition for Trachoma Control (ICTC) Programme Advisory Committee meetings

MyCLAIMS is the key to efficient financial reporting on NTDs. Individual reports from partners (which can be at as detailed a level as a particular district in a region in a country) are consolidated within the system and mapped to the relevant donor reporting format. Central or management costs are factored in sometimes also from CLAIMS data and sometimes from Q&A exports of data from Sun Accounts. Partners and others who have a responsibility to submit their own financial reports onto MyCLAIMS are given appropriate deadlines which are proactively monitored and if necessary enforced by the team. Financial reports should always be subject to internal departmental review prior to submission to the donor(s) or other stakeholders. See section 9.8 below providing more details on MyCLAIMS.

9.5 Legal and contractual

As referenced above, the portfolio of NTD grants and contracts comprises millions of pounds worth of funding receivable over several years. Each donor funding agreement or contract carries with it requirements that go beyond basic project delivery. For example, there are clauses concerning insurance, intellectual property or data protection, etc. All NTD donor grant agreements and contracts are reviewed by the Compliance Team as well as by the NTD/Inclusion Finance, Risk and Support team. The aim of this review is to identify non-standard requirements and address as necessary so that the risk of non-compliance may be minimised. Alternatively, the approach may sometimes need to be to negotiate a contract wording change.

These requirements flow down via agreements or contracts that Sightsavers holds with its downstream partners. The aim is to standardise NTD contracts and agreements so far as is possible. In-country partner agreements are managed by country offices, with support on specific wording from NTD/Inclusion Finance, Risk and Support. International partner agreements are managed by the NTD/Inclusion Finance, Risk and Support team. A further sub-element of this compliance framework is the development and publication of a project specific financial management procedures manual for use by partners and Sightsavers' offices working on each NTD programme. In 2022 Country Office Agreements will be re-introduced, with the aim of ensuring that internal reporting requirements are well understood by all.

Typically, Inception or Start-up workshops are held to launch project activities, and these include sessions to introduce and clarify on any contractual requirements. They also ensure that all project participants understand the deliverables of the project and their role in that delivery.

9.6 Cost recovery/coding

The costs of employing or contracting staff and consultants working on NTD projects are reflected in project budgets, based on the planned level of effort of each role. Sightsavers does not currently operate a full costing model in its accounting system, but accounting for the costs of staff working on funded projects is a key part of recognising the costs of running those projects and reporting financially back on them to donors.

This is particularly complex for NTD projects where the staff and consultants are wide-ranging and global, given the magnitude of the work involved. Additionally, many of the central staff, whether technical, project or finance etc, are working on, and therefore funded by, several different projects. Sightsavers operates a cost recovery process involving a monthly journal which the NTD/Inclusion Finance, Risk and Support team feeds into. Additionally, a comprehensive staff and consultant listing is maintained which identifies the recoveries across the team, forms the basis of the NTD cost recovery journal, supports Sightsavers' annual planning process and ensures that staff are not over-recovered. Project start and end dates are also factored in to ensure the process is continuous and the information is available to inform new budgets. Country Offices are responsible for the cost recovery of their staff.

Cost recovery goes beyond staff and consultancy costs, and it is important that other costs and expenses are also charged to donors where required, budgeted, and subsequently incurred. Sun accounts codes such as cost centre, donor fund code and project code are set up for each project at an early stage and advised to all Sightsavers' teams working on them. The NTD finance team has also instituted additional checks on aspects such as expense claims and POs to ensure that the coding is accurate throughout the life of each NTD project.

9.7 Forecasting

Financial forecasting forms an important part of NTD financial processes for:

- Internal treasury management,
- Timely funding of activities; and
- Fulfilment of donor requirements for their own treasury processes.

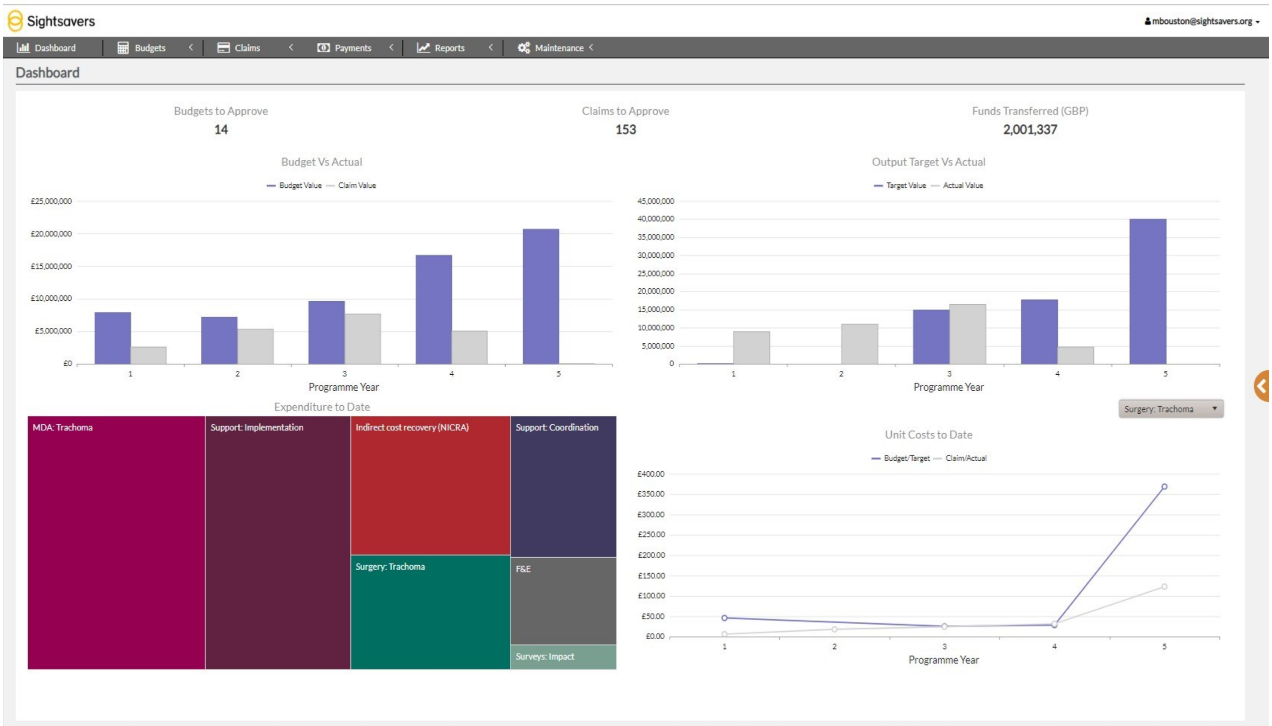
Considerable effort has been made to obtain advance funding from donors wherever possible, given the cashflow implications when funding is in arrears and the reducing levels of unrestricted income available at Sightsavers to upfront fund activities and partner funding. Where advance funding has been obtained, a **Framework for advance funding utilisation** has been established which is dependent on robust quarterly project forecasts and involves a reconciliation process to ensure that funds are not released ahead of programmatic need.

Finance staff cannot forecast effectively in isolation. It is therefore an important principle for NTD/Inclusion Finance, Risk and Support that they are fully involved in programme management and understand the profile of project activities. Whilst budgets are phased when prepared and approved, the phasing is under regular review depending on changes to upcoming activities, reported expenditure etc.

9.8 MyCLAIMS, financial reporting and value for money (VfM)

The NTD/Inclusion Finance, Risk and Support team has developed software called MyCLAIMS to assist in all aspects of financial management of large NTD grants and contracts. To summarise, MyCLAIMS enables reporting at different levels from micro to macro, both for Sightsavers and the external NTD partners. Among other features, it supports financial control, transfer of funds to partners, financial reporting, programme management and VfM strategy.

MyCLAIMS is an online portal for submission, approval, consolidation/reporting of agreements, budgets, outputs and financial reports or claims. It links directly to the Sightsavers payment software, Proactis, and associated embedded authorisation levels. The system has integral features that strengthen the internal control framework, such as system driven enforcement of budget ceilings and a requirement to document an explanation for variances in excess of 10% per budget line.



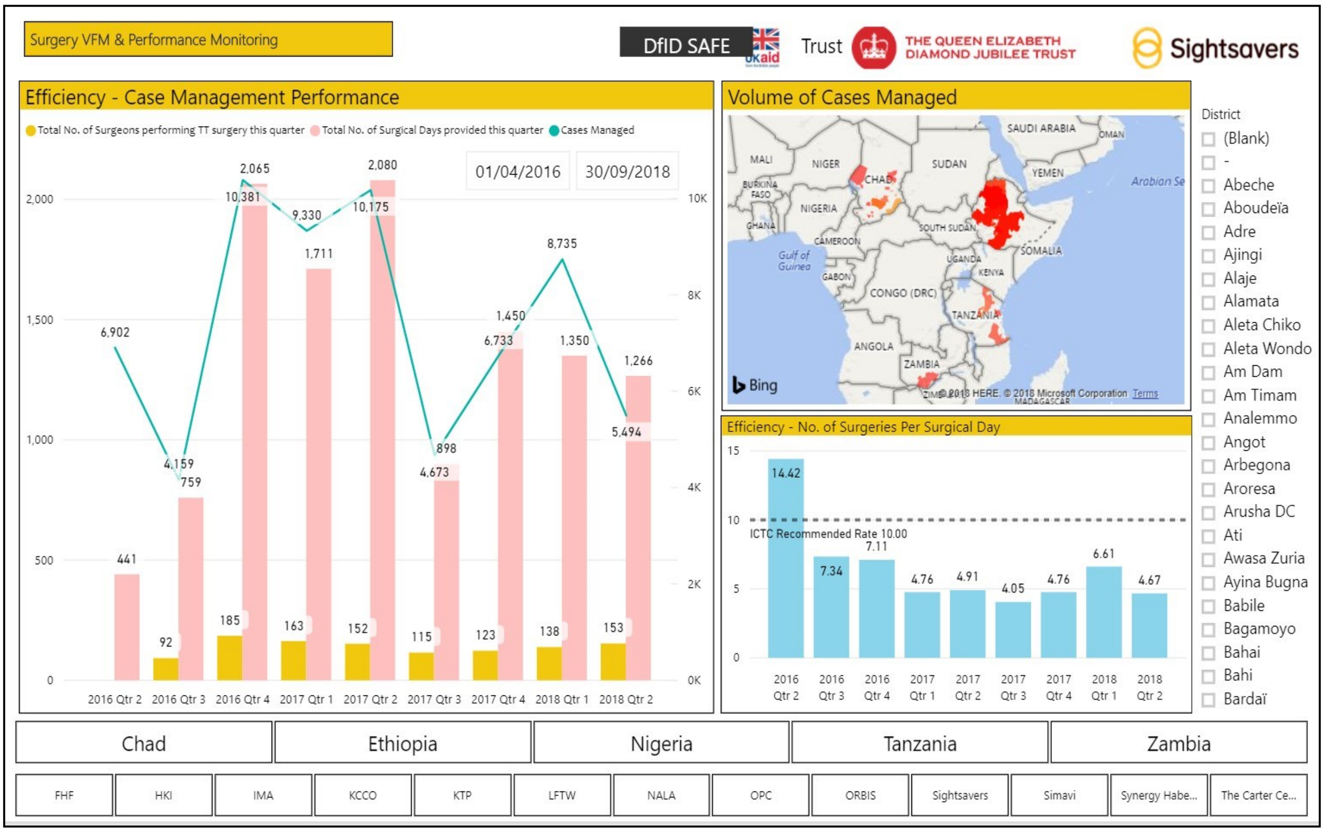
Partners on NTD programmes can enter their financial reports and related outputs on MyCLAIMS, either manually or by import function, and approval of these reports is recorded as part of the audit trail of accountability. The system also incorporates an internal approval function, allowing partners to escalate claims for approval internally where, for example, an international headquarters may need to verify data before submission. MyCLAIMS is used to produce donor financial reports, consolidating all the individual entries to report at the appropriate funder level and in the required format. Sometimes this is via download to Excel, sometimes via Sightsavers' MIS which is updated overnight with data from several of Sightsavers' key systems. Reports are reviewed prior to submission to donor. Submission deadlines are tracked and are generally monthly or quarterly.

Where funding is in arrears, approval of a financial report by the donor results in a claim payment and the need to make external partner payments for their share. This is done via the link between MyCLAIMS and Proactis. Each partner payment is released and auto-populates a payment order in Proactis, which is then subject to the usual order approval levels.

MyCLAIMS is also used to make transfers to partners where overall funding is received from the donor in advance tranches. The same functionality (MyCLAIMS/Proactis link) is used to set up and authorise the transfers.

As indicated above, MyCLAIMS is a key part of VfM on NTD programmes. Sightsavers' overall approach to VfM is that it is integral to everything, and a VfM guide is currently being finalised to provide a framework for this. NTD programmes need to be able to track and evidence VfM as a core deliverable. Typically, strategies are developed that references the four E's: **E**conomy, **E**fficiency, **E**ffectiveness and **E**quity, along with the sub-set of Economy that is referenced by some donors: Cost Effectiveness. Measures are established early on in the programmes and the data submitted onto MyCLAIMS is used to track performance against the various VfM metrics.

Various reports are available from MyCLAIMS but export of the data to Microsoft software (Excel and PowerBI), in conjunction with the Sightsavers' MIS has enabled development of VfM monitoring dashboards. The comprehensive nature of the data on MyCLAIMS means that the indicators are not limited to financial related ones (for example, surgical efficiency and quality outcomes can also be presented).



9.9 Audit and risk

The overall audit and assurance framework for NTD programmes may be summarised as follows:

- Issue of project financial expenditure guidelines
- Audit review by the NTD/Inclusion Finance, Risk and Support team, combining audit with training and capacity building where appropriate
- In-country financial monitoring visits to downstream partners
- Internal Audit by Sightsavers' independent IA function (non NTD team)
- Sightsavers' NTD Governance group provides strong and structured internal oversight of the NTD projects

The NTD/Inclusion Finance, Risk and Support team maintains a multi-year schedule of internal audits of consortium partners, and delivers a number of audit reviews each year. Occasionally external audit firms are contracted to support with this process. In-country visits provide the opportunity to verify reported expenditure, and identify improvements to each organisation's risk management, financial control framework and governance processes. The partners can range from significant international charities to small local organisations, and the approach must be flexible accordingly. Sometimes Sightsavers' COs are subject to audit in their 'implementing or coordinating partner' role.

In terms of risk management, risk logs are maintained at various levels:

- Overall NTD – up to 10 key risks only
- Programme level
- Programme country level

The overall NTD risk register is updated several times a year and is reviewed by the NTD Governance Group. The Programme level risk registers are reviewed and updated centrally on a regular basis and are usually shared with donors as part of project annual reporting. A current aim (2022) is to have one NTD risk log for each country covering all programmes.

A related process involves the mapping of downstream partners on projects – also known as Delivery Chain mapping. Charts are drawn up to track the funding flows and identify the risks related to this with each partner and at each level.

9.10 Summary of dos and don'ts

Do

- Ensure that all NTD/Inclusion Finance, Risk and Support reporting deadlines are met.
- Proactively update forecasts based on changes to activities and inform the NTD/Inclusion Finance, Risk and Support team promptly.
- Ensure the correct Donor Fund code is used on any expenses being reported.
- Use MyCLAIMS – it is quick and easy to use, contains a wealth of useful data and is well supported by the NTD/Inclusion Finance, Risk and Support team.

Don't

- Set up an NTD agreement without involving NTD/Inclusion Finance, Risk and Support.
- Recruit staff on NTD projects without understanding and checking how they will be funded.

10. Procurement

This chapter defines the various types of procurement activities undertaken as an organisation and explains key concepts and considerations around managing procurement.

10.1 Summary of roles and responsibilities

Roles	Responsibilities
Cost Centre Managers	• Hold budgeting responsibilities for their function/cost centre and are subject to procurement policies and rules when procuring goods and services.

Programme Supply Chain Managers	• Support programme and Country office staff to plan programme procurement needs in the right format using the Programme Supply Chain (PSC) system and optimising the standard product list specifications • Consolidate procurement needs across the organisation, aggregate and coordinate bulk purchases, where practicable • Support programme teams with procurement planning and sourcing analysis, providing sourcing options (central, local and regional) • Review procurement requests submitted by programme or CO teams • Contact central suppliers to get quotes based on requests submitted • Review of CO local sourcing analysis • Assist CO local supplier qualification based on review of all required documentation (sign supplier code of conduct, product certifications etc.) in line with the Quality Management System. • Validation of POs in ProActis • Maintain country procurement profiles (import and customs clearing procedures and identify specific challenges and risks) • Obtain quotes from global freight forwarder to ensure shipments are collected in the right condition, transported under the correct conditions, and delivered to the right place, on time ("delivered on time in full") • Ensure all Freight Forwarding POs conform by including templated Sightsavers' T&Cs and detailed special instructions

Roles	Responsibilities
	• Coordinate CO procurement action plans, including custom clearances, supplier management, partner liaison and Goods Receipt Notes • Support the CO by delivering country procurement strategies and developing supplier qualification criteria

Quality Assurance Manager	• Monitor and evaluate Suppliers' qualification and Goods Distribution Practise (GDP) for pharmaceuticals, medical devices, consumables and equipment • Work with suppliers, Supply Chain Managers and local office to review, renew and qualify existing and new suppliers (sign supplier code of conduct, product certifications, Quality Technical Agreements, Audits etc.) in line with the Quality Management System and GDP- Approval by Quality Assurance Manager and Responsible Person • In country visits of local supplier and programme partners to monitor and evaluate country procurement strategies and suppliers • Liaising with Country Procurement Leads in COs regarding new in-country legislations and licencing • Maintain the approved supplier lists, for all PSC categories of goods and ensure licensing and certification of suppliers
Programme managers/officers	• Ensure procurement lead-times, costs for good and logistics, along with associated risks, are part of the programme planning • Liaise early with the PSC Managers for the design of programme procurement plans in the required PSC system format and using Standard List specifications, where practicable, in line with agreed deadlines • Prepare and submit procurement option requests to understand the options and associated costs and risks, for decision at programme level • Review and approve the Sourcing & Quote analysis to select supplier, including Global Technical Leads approvals • Ensure partners complete the goods receipting process within 72 hours of goods being received following the required process
Roles	**Responsibilities**

Programme partners	• Ensure all documentation required in relation to procurement of goods for the project are submitted to the project manager when requested (including documentation relating to receipts of goods) • Confirm agreed procurement lists and prepare to receive products directly via freight forwarders or local suppliers • Carry out data logger transfer actions, where applicable, and provide signed Goods Received Notes within 72 hrs of receipt of all products to programme managers
Country Director	• CDs are accountable for all aspects of CO and EH programme procurement and Responsible for NTD programme procurement, relating to their programme portfolio, including overall compliance with the Quality Management System. This table only documents the specific responsibilities that sit with the CD / Cost centre manager • Review and approve Sourcing & Quotes Analysis submitted by programme teams • Approve all submitted PSC Procurement Plans, prior to the raising of POs
Country Procurement Lead	• Act as the CDs focused responsible lead for all procurement • Lead on local procurement for all CO requirements, including sourcing and supplier management • Lead on all local programme procurement, including submitting PSC system plans, supplier qualification and management, and partner liaison

10.2 Scope and Definitions

Procurement and supply chain management involves buying the goods and services that resource and enable Sightsavers' activities, assuring cost-effective and ethical procedures. Responsibilities are split between central, local and regional procurement and vary from sourcing goods and services to managing logistics and relationships with suppliers. The supply chain is a network of activities with various responsibilities, under the accountable programme director/manager, who is required to own and manage all associated risk.

The procurement and supply of goods and services forms a major part of Sightsavers' programme activities with partners, as well as Sightsavers own global operations. Sightsavers has a duty to all of its stakeholders, donors and beneficiaries to ensure that resources are used strategically and efficiently; and must be able to demonstrate that value for money (VfM) and supply chain integrity is achieved in all procurement activities. VfM will be achieved by balancing quality, of goods procured, time, meeting programme start dates, and the financial cost of both purchasing and delivering products. These factors should influence programme planning and should be introduced as early as possible as risks

In the context of Sightsavers, procurement supports a whole range of activities spanning from programme planning, implementation, fundraising, technical and professional services, operations, office infrastructure and maintenance and information systems and technology (IT). Sightsavers currently identifies and manages its procurement needs across the following spend categories (nonexhaustive list):

Spend Category	Category Items
Corporate Services	• Facilities maintenance • Insurance • Office leases, equipment and supplies
Fundraising & Media	• Agencies • Events • Marketing, media communications and social media • Marketing materials and publications
Information Technology (IT)	• Application support services • Communications (internet connectivity, telephony) • Hardware • Infrastructure • Software and Software-as-a-Service (SaaS)
People & Professional Services	• Business support services (including IT and Legal) • External Audit • Technical advisors and thematic specialists
Programme Delivery	• Medicinal Products (sourced through compliant central and 3rd Country suppliers) • Medical equipment and consumables • Educational products • Vehicles and fleet maintenance • Transport (of Goods) & logistics services
Travel & Events	• Accommodation (Hotels, etc.) • Staff transport (e.g. flights, taxis, etc.) • Venues (meeting rooms, venues for workshops, etc.)

10.3 Policies, Principles and Processes

10.3.1 The Procurement Policy

The *Procurement Policy (June 2022)* is applicable to all staff and representatives of Sightsavers, including partners, agents, contractors and consultants, who are involved in or influence any aspect of the procurement process and/or interact with suppliers on behalf of Sightsavers.

The purpose of the policy, and the included principles, is to support Sightsavers' commitments to its stakeholders, namely:

- **Beneficiaries first**. By ensuring that quality and safety is a fundamental priority throughout sourcing and supply of goods and services
- **Finding the best solutions**. By applying recognised good practice to sourcing and supply activities and seeking value-for-money outcomes in procurement decisions
- **Good financial management**. Through effective governance and control mechanisms
- **Sound and ethical business practice**. Through compliance with all relevant national laws and regulations, and recognised international standards
- **Long-term view and approach**. By upholding responsible and sustainable business practices, including ethical, social and environmental factors, and expecting the same commitment throughout the supply chain.

The policy also outlines mandatory requirements that must be adhered to for all procurement activities.

The full policy is available on **Myportal** and should be carefully read by anyone involved in procuring goods and services for Sightsavers.

10.3.2 Procedures applicable to procurement and supply management

Related documents to the Procurement Policy provide Sightsavers' staff and representatives with clear instructions and guidelines for different procurement activities that are undertaken.

These documents are available on Myportal – also refer to the document list within the Annex of the Procurement Policy.

In summary, the related documents cover organisational, financial, programmatic, IT and external regulatory compliance matters.

By adhering to the principles within the Procurement Policy, and procedures in related documents, good procurement practice is followed at all times; that procedures are standardised and promote cost-effective procurement; and that any specific donor requirements (relating to programme procurement using restricted funds) will be adhered to.

10.4 Delegated authorities

The delegated authority structure should be applied to all procurement activities within Sightsavers. Donors may enhance Sightsavers' limits with specific requirements, but the current limits are as follows:

Role	Approval Limit
Cost Centre managers / Country Directors	£30,000
Regional Directors / Other Directors who report into Directors who report to the CEO	£50,000
Directors who report to the CEO	£100,000
CEO Treasurer	£250,000 >£250,000

10.5 Procurement Thresholds and Rules

All procurement must follow the below rules of the Procurement Decision Making Framework:

Threshold GBP	Supplier Quotations	Review and Approval	Due Diligence (minimum requirement)
Refers to the total cost, excluding freight/shipping, and <u>not</u> unit price	Can be sourced locally and/or centrally	Refer to note below on Medical	It is the responsibility of the requester to obtain relevant documentation from the selected Supplier
<£250	One	Local	Signed Code of Conduct (CoC)
£251 – £1,000	Two	Local	Sourcing and Quotes Analysis, Signed CoC
>£1,001	Three	Local	Sourcing and Quotes Analysis, Signed CoC
>£50,000	Three	Central	Open Tender, Signed CoC

ALL Suppliers of medicinal products, regardless of threshold value, require adequate Quality Certifications in place for the products being purchased and must be pre-approved by Central Procurement and Global Technical Leads.

10.6 Procurement taxes

It is Sightsavers' policy that the organisation operates in accordance with the legal and administrative provisions of the countries in which it works. This includes compliance with taxation provisions, registration requirements, employment law, social security and pension acts and other relevant laws. **This applies to all procurement categories**. This includes procurement taxes such as those outlined below:

Type	Definition	Details
Import Duties	Tax collected on the value of imported goods by a country's customs authorities. Depending on the context, import duty may also be referred to as customs duty, tariff, import tax or import tariff.	COs or implementing partners may obtain exemptions. Exemptions must have official documentation. **Direct facilitation payments are NOT permissible**
Value Added Tax (VAT)	Consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale. The amount of VAT that the user pays is on the cost of the product, less any of the costs of materials used in the product that have already been taxed.	VAT can be a complex area for charities like Sightsavers that do not usually carry out much trading activity but nevertheless have to pay input VAT on some purchase categories. **Much of this VAT is not recoverable.** However, legal registration and investment programmes in some countries come with benefits like VAT exemptions.
Withholding Tax	An amount that is deducted at source and paid directly to the government by the payer of the expenditure rather than by the recipient of the income.	Some offices have to account for the withholding tax on professional payments (such as audit fees) or rental payments. The FSSM/FO should ensure that such tax payments are deducted and accounted for within the appropriate deadlines.

10.7 Summary of dos and don'ts

Do

- Understand and refer to the Procurement Policy and related documents in the Annex of the policy to make procurement an embedded part of all planning.
- Get local suppliers to sign the Supplier Code of Conduct and provide their appropriate product certification and relevant licences (pharmacy licences for e.g.) to get the supplier approved by the central Programme Procurement and QM teams.
- Submit all programme procurement needs via Programme Supply Chain (PSC) system and ensure CD approval for all procurement
- Confirm receipt of programme procurement goods or assets on Proactis within 48 hours.

Don't

- Purchase or install any ICT hardware or software without consent from the Head of Information Systems and Infrastructure.
- Purchase any pharmaceutical product without appropriate GDP training.
- Purchase any medical product or device that does not have the required product certifications.
- Purchase any programme goods locally without following the process described in the programme procurement SOPs in the Quality Management System. Even if the supplier has been approved, the PO will be rejected.
- Start the process of procuring a vehicle without the involvement of the Programme Procurement team.
- Submit request for programme procurement via email or the service desk.

11. Assets

This chapter explains key concepts and considerations around managing assets. It should be reviewed in conjunction with the Asset Management Framework manual, which provides more detailed guidance and should be referred to before any action is taken regarding any asset that Sightsavers holds. More information about the Asset Management Framework can be found here.

11.1 Summary of roles and responsibilities

Roles	Responsibilities
Finance and Support Services Manager	• Maintain a local asset register with sufficient details to track assets, including insurance details. • Inform Africa Finance and Operations and Group Accounting Team of additions and disposals via the month end checklists and provide supporting documentation when requested • Inform the Programme Supply Chain Team of vehicle additions and disposals by submitting the required paperwork • Comply with requirements of the Asset Management Framework • Maintain country-level programme asset registers in line with donor requirements • Inform NTD/Inclusion Finance, Risk and Support or Programme Finance of any updates to the programme asset registers in line with specified deadlines • Code new assets correctly in Proactis and SUN
Country director	• Identify and forecast for asset needs and approve these through the budgeting process. Ideally this should be done as part of the annual Supply Chain planning process on the PSC system. Planning outside of the annual cycle must follow the same processes • Ensure regular physical checks on all fixed or programme assets are initiated to confirm existence of recorded assets and identify any that are in poor condition that may require repairing or scrapping • Arrange for preparation of replacement and repair plans with costs and approvals • Ensure adequate insurance is obtained for all assets and reported to Corporate Services, with copies of insurance documents stored remotely. Some donors have
Roles	Responsibilities
	restrictions around insurance which must be followed for programme assets • Arrange regular maintenance of assets where applicable and record this within a service and maintenance log. Vehicles should be serviced according to the manufacturer's recommendations taking into account the extent and nature of use

Regional Director	• Identify and forecast for asset needs and approve these through the budgeting process. Ideally this should be done as part of the annual Supply Chain planning process on the PSC system. Planning outside of the annual cycle must follow the same processes. • Sign off on disposals of assets and ensure compliance with Sightsavers' environmental policy, specific country laws and regulations, and donor requirements. • Ensure a fair and transparent process is adopted for any disposal decisions.
Group Accounting Team	• Maintain a Fixed Asset Register in SUN, which assigns an asset number to each asset • Reconcile this regularly to CO records • Obtain supporting information for any additions or disposals • Ensure correct coding of additions and disposals in SUN
Programme Supply Chain Team **NTD/Inclusion Finance, Risk and Support and Programme Finance**	• Maintain a central vehicle register to deliver oversight on allocation, usage, replacement, and disposal requirements. • Ensure procurement of programme assets is in line with donor requirements • Maintain consolidated asset registers for programme assets • Communicate and provide guidance on donor asset management requirements to partners and country offices • Ensure coding for new programme laptops is communicated and actioned

Specific requirements relating to project assets procured on behalf of partners or donated to partners are explained in section 11.2.2 below.

11.2 Management of tangible assets

11.2.1 General principles

Tangible/Fixed assets/capital items are high value physical items used in the course of Sightsavers' daily activities that have a useful life lasting more than one year. Examples of fixed assets are vehicles, furniture and computing assets. Fixed assets should be kept securely and maintained to ensure they are fit for the required purpose.

Note that programme assets charged to donors may have separate rules and guidelines, for example for most FCDO contracts and grants the level of capitalisation is £500 per item or group of items (and any value for “attractive items” such as phones).

Individual tangible fixed assets for use costing £15,000 or more are capitalised at cost and recorded in the Statutory group accounts. Depreciation is provided on all tangible fixed assets, excluding freehold land, at rates calculated to write off the cost or valuation of each asset on a straight line based over their expected useful economic lives as set as below:

Tangible fixed asset	Depreciation
Freehold buildings	2% to 4%
Computer equipment	33%
Motor vehicles held overseas	100%
Fittings and office equipment	25%
Leasehold improvements	To the date of the next lease break point

11.2.2 Monitoring of project assets

In support of programme implementation and to strengthen the capacity of partners to undertake their work effectively, a number of assets are purchased that are for use by these partners. These are mainly vehicles (cars and motorbikes), desktop or laptop computers (without Sightsavers’ software image), mobile phones or tablets as well as medical/clinical or educational equipment (assistive technology).

In order to ensure that the objectives of the project are being met and, for example, that equipment is not sitting idle for want of parts or maintenance, or misappropriated, it is important that appropriate follow up and monitoring of the use and continued functioning of this equipment over its useful economic life is undertaken by Sightsavers.

Different programme donors have different rules around project assets. These can include requirements for pre-approval of assets prior to purchase, as well as pre-approval for disposal of assets which are broken and cannot be repaired.

The NTD/Inclusion Finance, Risk and Support and Programme Finance Teams are responsible for ensuring that these donor rules are communicated to and adhered to by the Programme Supply Chain Team, COs and programme partners. Generally, each programme has an asset register which is reviewed and updated on a regular basis. NTD/Inclusion Finance, Risk and Support and Programme Finance also provide support on any questions relating to donor rules around assets.

The Programme Supply Chain team keeps a register of all vehicles transferred to partners centrally and will contact the various programme teams periodically to initiate checks on the whereabouts and condition of partner assets. Country/Area and ROs should also check these items as part of their routine programme monitoring visits and report back to the central team with any findings.

Please refer to the Asset Management Framework and Partner Financial Monitoring Framework for further details.

11.3 Summary of dos and don'ts

Do

- Review the Asset Management Framework before taking any action with assets.
- Inform Group Accounting team and Africa Finance and Operations (if applicable) with any changes to fixed assets – new purchase, sale, disposal, theft, damage etc.
- Inform NTD/Inclusion Finance, Risk and Support or Programme Finance about any changes to project assets.
- Ensure that all assets are covered with adequate insurance (subject to donor rules for project assets).
- Physically inspect actual assets against the registers on a regular basis.
- Follow specific donor rules regarding assets.

Don't

- Purchase or install any ICT hardware or software without consent from the Head of Information Systems and Infrastructure.
- Start the process of procuring any programme resources without the involvement of the Programme Supply Chain team.
- Dispose of any fixed asset without approval from RD or MT.
- Forget to keep the local asset register up to date for all fixed assets (not just those that have been capitalised.
- Purchase any project assets without checking the donor rules.

12. Internal and external audit

This chapter explains key aspects of managing internal and external audit and is due for a full review in 2022.

12.1 Summary of roles and responsibilities

Roles	Responsibilities

Roles	Responsibilities
Audit Committee (Delegated from Council of Trustees)	• Recommend to the Board the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the auditor. • Review the auditor's independence and objectivity. • Approve the internal audit programme. • Review internal and external audit reports and management letters. • Consider management's response to any major internal or external audit recommendations. • Monitor the integrity of the financial statements and any formal announcements relating to financial performance. • Review the risk register and risk management systems
Director of Governance, Legal and Assurance	• Oversee all aspects of Sightsavers' audits
Financial Director	• Manage the global external audit process including issuing of the timetable and terms of reference for auditors, preparation of audit material ahead of audit fieldwork, coordinating the liaison with the global external auditors and preparing the financial statements. • Review recommendations of AD/RFSSM /RDs on the appointment of external auditors. • Approve the appointment of all external auditors on the recommendation of AD /RD / RFSSMs
Head of Internal Audit	• Undertake and report on a number of internal audits during the course of each year in accordance with the internal audit programme approved by the Audit Committee and the CEO. • Support AO/CO/ROs to comply with the global external audit timetable. • Review and follow up on recommendations from AO/CO/RO audits.
Country/Area/Regional Director	• Ensure the Sightsavers' external audit tendering process is complied with. • Ensure that the AO/CO/RO complies with the global external audit timetable and provides any information requested from head office.

	• Ensure they are available during the external audit and respond to any issues raised by the auditors. • Ensure the financial statements have been reviewed and agreed ahead of the external audit fieldwork. • Ensure external audit management letters are reviewed and acted upon. • Ensure that the requirements of donor audits are complied with and understood by all relevant staff and partners.
Regional Finance and Support Services Managers	• Collate reconciliations of balances in local accounts to SUN • Drafting visit plans and align these with Internal Audit programme. • Ensure that the Head of Internal Audit, and other stakeholders if applicable, are provided with RFSSM visit reports. • Ensure donor audits are completed in accordance with donor's requirements.
Finance Officer/Manager	• Ensure financial statements including trial balance, income and expenditure reports and balance sheet are prepared and reviewed in advance of the auditor's fieldwork. • Ensure information requested by local or UK office is provided as quickly as possible. • Ensure donor audits are completed in accordance with donor requirements and that the RFSSM, PPR, Head of Internal Audit, and NTD Finance if applicable, are kept up to date with progress and any issues raised.
Programme Finance teams	• Oversee completion of the annual Recipient Contracted Audit (RCA) for USAID • Oversee completion by auditors of the annual Indirect Cost Rate (ICR) calculation
Fundraising teams	• Ensure they are in close liaison with the AO/CO/RO before and during donor audits on process and findings.

12.2 Audit Committee

The Audit Committee is an official sub-committee of Council made up of trustees and non-trustee members who have particular expertise in audit related issues. The Committee meets three times a year and among other responsibilities reviews and approves plans and reports produced by the Head of Internal Audit.

The Audit Committee provides the Internal Audit function with unrestricted access to all the records, personnel, property and operations of Sightsavers, for the purpose of undertaking audit procedures.

The terms of reference for the Audit Committee are included in the Sightsavers' '***Governance Document'*** which is available on Myportal

12.3 Internal audit

Sightsavers has established an internal audit function to provide independent assurance to Council and MT regarding the internal control framework, and operation of risk management strategies set out in the risk log.

12.3.1 General internal audit process

The objectives for internal audit can include providing assurance on the following:

- The operation of risk management strategies
- The reliability and integrity of information and safeguarding of assets (core controls).
- Compliance with policies, plans, procedures, laws and regulations.
- The economical and efficient use of resources.
- The accomplishment of established objectives and goals for operations or programs.

The DGLA reports to the chair of the Audit Committee (a trustee) and the CEO.

The DGLA prepares an annual plan of work each year based on a number of factors including coverage of risk management strategies, recent audits, areas of concern etc. This comprises both thematic audits and geographic audits, including focus on specific COs.

The typical audit process is as follows:

Internal Audit Process: General	Details
Set up terms of reference (TOR) for the system under review	This should cover aspects such as timetable, scope, risk management. Agree the TOR with the relevant manager
Ascertain and document the system and controls	Walkthrough the system to confirm what has been documented
Evaluate the controls	Ensure they are adequate and consider whether risk management strategies are operating
Additional compliance tests	Where necessary carry out additional compliance tests to confirm operation of the relevant controls in practice
Discuss risks and issues identified	Discuss with the relevant manager and agree reporting points. Draft an internal audit report and action plan.
Internal Audit Process: General	**Details**

Management agreement	The relevant manager should agree the report and complete a management response in the action plan to the points raised
Audit follow up	The DGLA also coordinates the follow-up on the implementation of internal audit recommendations.

The UK external auditors may place reliance on internal audit procedures and as such it is important that electronic working papers are retained to back up findings reported. The working papers should be sufficiently detailed to enable external auditors to re-perform a test if necessary.

12.3.2 Overseas programme office audits

Overseas programme offices are included in the audit plan following the risk assessment exercise referred to above. Specific factors considered for overseas programme offices include the date of the last audit visit, funding profile, office capacity etc. The approach in respect of programme office audits is similar to the thematic audits. However, the scope is broader to take account of the fact that visits to a particular CO may happen less often.

The CO visits include (but are not limited to) reviews of financial transactions, performance data, and review of Partner activities.

Typically the TOR includes the following broad topics (although other aspects are also covered depending on time available and other factors specific to each CO):

- Compliance with the Financial Framework
- Compliance with the Partnership Policy
- Security of staff
- Reputational risk
- Compliance with the Procurement Policy
- Government and institutional funding

12.4 Regional Finance and Support Service Manager visits

In addition, RFSSM visits, and some visits by the UK office’s finance staff, to AO/COs will involve an element of checking and testing. Guidelines for these visits are in place in terms of the process to be adopted, what should be reported, timescales, working papers etc and these have been circulated to the regions. A summary of key findings is submitted to Audit Committee each quarter.

12.5 Statutory audit

Sightsavers’ policy is that all offices should be subject to an annual external audit. In the UK and some other countries, this is also a legal requirement. Sightsavers’ fundraising subsidiaries have their own financial audit, with the auditors appointed by their own local boards with oversight from the audit committee. Any statutory requirements for audit for each international programme office should be confirmed with the local external auditors. It is the responsibility of each AD/CD/cost centre manager and FSSM (supported by the RFSSM) to ensure that these are complied with.

External auditors for the CO (other than the UK) are appointed by the FD with the support of the Head of Governance and Assurance and on the recommendation of the AD/RFSSM /RD.

The UK external auditors (who sign off Sightsavers' global consolidated financial statements) are re-appointed annually by the members of Sightsavers (effectively Council, on the recommendation of the Audit Committee), subject to a five year service and price review and a retender every ten years as a minimum (see tender process guidance in Appendix 2.2)

Specific terms of reference have been established for audits of Sightsavers' AO/CO/ROs, which are detailed in Appendix 2.4.

The scope is wider than a routine audit to enable Sightsavers to obtain greater value from the financial audits carried out.

The results of the overseas office audits are reviewed by the UK external auditors and so it is critical that the global audit timetables allow for completion of the office audits in time for this review. The exception is India where local regulations require a year end of 31 March, so a different audit timetable is adopted. An audit timetable is circulated each year by the GARM.

Broadly, the expected process for the external audits is as follows:

External Audit Process	Details
Planning meeting	The planning meeting is held with the external auditors before the year-end to update them on any developments and agree fees and the audit timetable. In the UK there is a requirement for the auditors to present a detailed planning document to the Audit Committee once the initial planning meeting has taken place.
Audit fieldwork	The audit fieldwork should take place in accordance with the agreed timetable. The FSSM must complete the draft accounts and working papers by the audit start date. Audit preparations are the top priority for the FSSM at the start of the year and work plans should be established accordingly.
Accommodating the audit team	The audit team must be situated in a suitable office area and have access to all documents. It is useful to ensure that Sightsavers' staff are on hand to deal promptly with any queries arising. The FSSM must be available at all times during the audit. The AD/CD/RD must also be on hand at several pre-agreed times.
Adjustments made	Any adjustments made must be promptly communicated to the the UK office Finance Team in order that they can be reflected in the Sightsavers' global accounts.

External Audit Process	Details
Close out meeting	At the end of the fieldwork part of the audit, there should be a closeout meeting with a senior member of the audit team, the AD/CD/RD and FSSM. In the UK this will involve the FD as a minimum, with the COO generally attending. Any issues of concern and potential adjustments should be discussed at this closeout meeting. This is also a good opportunity for the auditors to advise of matters that will be reported in the management letter and to give Sightsavers' officials an initial chance to comment on these. It is also sensible to reiterate the deadlines for receipt of draft accounts and draft management letter from the auditors.
Draft accounts and management letter	Once draft accounts and management letter have been received these should be reviewed in detail by the FSSM and the RFSSM (and in overview by the AD/CD/RD). Management responses should be drafted for the recommendations made by the auditors in their management letter. These together with any comments on the draft accounts should be promptly advised to the external auditors.
Final signed accounts	Once final accounts have been signed by all relevant parties, they should be despatched promptly to the UK in time to meet the pre-advised deadline. The final management letter should also be copied to the RFSSM and the Head of Internal Audit. Submission of a reconciliation between the local accounts and SUN is also required and should be prepared by the FSSM.
Finalising UK Audit process	When the UK audit process is nearing completion accounts and UK management letter are reviewed by the Audit Committee. Comments from this Committee are addressed as necessary. A key stage is the technical review by the external auditors and changes after this has taken place should be kept to a minimum.
Approval of accounts	The final accounts are approved at Sightsavers' Annual General Meeting. An Annual Review document is also prepared which summarises the key messages contained in the accounts and presents the information in a more user-friendly way for fundraising purposes.
Post audit sharing of issues	Once the main global audit is complete, the DGLA prepares an analysis of matters arising in all audit management letters and shares this with the Global Finance Team and Audit Committee. A similar schedule of internal audit issues is also prepared and circulated.

12.6 Donor/funder audit

Many donors/funders require the audit of project expenditure to ensure expenditure has been incurred and to assess compliance with rules on areas such as procurement, travel, changes from budget, visibility, staff costs/time records, record-keeping etc.

The key message is clear: **Get it right at the planning stage. Avoid possible repayments and reputational damage with the donor that could affect Sightsavers globally if an unsatisfactory audit takes place. Partners and Sightsavers' staff must be made fully aware of contract and audit requirements. Once mistakes are made, they are not easily rectified.**

Donor Audit Process	Details
Before the audit	
Preparation of audit evidence	The audit evidence should be organised, clear and well presented, and all primary, supporting documentation should be made available. This should be considered at the point of processing the transaction and filed alongside the journal vouchers.
Audit file	A clearly labelled, well-organised audit file should be compiled. The file should help the auditor to understand the project and to establish the audit trail. All specific requests for information from the auditor should be met but generally the audit file should include: • Signed agreement with the donor plus any modifications • Agreed budget with the donor plus any modifications • Agreements with partners and copies of PDDT (if applicable) • Narrative reports submitted to the donor • Financial reports submitted to the donor • Reconciliation of the donor reports to Sightsavers' accounting system • Working papers demonstrating, where applicable, how partner reports have been utilised to prepare donor reports • Project monitoring reports • Any other documentation relevant to the contract e.g. correspondence with the donor, partner transfers etc
Pre audit internal testing	Some sample testing performed internally in advance of the audit may be considered helpful in order to locate any issues in advance. If an internal audit is scheduled in advance of an external audit review, this will be included in the scope.

Donor Audit Process	Details
During the audit	
Staff availability	Ensure key staff are available during the audit and can give the auditor an appropriate amount of their time.
Cooperate	Proactively manage the audit process to ensure that auditors are given all the documents they have requested before they leave the office or before the report is produced.
Scope of the audit	The scope of the audit fieldwork will depend on the donor's requirements but will typically include examination of: • Sample of transactions charged to the project ○ Purchasing documentation (e.g. quotes, invoices, tender documents, contracts with suppliers, POs etc) ○ Staff costs (e.g. timesheets, payrolls, payslips, contracts etc) • Cash and bank account reconciliations • Assets purchased and documented under the contract (including physical confirmation) • The adequacy of controls over the security of assets • Proof of transfer to partners
Post audit	
Donor requirement	The auditors will be required to report on specific matters under the terms of the donor's contract. The auditors must always provide Sightsavers with a draft report for discussion and amendment before the final report is distributed. Generally, the auditors' report will conclude on the following: • Whether the project accounts properly reflect the project costs incurred in the execution of the project • Any instances of non-compliance with the contract terms • Proposed audit adjustments or details of any ineligible expenditure. • Recommendations for improvements in controls and processes and Sightsavers' response to these (a 'management letter')
Ineligible expenditure	**If the auditors identify any ineligible expenditure, this should be immediately reported to the fundraising team, and NTD Finance if applicable. They may take a different view and can discuss this with the auditor to minimise ineligible expenditure.**

Internal circulation	The draft audit report must be circulated to the fundraiser, RFSSM and PPR before it is agreed and submitted to the donor. After input has been obtained from these parties the AD/CD must authorise the management response and action points before submission to the donor.
Donor Audit Process	**Details**
	An electronic copy of the final report must also be sent to the fundraiser, PPR and the DGLA.
Post project audits and retention of records	Some donors retain the right to audit several years after the project has finished. Consequently, safe retention of records is vital. For example, the EC have the right to audit the project records up to seven years after submission of the final report which can be up to 13 years from the start of the project. The donor requirement for retention of records should be identified at an early stage and appropriate arrangements for storage made both during and after the project.

12.7 Summary of dos and don'ts

Do

- Maintain internal audit working papers to enable the external auditors to reperform a test if necessary
- Set up an audit file that is organised, clear and well-presented prior to audit.
- Ensure that key staff are available during the audit and can give the auditor an appropriate amount of their time
- Ensure the AD/CD/RD is involved in the audit process.

Don’t

- Forget to share draft audit reports on government funded projects with the Head of Internal Audit (and DGLA) as well as fundraiser and RFSSM, and NTD Finance if applicable.
- Forget to store records for government funding contracts securely and for the required period of time
- Forget to tender external auditors at least every ten years (and a formal satisfaction review every 5 years).

13. Financial records, reporting and accounting procedures

This chapter outlines the requirements for maintaining and retaining accounting records and internal reporting requirements.

13.1 Summary of roles and responsibilities

Roles	Responsibilities
Group Accounting and Reporting Manager	• Overall responsibility across the global accounting system (SUN). • Manage the group audit and financial statement preparation
Country/Area/Regional Director	• Ensure all are reviewed, checked to supporting documentation and authorised. • Ensure there is adequate segregation of duties around the entering and posting of transactions to SUN Accounts and the preparation and review of month end checklists. • Undertake a thorough review of the month end checklist, bank statements and journal files and to upload signed checklist to ShareFile / SharePoint according to timetable, ensuring the relevant people have access to the folders. • Authorise new supplier code set up request.
Finance Officer/Manager	• Ensure all fields on the journal are correctly filled in, entered to SUN and have appropriate supporting documentation.
Regional Finance Managers	• Ensure all overseas transactions are completed to timetable. • Oversee the process of submission and review of month end checklists overseas offices. • To approve new overseas SUN codes and users.

Cost Centre Managers (cost approvers)	• Ensure when approving any transactions within Proactis that the key areas have been checked, e.g. coding line is correct, amounts are correct and within budget. • Be aware that approving any costs commits these costs to Sightsavers and will have an impact on both internal management accounts and external statutory accounts.
Programme Supply Chain team	• Authorise any purchase linked to programme procurement • Ensure all supplier code of conduct, certifications as well as valid product certifications (GMP, GDP etc.) are on central files before approving any spend
Proactis users	• Ensure when inputting any transactions into Proactis that the key areas are checked, e.g. coding line is correct, the dates of the order/commitment/receipt of goods are correct
Roles	**Responsibilities**
	• Be aware that, once approved, any costs on these transactions will have an impact on both internal management accounts and external statutory accounts.

13.2 Structure of SUN Accounts

SUN reflects the categorisation of Sightsavers' entities as per the group financial statements. Broadly speaking, locally incorporated fundraising entities are subsidiaries, and programme COs are branches of Sightsavers performing charitable activities. SUN business units are prefixed with an S if subsidiary, D if a division and F if a foundation.

Each international office and fundraising office have their own unique cost centres. In the UK each department/team has its own cost centre.

13.3 Chart of Accounts

13.3.1 Account Codes

An organisations' chart of accounts sets out the common coding for income, expenditure and balance sheet items and facilitates the production of cross-organisation reports such as the monthly and yearly management and financial accounts.

Sightsavers has consistent account codes used throughout its offices (last reviewed 2017).

The full chart of accounts can be found on **Myportal**. The first one or two digits of the code indicate the category of code as set out below:

Account Prefix	Account Category	Account Sub Category
1****	Income	10*** Transfer from Head Office
		11*** Grants from UK
		12*** Donations and Legacies
		13*** Trading Income
		14*** Charitable Activities
		15*** Investment Income
		16*** Profit on Disposal of Assets

Account Prefix	Account Category	Account Sub Category
		17*** Other Income
		18*** Gains on Investments
2****	Expenditure	20*** Staff Costs
		21*** Travel and Transportation
		22*** Office Costs
		23*** Professional Services
		24*** Communication Costs
		25*** Programme Specific Costs
		26*** Financial and Asset Costs
		27*** Funds Transfers
		28*** Recharges
3****	Gains and Losses	30*** Exchange Differences / Revaluations
		31*** Other

4****	Assets	40*** Intangible assets 41*** Tangible assets
		42*** Investments
		43*** Stocks
		44*** Prepayments
		45*** Accrued income
		46*** Staff debtors
		47*** General debtors
		48*** Inter-company accounts
		49*** Cash and bank
5****	Liabilities	50*** Bank overdrafts and loans
		51*** Taxation & social security
		52*** Accruals and deferred income
Account Prefix	**Account Category**	**Account Sub Category**
		53*** Other creditors 54*** Provisions
6****	Reserves	61*** Unrestricted funds
		62*** Endowment funds
		63*** Restricted funds
		64*** Share capital 65*** End of year transfer

13.3.2 Analysis codes

Analysis codes represent additional fields which provide useful information mainly for analysing expenditure in a variety of ways such as by cost centre or project. The current list of analysis codes together with the accounts they should be used with are as follows:

Analysis Code	To be used with	Notes
Cost Centre	All expenditure and all international offices balance sheet codes	This code is very important for expenditure lines as it will inform which country or department a particular cost is charged to and will be monitored against financial plan and forecast.
Partner	All expenditure codes only	Sightsavers' internal management costs are tagged with a "0" partner code. All project expenditure relating to a partner should be tagged with a unique partner code which also indicates the country eg. KEN001 is a Kenya partner code. Project expenditure not relating to a partner should be tagged with "0" partner code
Project	All expenditure codes only	The project code is a very important code for fundraising, fund management and monitoring purposes. Each country has a unique two-digit prefix indicating the region and country e.g 55 = West Africa, Mali. Sightsavers' management costs are tagged with a "0" project code except where a project code is used to collate global costs relating to, for example, the annual meeting or costs of an IT project.
Analysis Code	**To be used with**	**Notes**
Theme	All expenditure codes only	Theme codes are used for analysing costs across the strategic themes.
SONG	Income, expenditure and income control accounts	This code is used for analysing expenditure in more detail for various purposes such as fundraising campaigns (**S**ource), bank account receiving income (**O**rg bank), additional coding on NTD transactions (**N**TD) and donor reporting (**G**rant funding).
Donor Fund	All income, expenditure, and accrued/deferred income codes	This code should be used to track income and expenditure from a particular donor agreement. All income and expenditure should be coded to the relevant Fund Code given in the FMF.
Budget Line	All expenditure codes only	This code is used for analysing project expenditure by the budget line that it relates to

VAT (Value Added Tax)	All expenditure codes only	This code is used by head office Finance to record VAT rates on goods and services procured.

13.4 Accounting transactions

All offices use a set of standard accounting transaction types (journal types) when inputting data to the SUN system. These transaction types are country specific and can only be used by staff from that office or finance system administrators.

Each journal has a unique transaction reference to identify the transaction, with the aim of preventing transactions being entered twice into SUN or being missed altogether. In the UK this is in the form of a sequential number and in overseas offices the format is a prefix of a journal type – financial year - sequential number. Missing or duplicated entries can just relate to human error but can also indicate irregular or even fraudulent payments. Every journal must be authorised before being entered to the system and it is crucial that the person reviewing the month end checklist, reviews the journal files to check all have been correctly posted.

These journals must capture the following information:

- Full details for the transaction so that the authoriser or someone viewing the transaction in SUN can understand the nature of the transaction. For payments the payee and the items/services procured should be indicated. Descriptions should provide information that is not available from the coding. For example: “Taxi fare” isn’t needed as a description, as the account code covers that. The description should instead indicate information such as the purpose of the trip and the company used.
- Completion of all required SUN data entry fields which includes account and analysis codes, accounting period and date.
- Evidence by way of signature / email for review and authorisation of the journal. Note: users are unable to post their own journals so it must be signed and posted by, normally, the relevant FSSO or equivalent in each office.
- Every journal must have supporting documentation attached and, by signing, the authoriser indicates they have checked and agreed this supporting documentation.

The types of accounting transactions input to the system are as follows, using Bangladesh as an example:

Journal Code	Transaction type	SUN Unique voucher reference (manual example)	Notes

BDB1P	Bank Payments from the main bank account	BAN-B1P001	This is principally for cheque payments so each unique voucher should represent a unique cheque number.
BDB2P	Bank payments from a 2nd bank account if applicable	BAN-B2P001	As above
BDB1R	Bank receipts from the main bank account	BAN-B1R001	All cash receipts to the office should be banked in addition to cheque receipts.
BDB2R	Bank receipts into a 2nd bank account if applicable	BAN-B2R001	As above
BDP1P	Local currency petty cash payment	BAN-P1P001	For any journals relating to local petty cash payments
BDP1R	Local currency petty cash receipt	BAN-P1R001	For any journals relating to local petty cash receipts
BDP2P	Foreign currency petty cash payment	BAN-P2P001	Foreign petty cash should be kept to a minimum and any significant amounts banked.
BDTFR	Transfer	BAN-TFR001	This voucher is typically used for transfers between bank accounts by way of a bank letter.
Journal Code	**Transaction type**	**SUN Unique voucher reference (manual example)**	**Notes**
BDGJN	General Journal	BAN-GEN001	General Journals are used for other transactions which are mainly entries not impacting cash or bank and corrections.
BDPCN	Proactis credit note	N/A	System generated journals from Proactis for credit notes
BDPIN	Proactis invoice	N/A	System generated journals from Proactis for invoices

BDPPO	Proactis PO	N/A	System generated journals from Proactis for POs
BDPRJ	Proactis reversal journal	N/A	For use by COs if required to reverse a Proactis automated system journal or make an adjustment

In the UK there are some additional journal types covering credit cards (1CCEX), bank reconciliation manager postings (1BREC), system income uploads from BBCRM (1INCU), investments (1INVE), payroll deductions and gross (1PYDE and 1PYGR) and UK transfers between banks (1TSFB).

13.5 General Journals

General Journals represent an important area for control in an office. Bank and Petty Cash Journals are usually well understood and monitored but General Journals are just as important to review as they can hide erroneous or inappropriate transactions. The main types of transactions that are expected as General Journals are as follows:

Transaction types	Description
Payroll (with the exception of UK)	All salary journals are entered into SUN in a consistent and standard format across all offices. The correct procedure is to post the payroll costs through balance sheet control accounts as a separate journal from the actual payments from the bank. There are two reasons for this: • **The gross salary expenses relating to an individual do not equal the actual bank payment.** e.g. statutory deductions have to be made e.g. tax and national insurance or to reflect loan repayments. • **The monthly salary calculations and journal will be completed prior to the date the salaries are paid.**
Bank Charges	Bank charges are recorded when the bank statement is received and is not instigated by a cheque or cash payment so a General Journal is used for this purpose.
Accruals	At the year end offices are asked to accrue expenditure which relates to the current year but will not be paid until the following year. The journal does not relate to an actual payment so a General Journal is used.
Prepayment	A prepayment entry is made when a payment has been made in advance which covers a period running into the following year, e.g. annual rent. At the year end an entry is made to reduce expenditure by that portion which relates to the following year. The payment has already been made so a General Journal is used for this.
Correction of errors	A General Journal is typically used to correct an entry to the system which had errors. For example an amount or account could be incorrect or an entry could have been posted twice by mistake. It is very important that the AD/CD/RD or person authorising the journal understands the reason for this entry and that it is cross referenced clearly to the original entry.

Transactions other than those mentioned above would not normally be using a General Journal voucher so clarification should be sought where this is happening.

13.6 Transactions generated through Proactis

Proactis is an eProcuremnent system, integrated with the Sun accounting system, which Sightsavers uses to manage, control and account for organisational expenditure.

There are separate sequential stages of expenditure transactions within the "procure to pay" (P2P) process that Proactis-SUN supports: expenditure commitment (PO); acknowledgement of delivery (goods received note/ receipting), incurrence of expenditure (invoice) and recognition of and settlement of liability to supplier (payment). Some processes, such as expenses, do not use all these stages.

Sightsavers prepares management accounts based on commitments to make expenditure – this is a comprehensive and prudent approach, expenditure is reported on an "early as possible" basis i.e. at the point it is committed, where all the activity may not have been performed and where payment related to the expenditure will generally not have been made.

Sightsavers is also subject to external, statutory accounting reporting requirements. Statutory reporting recognises expenditure when incurred, for example when a service has been performed or when goods have been received. This will occur subsequent to the commitment to the expenditure.

In order to ensure that the above elements are correctly handled, it is important that the following principles are understood and adhered to:

1. Expenditure commitment: being the period prior to the start of the activity or procurement which best represents when the expenditure is committed
2. Incurrence of expenditure: being the period the service is performed or goods received in, designated by performing the action of "receipting" in Proactis
3. Recognition of liability to supplier: determined by receipt of invoice, leading to the accrued expenditure liability becoming classified as a liability to the supplier
4. Discharge of liability to supplier: through payment of invoice:

The date of a supplier invoice may not represent when the expenditure was incurred, but does represent the point at which the liability to the supplier arises and also acts as a trigger for the payment terms period,

Sightsavers has separate accounting ledgers which handle committed expenditure (the "Commitment" ledger) and incurred expenditure (the "Actuals" ledger).

Management accounts reflect the Commitment and Actuals ledgers combined, where expenditure is either committed to, or has been actually incurred (but recognised on the commitment event); Statutory accounts are only on an actuals basis.

The following tables represent how these two ledgers interact (table 1) and show how expenditure is recognised in both internal management accounts and external statutory accounts (table 2).

Table 1:

Month	Year	Expenditure Event	System Action	System	Role	Accounting Impact		Commitment Ledger		Actuals Ledger			
						Expenditure	Liability	Expenditure Code	Committed Liability	Expenditure Code	Accrued Liability	Supplier Liability	Cash
								(Profit) and Loss	Balance Sheet	(Profit) and Loss	Balance Sheet	Balance Sheet	Balance Sheet
November	20x1	Commitment	Raise PO	Proactis	User/Approver	Committed	Committed	100	(100)				
December	20x1	Incurred	Receipt delivery of services/goods	Proactis	User	Actual	Accrued	(100)	100	100	(100)		
January	20x2	Invoice received	Invoice posted	Proactis & SUN	Supplier Management	None	Supplier				100	(100)	
February	20x2	Invoiced paid	Invoiced approved & paid	Proactis & SUN	Supplier Management & Treasury	None	Cash outflow (reduced asset)					100	(100)
Total	20x1							0	0	100	(100)	0	0
Total	20x2							0	0	0	100	0	(100)
Combined Total								0	0	100	0	0	(100)

Table 2:

Month	Year	Management Accounts			Statutory Accounts	
		Commitments + Actuals Ledgers			Actuals Ledger	
		Expenditure Code			Expenditure Code	
		(Profit) and Loss	Balance Sheet		(Profit) and Loss	Balance Sheet
November	20x1	100	(100)		0	0
December	20x1	0	0		100	(100)
January	20x2	0	0		0	0
February	20x2	0	0		0	0
Total	20x1	100	(100)		100	(100)
Total	20x2	0	0		0	0
Combined Total		100	(100)		100	(100)

From this example transaction it can be seen that:

- Management accounts reporting recognise expenditure in the period of commitment
- Statutory accounts recognise expenditure when it is incurred.

In this example the expenditure falls in the same financial year in both bases but is recognised earlier in time in the management accounts.

The responsibility falls on users and approvers in the Proactis system to specify the correct period of commitment (on PO set up) and the correct period that the expenditure was incurred (by receipting delivery against PO).

In the example given if the receipting was not made correctly in December 20x1 the statutory accounts would not be correct for that year, with the expenditure recognised incorrectly in the following year.

The actions by users and approvers in Proactis directly impact the accuracy of the accounting statements, and this is an important and devolved responsibility which must be discharged with care and thought.

Users also have a responsibility to ensure that invoices are passed in a timely fashion to the supplier management team (emailed to invoices@sightsavers.org) which will enable suppliers to be paid on a timely basis, in accordance with applicable payment terms. However, it is important to note that invoices in isolation do not drive the accounting recognition of expenditure, and users and approvers need to fully understand the concepts of expenditure commitment and receipting.

In a second example, the timing of each of the sequential events is a month later, which has an important effect on accounting, particularly over a year end, when the expenditure commitment (Purchase Order) falls in one year (20x1) (Management accounts basis), but the actual expenditure (invoice payment) occurs in the following year (20x2) (Statutory accounts basis). Expenditure plans (budgets) are prepared by forecasting when expenditure will be committed, which is consistent with management accounting reporting. Expenditure should only be receipted when the goods or services are actually received.

13.7 Setting up a new account or analysis code

When an office requires a new account or analysis code, they must submit a “New Codes” request via the Finance Systems Service Desk portal. Approvals are linked to the type of code required; the following approvals are in place –

Code type	Approved required by
Project / Cost Centre / Donor Fund Code	PPR team
Finance Balance Sheet Code / Finance P&L Code	Group Accounting and Reporting Manager

13.8 Accounting system users

Requests to have new users set up in the accounting system should be requested using the “System access changes” option via the Service Desk under Finance Systems. The request will require approval from the new user’s line manager. User's access is removed when they leave the organisation.

13.9 Month end procedures and checklist

The PPR team provides the MT with Global Management Accounts.

- In order to provide these promptly all entries by international offices to SUN for a particular month must be completed by the 3rd working day after month end. At 5pm UK time on the 3rd working day the period on SUN will be closed for these offices. UK Finance will then have a further 2 working days to complete all checks and reconciliations, input additional entries and run system revaluations.

- To ensure entries are complete and accurate it is best practice to enter transactions evenly throughout the month and not allow them to build up at the month end. This also reduces the risk if there is system down time at month end.

- In UK Finance it is the responsibility of the GARM to ensure the completeness of data in SUN to timetable. The relevant finance staff undertake key reconciliation activities, which must be completed by the 15th working day and quarterly reviewed and signed off by the GARM.

- AO/CO/RO completion and upload to ShareFile/SharePoint of a month end checklist is a key control around accounting transactions and entries to the accounting systems. It is the FSSMs / FSSOs responsibility to complete the summary of balances and subsequent sections of the month end checklist including all attachments supporting the balances and checklist. They need to sign off all the completed sections and attachments to confirm that the information provided has been reviewed and is accurate.

- It is the AD/CD/RDs responsibility to thoroughly review and authorise the work of the FSSM / FSSO in order to ensure that efficient financial management controls are in place within their office. This must not be considered to be a simple sign off exercise. A thorough review of the checklist with the voucher folders for the month and related bank statements can help identify serious errors or fraud. The AD/CD/RD can delegate this responsibility to the PM if they are absent at the month end to ensure that the timeline is complied with. However, in this case they MUST review and sign off this work on their return to the office.

- Detailed guidance notes for preparing and reviewing the checklist are included in Appendix 3 to this Framework.

- After reviewing the checklist the AD/CD/RD should sign off the approval section on the front page of the checklist. This confirms that they have reviewed and approved the checklist as a whole and that the information contained within it is correct. It also confirms that they are satisfied that the FSSM has completed and reviewed all relevant sections and has attached all relevant supporting documentation.

- The month end checklist should then be submitted to RO for a regional review of accuracy, completeness, and correct approval.

- Upload to SharePoint by the 10th working day.

- Tests to verify the accuracy of checklist balances compared to SUN balances will be performed at the RO and explanations for discrepancies will be sought.

13.10 Retention of accounting records

UK charity law requires the retention of records for six years after an accounting period. Transactions from all Sightsavers' offices populate the Global Accounting System and as such the six-year requirement must be observed in all offices. Where local requirements are more stringent, these should be complied with.

This requirement applies to both paper and electronic records. Physical records should be labelled, referenced and stored in a secure location. Precautions against fire and theft should be taken. These regulations are overarching and other regulations, such as GDPR, are overridden by this.

Note that some funding contracts may specify their own requirements for keeping records which may be more stringent than UK Charity Law. This is the case for the EC. These

requirements may also apply to partner organisations. It is extremely important that these requirements are noted and observed to ensure financial penalties are avoided.

13.11 Summary of dos and don'ts

Do

- Use and understand Sightsavers' chart of accounts and analysis codes.
- Complete month end processes to deadlines.
- Retain accounting records for six years after an accounting period.
- Pay attention to the fact that some government funding contracts may specify their own record keeping requirements.

Don't

- Sign off the month end checklist without doing sufficient checking.
- Archive accounting records in an unsafe area.

Appendix 1: Sightsavers' Financial Systems

Sightsavers has various financial systems, each perform a different function. It is important for users of these systems to be aware of what they are and how they interact with other systems and processes.

The Finance Systems Team will administer the systems and provide report writing support. They will set up appropriate log-in access and ensure users have visible the screens and parts of the system, and authorisation rights that they need to do their jobs. Support can be obtained via a Service Desk request.

User Access Management is not available for end users of Finance Systems and only the Financial Systems Team have access to manage this function as administrators. This enables clear segregation of duties in the financial systems domain.

Unauthorised system changes will be detected using automated system audits, and other internal processes, and will be subject to the Global Disciplinary Procedures

Access to any of the below systems will need to be requested from the relevant team, via the service desk portal.

System name	What does system do?	Data Flows		Who has access?	System owner	Accessed via
		In	***Out***			
SUN	Central accounts system.	Transaction postings from PROACTIS Monthly income from Blackbaud Journals from Q&A	Monthly expenditure to FMF Expense Forecast into TMS	All finance staff	Finance Systems team	Internet
Q&A	Reporting tool from SUN and PROACTIS Uploads automatic journals into SUN		Journals into SUN	All Finance team PPR team NTD Finance team	Finance Systems team	Excel
PROACTIS	Global eProcurement system. Invoicing Staff Expenses Funds Transfers	Static data (codes, exchange rates etc.) from SUN Transactions from PSC, MyCLAIMS	Transaction postings to SUN	All staff	Finance Systems team	Internet
FMF	Organisational planning and forecasting Restricted fund management	Planning numbers (manually) Monthly expenditure from SUN		All staff	PMR team	Internet

System name	What does system do?	Data Flows		Who has access?	System owner	Accessed via
Programme Supply Chain (PSC)	Procurement System used for procurement planning, processing Purchase Orders and maintaining “Programme Procurement” products catalogue.	Project information (code, validity, key people, etc). from Programme Portal Static data (codes, exchange rates etc.) from FMF Consignee and Supplier codes from PROACTIS	Purchase orders to PROACTIS	Central Supply Chain Team, Country Office Procurement Leads and Programme Teams All staff (view only)	Supply Chain Team	Internet
MyCLAIMS	Collects expenditure and output data on the NTD consortium programmes. Used for budget and target setting, reporting and unit cost analysis		Transactions to PROACTIS	NTD team COs External partners on NTD programmes	NTD Finance team	Internet

Blackbaud	Contact Management and Income Database	Income from various subsidiary systems Income from batch header process (manual; data flow from outsource providers e.g. Woods/Valldata, Angel etc)	Monthly income to SUN	Fundraising teams Finance team Legacy team	Database Team	Internet
System name	**What does system do?**	**Data Flows**		**Who has access?**	**System owner**	**Accessed via**
Kyriba	Treasury Management System. Collates and Reconciles Bank Statements with Bank Transactions uploaded via Q&A	Bank Transactions via Q&A		Treasury Team	Finance Systems team	Internet

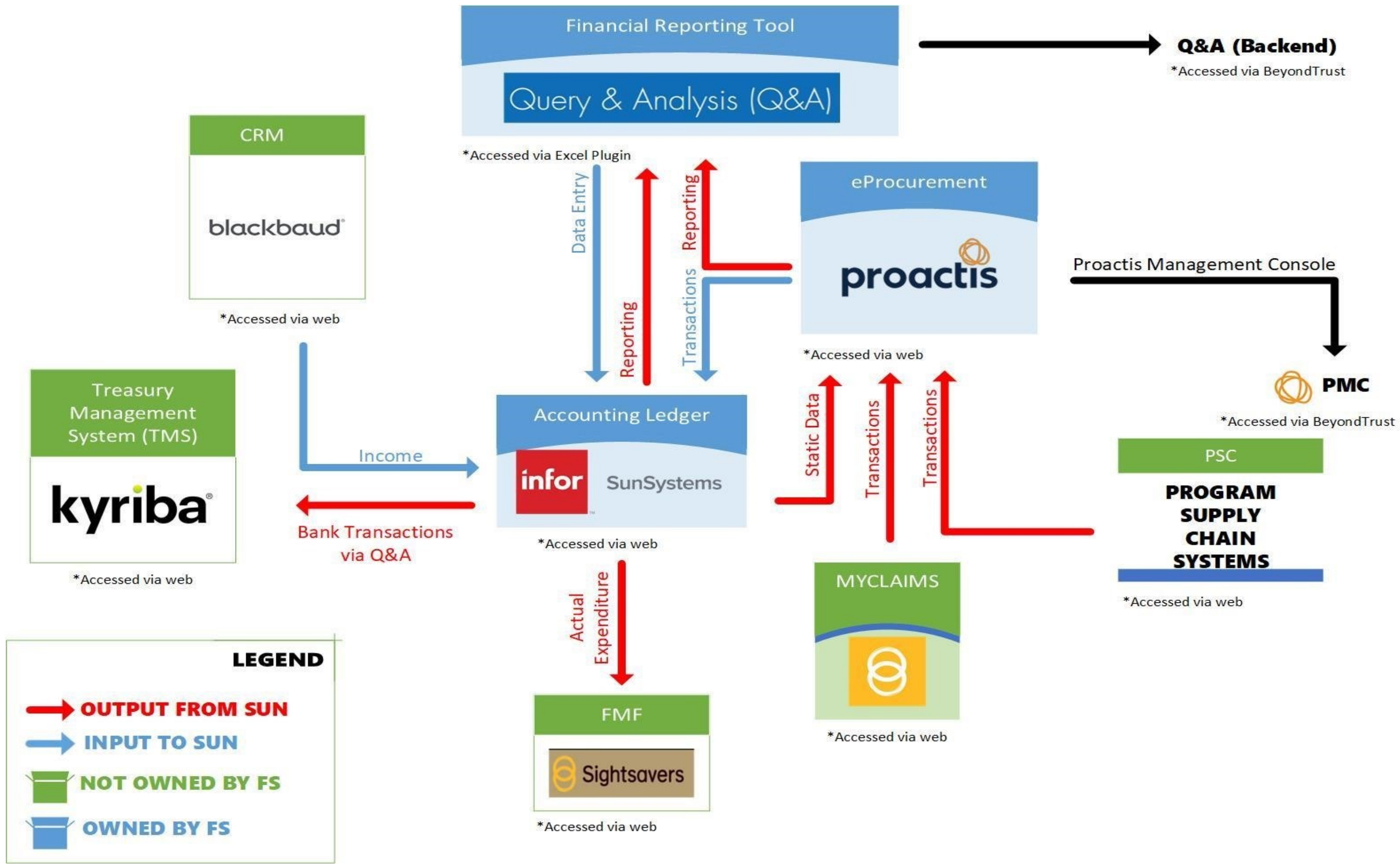


Figure 1. System interfaces

Appendix 2: External audit arrangements

A2.1 External audit arrangements – overseas offices

1. Audit arrangements and timings are agreed directly between the AO/CO/RO and the local audit office but must be consistent with the international audit timetable issued by the UK office Finance. The scope of the audit is laid down in the Terms of Reference (see below) issued by Sightsavers UK. Audit fees should be negotiated by the AD/CD/RD each year, except for the year of appointment when the COO/FD will approve the fees following the tender process.

2. Standard formats for production of year end accounts accompany the Terms of Reference. Accounts should be prepared in the required formats by Sightsavers' accounts staff prior to commencement of the audit.

A2.2 Tender process

1. An external audit service and price review is conducted annually after each audit by the FSSM and the RFSSM. This is a simple review which asks the following questions:

Question	Yes/no	Brief Comments (if appropriate)
a) Did the audit firm fully address the Terms of Reference?		
b) Where the audited accounts submitted to the UK office within the deadline?		
c) Did the audit process run smoothly?		

d) Did the auditors maintain contact with the CO and other relevant Sightsavers' officials throughout the audit exercise and was there good communication?		
e) Were the meetings held with the audit partner (to discuss the audit process and findings) meaningful and useful?		
f) Did the auditors carry out their task in a professional manner?		
• Did the Management Letter identify any value-add issues?		
• Did the audited financial statements meet the UK office requirements and were they professionally done (e.g. no errors, etc.).		

If audit and control review processes are not operating at appropriate level, or the price is out of line with the work performed then Sightsavers should retender immediately. Regardless of this review, the service must be re-tendered at least every 10 years.

2. A timetable for retendering should be prepared highlighting the key events that will take place, such as (in no particular order):
    - Issue of tender documents to participating local audit firms (see 9. below)
    - Deadline for submission of tender documents
    - Meetings with participating firms
    - Evaluation of tender documents (see 10. below)
    - Making the decision
    - Conveying the recommendation to the COO/FD.

3. A copy of the timetable and audit tender document should be submitted in advance to the FD.

4. For the tender process to be worthwhile, it is expected that a minimum of four local audit firms are invited to participate, perhaps including the incumbent firm. Tender documentation should include the Terms of Reference.

5. The tendering process should be managed by Head of Internal Audit and/or the RFSSM. The CD or the FSSM will provide support to the process.

6. The criteria for selection will place emphasis on “value for money” rather than the cheapest option. The table below shows the matrix that should be used in making the assessment. Each audit firm should be scored against the different criteria.

7. Once a decision has been reached, the recommendation should be forwarded to the COO/FD. This should be supported with a working schedule incorporating a table, indicating how each firm scored against the set criteria, with a summary showing the overall result and conclusion.

8. The COO/FD may refer back to the AD/CD/RD to seek clarification on any particular issue, should the need arise.

9. A letter confirming appointment to the selected firm will be issued and signed by the COO/FD. This will be posted to the AD/CD/RD, who will then send it to the selected firm.

10. The AD/CD/RD will write to the other firms involved in the tender process to inform them that they have not been successful but thanking them for participating in the exercise.

Table for Assessing Audit tenderss

Category	Assessment Criteria	Auditor 1	Auditor 2	Auditor 3	Auditor 4
Cost	The thresholds should be set locally with reference to the tenders received. The score is between 1 and 5 as follows. 5 – cheapest cost 1 – most expensive				
Qualifications	5 – At least 2 of the staff in the audit team must be chartered accountants with minimum of 5 years audit experience 4 – At least 2 of the staff in the team must be chartered accountants with minimum of 2 years audit experience 3 – One of the staff in the team must be a chartered accountant with minimum of 5 years audit experience 2 – Other qualifications in accounting with 5 years experience 1 – Other qualifications in accounting with at least 2 years experience				

Firm Experience	5 – At least 5 years experience auditing international organisations including INGOs 4 – At least 2 years experience auditing international organisations including INGOs 3 – At least 5 years experience auditing international organizations not including INGOs 2 – More than 5 years audit experience 1 – Less than 5 years audit experience				

Category	**Assessment Criteria**	**Auditor 1**	**Auditor 2**	**Auditor 3**	**Auditor 4**
Firm Reputation	2 – Linkage with an international accounting firm 0 – No linkage with an international accounting firm				
Ability to form a working relationship	COs to provide a score out of 5 at their discretion following meeting with the auditor.				

Audit approach	Review the approach set out in the tenders and score them on the following basis: 5 – Addresses all aspects of the terms of reference and complies with auditing standards 4 – Addresses most aspects of the terms of reference and complies with auditing standards 3 – Addresses some aspects of the terms of reference and complies with auditing standards 2 – Address few aspects of the terms of reference and complies with auditing standards 1 – Addresses any number of aspects of the terms of reference, but does not comply with auditing standards				
Specialist expertise	Assign a rating from 1 to 3 based on specialist expertise or additional services available.				

A2.3 Re-appointment of an external auditor

1. Re-appointment of external auditors will be made annually, in writing, by the AD/CD/RD following the completion of the audit. The re-appointment has to be at the recommendation of the RFM (after the review mentioned in 12.2.2 has been done by the RFM and FSSM). Re-appointment should therefore not be seen as a foregone conclusion.
2. If it is concluded that performance has been poor and they have not provided value for money, assurances must be sought from the external auditors to improve the level of service in future years. If the AD/CD/RD is not satisfied, it may be appropriate to go through the Tender Process (again) before the 10 year cycle has been completed.
3. The FD, RD, AD, RFM or Internal Audit can where appropriate request for a re-tendering of the auditor role.
4. Should the services of the auditor be terminated, the AD/CD/RD shall confirm this in writing to the audit partner. A copy of the letter should be passed to the COO.

A2.4 Terms of Reference for the external audit

A) Terms of reference

These Terms of Reference should preferably be incorporated into the main Letter of Engagement (alternatively be included in a separate Letter of Engagement), to be signed by both the RD / CD and the Auditors. The Terms of Reference should be discussed with the Auditor to clarify any issues before the Letter of Engagement is issued.

1. Where there is a local legal requirement for the office to undertake an external audit:

   a) First and foremost, the external auditors should carry out such work that they need to do in order to be able to form an opinion on the financial statements.

   b) The format of those financial statements may need to comply with local Government requirements.

   c) In addition to a) and b) above, Sightsavers (UK) specifically requires the external auditors to undertake the work as listed below in section B (except where this work has already been undertaken in a). above).

2. Where there is no legal requirement for the office to undertake an external audit, then Sightsavers (UK) requires the external auditors to undertake the work as listed in Section B.
3. The scope of the audit is limited to the transactions directly processed by the office in question. Income and expenditure attributable to the office which is processed in Head Office (or elsewhere) falls specifically outside the scope of the audit. However, a note to the accounts may disclose these transactions if the management of the local office wishes to include them.
4. It may be a requirement from an official donor or a preference from local management that an audit is undertaken of a particular partner organisation. In this instance, the scope and timing of work for this audit should be discussed with the local audit office.

5. The audit should be completed in time for the signed, audited Financial Statements, Auditors' Report and Management Letter to be presented to the CD, RD, FD, DGLA according to the Global Audit timetable.
6. The Financial Statements and Management Letter will normally be presented in English. Where the primary set is in another language, an additional set must be issued in English.
7. All Financial Statements should be prepared in the currency of the local office.

B) Specific Sightsavers requirements to be included in the terms of reference

As noted in Section A of the Terms of Reference, Sightsavers (UK) specifically requires the following to be undertaken where it is not covered by 1a) and 1b).

a. A review of the accounting system and the completion of an audit so that an opinion can be formed on the following. These opinions should be separately stated in the Management Letter:
   i. Whether the financial statements give a true and fair view of the state of affairs of the office as at 31st December.
   ii. Whether the financial statements are a true reflection of the transactions during the year and have been prepared in accordance with Head Office requirements.
   iii. Whether funds received have been properly recorded, verified and spent on Sightsavers' business.
   iv. Whether the onward disbursement of funds to partner organisations has been made in compliance with Sightsavers' control procedures (ie. A signed protocol agreement should be in place for each project and the accounting and reporting requirements set out in the agreement should be complied with).
   v. Whether the fixed assets as listed in the separate Fixed Asset Register are in existence and are in a reasonable state.
   vi. Whether the insurance policies (for fixed assets and other policies) are current and adequate to cover Sightsavers.
   vii. Where there is a specific requirement that an audit is undertaken of a particular Partner Organisation, the will include testing and evaluating controls around partner transfers and effectiveness of financial monitoring.
   viii. That local law about statutory deduction, withholding tax and insurance have been complied with.
   ix. Confirm the organisation is appropriately registered with all the relevant statutory bodies and has paid all fees in a timely manner.

b. Preparation of a Management Letter, detailing any weaknesses found within the accounting system and internal controls, and recommendations for corrective action. These should be graded in line with Sightsavers' standard internal audit gradings

- Grade 1: significant weakness requires urgent attention
- Grade 2: important issue but less urgent
- Grade 3: other

Where no such weaknesses have been identified, a Management Letter should be issued to that effect. It is expected that any non-compliance with the Financial Framework that is found during the audit will be reported in the Management Letter.

c. The auditor should test a sample of tax and statutory payments and specifically certify whether or not the CO has been compliant with applicable regulations in respect of all applicable taxes and statutory contributions. This includes but is not limited to company income taxes, employment income taxes, withholding taxes, value added tax, import duties and excise, as well as any statutory contributions as prescribed by law

d. The auditors should test a sample of five month end checklists to confirm that they have been properly prepared and reviewed and include their conclusion in the Management Letter.

To assist in the smooth running of the external audit, the local Regional / CO will:

e. Prepare a set of financial statements (to include an income and expenditure account, a balance sheet and a set of accompanying notes), adopting the format as shown below in section C.

f. Prepare a list of assets in use at the Sightsavers' offices, noting date of purchase and / or sale.

g. Prepare a schedule of funds transfers received from Head Office, indicating the date received into the local bank account.

h. Prepare a schedule for staff loans, showing balance brought forward, amount advanced, amount repaid and balance carried forward for each member of staff (also indicating the highest amount outstanding at any point during the year).

i. Preparation of a schedule for travel advances, showing balance brought forward, amount advanced, amount repaid and balance carried forward for each member of staff (also indicating the highest amount outstanding at any point during the year).

j. Preparation of a schedule any FRAUDULENT transactions".

k. Prepare reconciliation of SUN cost centre(s) to figures showing on financial statements

C) Guideline profroma for country/area/regional financial statements

1. Header sheet Sightsavers

    (Royal Commonwealth Society for the Blind)

    Sightsavers' Office, xxx

    Year ended 31 December 20xx

    Financial Statements

2. Income and expenditure Account

Sightsavers (Royal Commonwealth Society for the Blind)			
Income and Expenditure Account **Year ended 31 December 20xx**			
	Note		
INCOME			
Transfer from Head Office	2	xxx	
Bank interest		xxx	
Gain on sale of fixed assets		xxx	
Donations from fundraising		xxx	
Other income	3	xxx	
TOTAL INCOME			Xxx
EXPENDITURE			
Transfers to partner organisations for projects	4	xxx	
Expenditure incurred on projects		xxx	
Total Project expenditure	5	xxx	
Other expenditure	7	xxx	
TOTAL EXPENDITURE			Xxx

SURPLUS/(DEFICIT)			Xxx
Adjustments			<u>Xxx</u>
MOVEMENT IN HEAD OFFICE FUND			<u>Xxx</u>

3. Balance Sheet

Sightsavers (Royal Commonwealth Society for the Blind)			
Balance sheet as at 31 December 20xx			
	Note		
CURRENT ASSETS			
Staff Debtors	8	xxx	
Non Staff Debtors	9	xxx	
Prepayments	10	xxx	
Cash at Bank	11	xxx	
Petty Cash		<u>xxx</u>	
		xxx	
CURRENT LIABILITIES			
Accruals	12	xxx	
Other Creditors	13	<u>xxx</u>	
Total Project expenditure		xxx	
NET CURRENT ASSETS			<u>Xxx</u>

Represented by:			
HEAD OFFICE FUND			
Balance brought forward			Xxx
Total income during the year		xxx	
Total expenditure during the year		(xxx)	
Movement on Head Office Fund			Xxx
Balance carried forward			Xxx
OTHER FUNDS	14		Xxx
TOTAL FUNDS			Xxx

4. Notes to the accounts

	Sightsavers (Royal Commonwealth Society for the Blind)
	Year ended 31 December 20xx
	NOTES TO THE ACCOUNTS
1	Accounting Policies
2	Analysis of Transfers from Head Office, by date
3	Analysis of Other Income, by category
4	Analysis of Transfers to Partner Organisations, by partner
5	Analysis of Total Project Expenditure, by project

6	Analysis of Office Expenditure, by account code
7	Analysis of Expenditure for other Sightsavers' offices, by item
8	Analysis of Staff Debtors – loans vs advances, by staff member
9	Analysis of Non Staff Debtors, by item
10	Analysis of Prepayments, by item
11	Analysis of Cash at Bank, by account
12	Analysis of Accruals, by item
13	Analysis of Other Creditors, by item
14	Analysis of Other Funds
	Optional
15	Analysis of Head Office / Other Office transactions attributable to this Office, specifically excluded from these accounts but shown here as a separate note.

Appendix 3: Month-end checklists

A3.1 Introduction

Organisational financial accounting data is recorded in SUN Systems (SUN). AO/CO/ROs remotely input accounting transactions to SUN via a web page and extract financial accounting data using an application called Infor Query & Analysis (Q&A). The SUN Accounts database is held and maintained by the Finance Systems Team.

Due to this remote access to SUN it is vital that appropriate controls are in place to ensure integrity of the database, to identify irregularities and to ensure accurate information for decision making.

A3.2 Purpose of the month-end checklist

The month-end checklist is an important part of the control framework to ensure accuracy of information in SUN. The usefulness of the checklist, however, is limited to the amount of independent review and scrutiny undertaken by the AD/CD/RD as part of their financial management responsibilities.

The AD/CD/RD must therefore recognise the month end checklist review process is key to ensuring good financial control of the office and devote sufficient time to understanding and verifying the balances and transactions.

Effective review and communication with the FSSM/FSSO through the process should help to identify possible irregularities or even frauds.

The month-end checklist serves two main purposes:

1. To confirm the accuracy of accounting entries captured, including accurate coding, and provide follow up to any issues noted during previous reviews and ensuring that any assets and liabilities on the balance sheet are reviewed and reconciled.

2. To provide a monthly update on the financial position of the AO/CO/RO.

- Disclosing with reasonable accuracy at any time the financial position of the AO/CO/RO.
- Safeguarding the assets of the organisation.
- Taking reasonable steps for the prevention and detection of fraud and other irregularities.
- Monitor the AO/CO/RO's compliance to organisational policy as laid out in the Financial Framework and other policy documents.

A3.3 Content of the month-end checklist

To fulfil its purpose, at a minimum the month end checklist should contain the following schedules:

1. Numbering and coding of journal vouchers
2. Analysis of outstanding POs and expenses on Proactis (global procurement system)

3. Purchases and disposals of fixed assets
4. Bank and Mobile Money balances and reconciliations
5. Petty cash balances and reconciliations
6. Staff loan and advance balances and reconciliations
7. Accruals balances and reconciliations
8. Prepayments balances and reconciliations
9. Control accounts balances and reconciliations
10. Additional schedules

The purpose for each section of the month-end checklist is outlined below.

1. Numbering & coding of journal vouchers

This ensures that the SUN database is complete as explained on the month-end checklist.

The coding review ensures that all transactions have been properly coded and have all relevant analysis codes (cost centres, account codes, donor fund codes, theme codes, project codes, budget lines, SONG codes, partner codes).

2. Analysis of outstanding POs and expenses on Proactis

This helps to ensure that SUN accounts is showing the correct financial position. POs that have not been receipted sit in the commitment ledger. Misstatement of expenditure can occur if:

- POs which are no longer valid are retained on the commitment ledger, thereby overstating expenditure
- Expenses in draft format, rejected, to be resubmitted, are not in any ledger, thereby understating expenditure.

3. Purchases and disposals of fixed assets

This ensures that newly procured assets and disposed-of assets are documented, tracked and appropriately reviewed and approved.

4. Bank & Mobile Money balances & reconciliations

The bank reconciliation statement compares the balance in SUN against the balance on the bank statement and itemises any reasons for a difference between these two balances.

Where the country office operates a Mobile Money account with a telecommunications provider, this should also be managed as a bank account, with similar controls in place.

5. Petty cash balances and reconciliations

The petty cash reconciliation statement compares the balance in SUN against the balance available in the petty cash boxes and itemises any reasons for a difference between these two balances. A reconciliation should be done for all petty cash boxes managed by the country office, and for all currencies held (local and foreign).

6. Staff Loan & Advance balances and reconciliations

The staff loans and staff advance accounts statements compare the balance in SUN against the balances held by staff and confirm if amounts reported as staff loans and advances is accurate are supported by the individual breakdown of balances and movement from previous periods. This will assist in ensuring that staff loans and advances are managed according to applicable policies and procedures.

7. Accruals balances and reconciliations

Country Offices usually operate on a cash accounting basis. This means that income and expenditure is recognised when a payment is made, or income received.

However, at the end of every month there may be some expenditure transactions which have not been processed yet, but which need to be accounted for as part of the month's activities.

The accruals are generally made at the end of the month and should be reversed or paid out the following month. There normally should be a zero balance in the subsequent months.

8. Prepayments balances and reconciliations

Any payments made during the month for services where the benefits spread beyond the current accounting period/year should be recorded as a prepayment.

The prepayments schedule provides the breakdown of each prepayment and duration.

9. Control accounts balances and reconciliations

Control accounts ensure that liabilities and receivables are managed properly and are correctly and timeously cleared.

Control accounts may be maintained for various types of liabilities and receivables, such as salaries, statutory deductions, withholding taxes, debtors, creditors, End of Service Benefits, etcetera.

The balance on these accounts should typically be zero at the end of each month to demonstrate that all liabilities and receivables have been cleared. Any balance must be itemised and explained, as it could indicate an accounting error, or a default (a late payment or a late receipt).

10. Additional schedules

In addition, the month-end checklist may be modified, and schedules may be added or adjusted to fulfil additional purposes as suitable to the organisation's needs. Example areas that could be included are schedules supporting vehicle fleet management, insurance policies, lease contracts held, payroll & cost recovery.

A3.4 Roles & responsibilities

This section outlines the roles of the FSSM/FSSO and the AD/CD/RD, and provides:

- Guidance to FSSMs/FSSO's on how to extract information from SUN to successfully prepare the month-end checklist.
- Guidance to AD/CD/RD in reviewing the month-end checklists.

Roles & Responsibilities of the Finance and Support Services Manager/Officer

Overall responsibility

The FSSM/FSSO is responsible for the completion of the summary of balances and subsequent sections of the month-end checklist including all attachments supporting the balances. He or she should sign off all the completed sections and attachments to confirm that the information provided has been reviewed and is accurate.

Numbering & coding of journal vouchers

To review journal numbering, take the following steps:

- Run a transaction list report from Q&A for the full range of journals used.
- From the above report review and check that all journals have been posted.

Where the journal Reference Numbers have been automated in SUN, this section may be omitted in the month-end checklist.

For the coding review answer the line-by-line questions asked in this section of the checklist.

Analysis of outstanding POs and expenses on Proactis

The FSSM/FSSO has the responsibility to confirm that all PO's are valid, and expenses are timely submitted.

Purchases and disposals of fixed assets

The FSSM/FSSO has the responsibility to maintain an up-to-date fixed assets register for office and partner assets, which may be integrated within the month-end checklist. However, at a minimum, the month-end checklist should indicate any fixed assets procured or disposed of during that month.

Reconciliations

The purpose of the reconciliations is to compare two sets of records to check that figures are correct and in agreement. Reconciliation also confirms that accounts in the general ledger are consistent, accurate, and complete.

The month-end checklist requires that the FSSM/FSSO provides reconciliations for all country office balance sheet accounts.

Roles & Responsibilities of the Area/Country/Regional Directors

Overall responsibility

The AD/CD/RD as heads of their respective units have the responsibility of ensuring that effective financial management systems and controls are in place within their office. To achieve this, they need to ensure that:

- Proper accounting records are maintained.
- There are adequate controls to safeguard the assets of the organisation.
- Procedures take place to help prevent and detect errors, fraud and other irregularities.

The month-end checklist is designed to assist the AD/CD/RD in managing these responsibilities. The following are the key areas that the AD/CD/RD needs to review.

Numbering & coding of journal vouchers

The AD/CD/RD should review with reference to the journal vouchers. Particular attention should be paid to reviewing the general journal files and to ensure that the reason for each journal is fully understood.

The AD/CD/RD should discuss the answers to the coding review questions with the FSSM/FSSO before sign off.

Purchases and disposals of fixed assets

The AD/CD/RD should check that any additions to, or disposals from, fixed assets are authorised, and made in line with the Sightsavers' Asset Management Framework.

Bank & Mobile Money

The AD/CD/RD needs to confirm that the bank balances reported are accurate and are supported by the amounts acknowledged by the bank through the bank statement.

The AD/CD/RD should:

- Undertake a detailed review of the bank statements for the month to understand the payments that have gone through the account. This should be done with reference to a bank transaction listing and the payment vouchers for the month.
- Check that a bank reconciliation statement has been attached for each bank account held by the CO.
- Check that a copy/PDF of the bank statement is attached for each bank account.
- Check that the bank statement balance on the reconciliation form agrees to the closing balance on the bank statement.
- Review the reconciling items on the bank reconciliation form ensuring that they are reasonable and follow up on old or unusual items. The reconciling items would usually be un-cleared cheques written close to the month end that have not yet appeared on the bank statement.
- Check that the FSSM/FSSO has properly reviewed and signed off the form.

Petty Cash

The AD/CD/RD needs to confirm that the petty cash reported is correct and was physically held by the office at the reporting date.

The AD/CD/RD should:

- Check that a petty cash count form for each currency has been attached indicating that the cash was counted on the reporting date.
- Check that the form has been signed by the person preparing the form (normally the one who keeps the cash) and authorised.
- Ensure that two people have been involved in the cash count and that they have signed the form accordingly.
- The AD/CD/RD should periodically initiate independent and surprise cash counts involving somebody outside of the cash count. The date of these counts should be included on the checklist.
- The AD/CD/RD should review a SUN petty cash transaction listing and compare this to the voucher files.

Staff Loan & Advances Balances

The AD/CD/RD needs to confirm that the figures reported as staff loans and travel advances is accurate and is supported by the individual breakdown of balances and movement from previous periods. This will assist in ensuring that loans and advances are managed properly in line with Sightsavers' policies and procedures.

The AD/CD/RD should:

- Check that loans and advance movement form has been completed.
- Review form to pick up loans and advances with no movement and also any unexpected new high value advances.
- Follow up on any outstanding or unusual items and request explanations.

Accruals & Prepayments

The AD/CD/RD needs to check that if any figure is appearing on the month-end checklists on the prepayment and accruals line, it has been properly supported by an attached detailed breakdown of its costs which has been reviewed or explained by the FSSM/FSSO.

Control Accounts

The AD/CD/RD needs to check that the FSSM/FSSO has explained and provided evidence to support any amount that is appearing on a control account.

Supplementary Information

The AD/CD/RD needs to check that any applicable supplementary schedules are filled out and up to date.

A3.5 Preparation, review & authorisation of the month-end checklist

The responsible staff should adhere to the following process and timelines for preparation, review and authorisation of the month-end checklist:

1. The preparation and review of the month end checklist must be completed by the 7th working day after the month-end. Where the Country Office's finance department has two or more staff, a junior finance staff (FSSA or FSSO) should prepare the month-end checklist, and a senior finance staff (FSSO or FSSM) should review it.
2. The AD/CD/RD should review the month-end checklist as outlined in the roles and responsibilities section above.
3. After review, the AD/CD/RD should sign off the approval section on page one of the checklist. This will confirm that they have reviewed the whole checklist and believe the balances to be accurate and complete. It also confirms that they are satisfied that the FSSM/FSSO has completed and reviewed all the relevant sections of the month-end checklist and has attached all the relevant documents to support the reported balances.
    - (The AD/CD/RD can delegate this responsibility to the PM if they are absent to ensure that the timelines are complied with. However, they must review and sign off the checklist retrospectively on their return to the office.)
4. The AD/CD/RD approval page of the checklist only should be scanned, or the entire saved as PDF and signed, along with relevant supporting documentation. The electronic file of the month-end checklist should be uploaded to SharePoint where the relevant staff have access to them.
5. The signed original month-end checklist and original bank statements should then be filed at the office and retained for Audits and internal reviews.
6. Queries raised by the reviewer or Group Accounting Team should be answered in a timely manner.

Appendix 4: Financial Policy Framework

Click on the Policy headers to open up the relevant policy

Risk Management Policy

Sightsavers has an established and dynamic risk management framework. Progress against mitigation is regularly assessed.

Reserves Policy

The reserves policy quantifies key identified risks and assesses an appropriate level of reserves in the context of risks and the business model of the charity.

Investment Policy

Having defined target level of reserves the investment policy sets out a strategic asset allocation to balance investment returns with an acceptable level of risk.

Treasury Policy

Sets out Sightsavers' approach to credit risk, liquidity risk and currency risk management.

Delegation of Financial Authorities Policy

Constitutes the formal delegation by Council of financial and contractual authorities within Sightsavers.

Anti-fraud & Corruption Policy

Aims to ensure that Sightsavers' financial integrity and reputation are preserved and that financial losses because of fraud and corruption are minimised.

Whistleblowing Policy

Outlines procedures for reporting any underhand or illegal practice that an individual believes may be taking place.

Management Reporting

Includes, but not limited to, monthly management accounts, the CEO report to Council, and the programme oversight report maintained to track progress of large and key donor funded programmes. These are key tools in risk monitoring.

Monitoring

There are reporting and monitoring activities supporting the risk management and financial policy framework. Governance oversight can also be considered, recognising that Council takes primary responsibility but delegates certain responsibilities to Committees of the Council under agreed terms of reference.

Planning and budgeting is a core management process and control mechanism to ensure the strategy is implemented in an affordable way. Additionally, demonstrating efficiency and VfM generates significant attention particularly from key donors such as FCDO.

Implicit in the above monitoring activities is oversight role of senior management and business managers. In addition external and internal audit activities regularly test the risk management and financial policy frameworks and related procedural activities.

Financial Risk Area	Reporting Mechanism	Relevant Policy and/or framewo
Risk management framework	Risk log Annual report and accounts	Risk management policy
Reserve Levels	Management accounts CEO report Annual report and accounts	Reserves policy
Investment performance	UBS reporting Management accounts Annual reports and accounts	Investment policy
Unrestricted income generation / fundraising performance	Management accounts	Reserves policy Financial Framework
Credit risk	Management Accounts Cash reports Fitch reports	Treasury policy Financial Framework

Financial Risk Area	Reporting Mechanism	Relevant Policy and/or framewo
Currency volatility	Hedging schedule Currency correlation report	Treasury policy
Liquidity risk	Balance sheet reporting Cashflow modelling Cash reports	Treasury policy Reserves policy

Management of large and complex grants	Programme oversight reporting CEO report Management accounts	Donor contracts
Fraud	Fraud reporting CEO report	Anti-fraud and corruption policy Whistleblowing policy Financial Framework
Legal claims	Claims reporting CEO report	All cases reported
Business discontinuity event	CEO report Crisis management report	All cases reported
Pension liability	Actuarial reports Annual report and accounts – FRS 17	Reserves policy
International governance breakdown	CEO Cash reporting (e.g. standard funds)	Any issues reported

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