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PART ONE

1. INTRODUCTION

1.1. Background of Productive Safety Net Program (PSNP)

The productive safety net Program (PSNP) was launched in 2005 and funded by the Government of Ethiopia (GoE) and Development Partners (DPs). PSNP provides food and/or cash transfers to food insecure households in chronically food insecure woredas. The PSNP program has been implemented in four phases of Adaptable Program Loans (APLs). The first APL (2005-2006) phase focused on *Transition* and the second phase, APL II, (2007-2009) was focused on *Consolidation*. The third phase, APL III, is *Integration* with a time frame 2010-2014. APL III continued consolidating program performance as well as seek to maximize the program's long-term impacts on food security by ensuring effective integration and coordination with other critical interventions. PSNP has contributed significantly to improved food security in Ethiopia over the past 9 years, consistently meeting its development objectives.

PSNP 4 will be operational for a period of five years from 2015/16 to 2019/20. PSNP 4 will directly contribute to the reduction of absolute poverty and promotes shared prosperity. This will be done by providing cash and food transfers to support the most vulnerable, coupled with targeted support to access livelihoods and nutrition services. Ethiopia's Growth and Transformation Plan (GTP) II sets the broad institutional framework for the next phase of the Productive Safety Net Program (PSNP). PSNP 4 is developed in close consultation with key stakeholders in that process.

Four complementary policies provide a more specific framework in which PSNP 4 would be embedded. In particular, the Social Protection Policy and the National Policy and Strategy on Disaster Risk Management (NPSDRM) provide the foundational framework for PSNP 4. PSNP 4 will be the first of three in a series of projects to support the implementation these policies in line with GOE's long-term development program. The program will also closely align with the National Nutrition Program (NNP) and the Climate Resilient Green Economy (CRGE) Strategy.

PSNP 4 has the following components

- Component 1: Social Protection and Disaster Risk Management Systems. Support to the social protection and DRM systems will include targeting, registry, capacity development, MIS, early warning triggers and response mechanisms.
- Component 2: Productive safety nets and links to livelihoods services: this will be done through 3 sub-components delivering key services to the targeted households:
 - a. safety nets transfers to chronically food insecure households, and support to a scalable response mechanism for transitory needs;
 - b. sustainable community assets and human capital investments; and
 - c. Enhanced access to complementary livelihoods services for client households through crop and livestock production, off-farm income generating activities, and labor/employment linkages.
- Component 3: Institutional Capacity Building and Project Management Support. This component will support sustainable capacity development and institutional strengthening to implement PSNP 4.

Revision of the Financial Management Manual

The first financial management manual was prepared in 2005 to assist the implementation of APL II. This manual was revised in 2012 as a result of new features in APL III. The revision was intended to reflect changes in terms of budgeting, cash management, accounting, fund flows, internal controls, financial reporting, procurement, document management, certain aspects of human resources, performance follow-up, handover procedures and auditing issues and to include new developments such as the procedures pertaining to the HABP components, food resources and other relevant aspects. The budget codes (accounts codes) are updated as result of APL III.

Similarly, the financial management manual is revised in 2015 to address new changes in APL IV (PSNP 4). Major changes in this edition are the chart of accounts, separation of the procurement procedure from the financial management manual, integration of the Livelihoods component with the Safety Net activities, use of Ibex for transaction processing instead of non-automated manual recording, use of Electronic Payment system, change in timing, frequency and requirements for interim audit and a change in budget modality.

The purpose of this manual is to provide a short and concise Financial Management Guidelines that will specify how financial transactions of the Program are recorded and reported by implementing agencies at Federal, Regional, and Woreda levels, from the initial identification of transactions to the final financial reporting. It discusses the detailed procedures in receiving fund (from all donors), keeping the fund, spending it, recording the expenditures, reporting to the appropriate body and safeguarding of assets acquired.

In general, the FGE Accounting System's policies and procedures are the basis of this manual. The chart of accounts is somehow similar with minor description changes to address peculiar expenditure items in PSNP.

The manual considers the capacity of the accounting staff and offices of the implementing Woredas. It also provides guidelines for proper documentation and system of internal control that would assure sufficient audit trail. The basic policies of Financial Management are explained in the Operational Manual/Programme Implementation Manual (PIM). This manual provides the procedures that will be followed to adhere to the broad policies stipulated in the PIM.

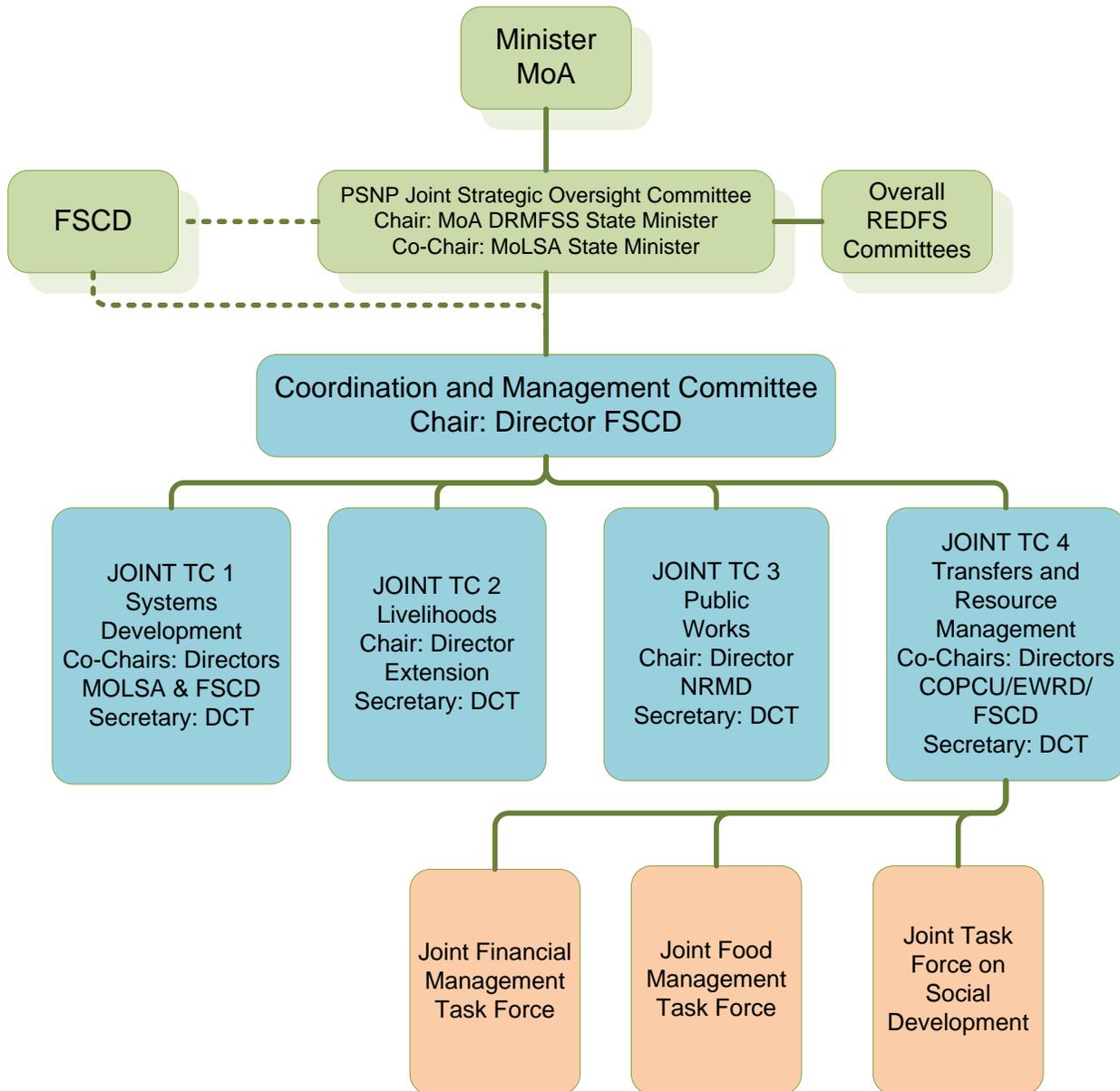
1.2. Implementation Arrangements

Most of the institutional structures established for the on-going implementation of the PSNP will be continued in PSNP 4. Arrangements for the livelihood activities have been developed based on experience gained with the Household Asset Building Program. PSNP 4 will be implemented through Government systems, with Disaster Risk Management and Food Security line agencies at every level accountable for oversight and coordination, and implementation undertaken by line ministries, Government agencies and other partners at all levels. These arrangements are cemented in a Memorandum of Understanding (MOU) between Government and Development Partners (DPs). The roles and responsibilities of implementing partners will be described in detail in the PSNP Implementation Manual (PIM).

Figure 1 describes the Joint Government and Development partnership coordination mechanism.

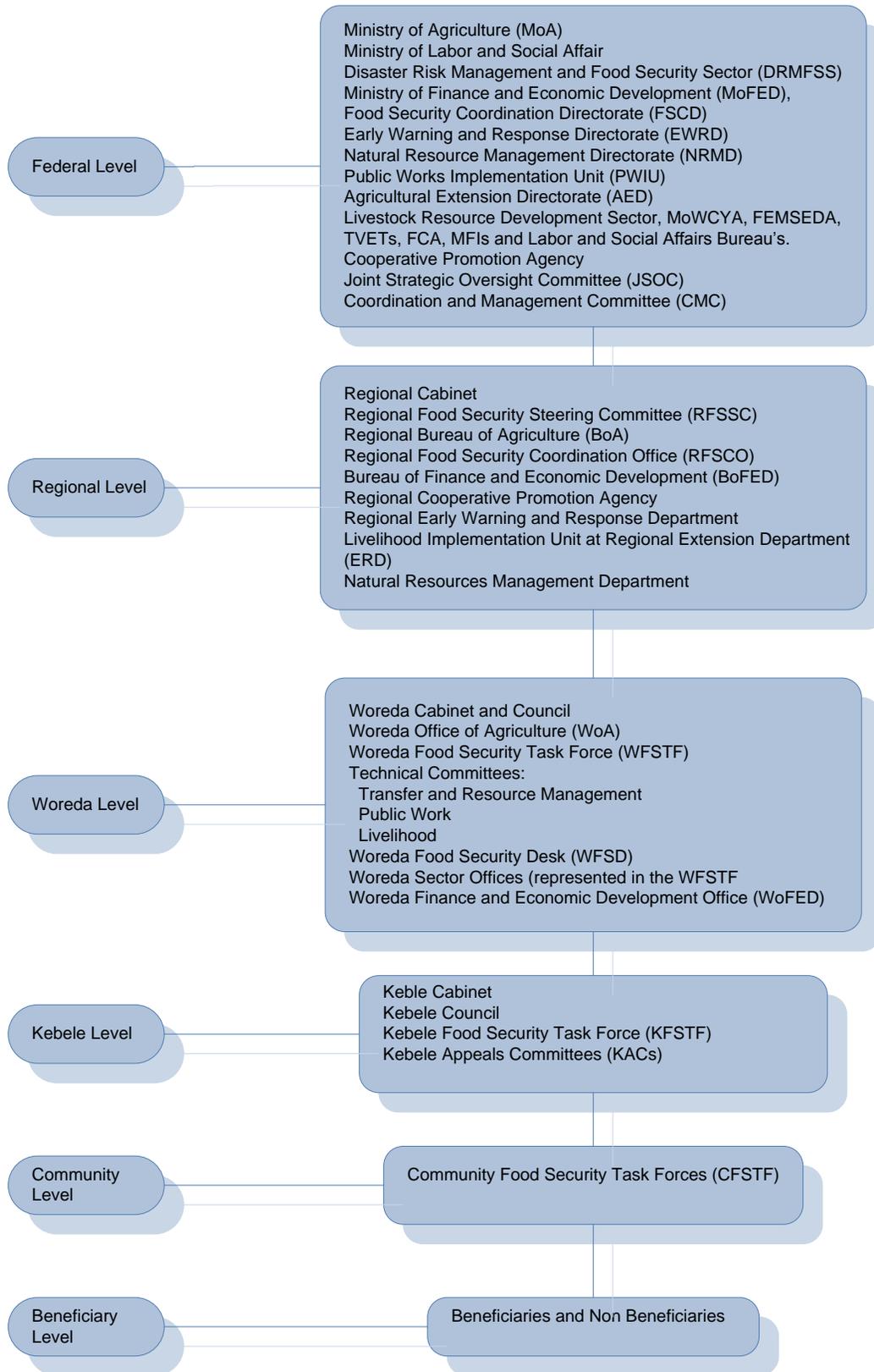
Figure 2 shows the various entities involved at Federal, Regional, Woreda, Kebele, Community and beneficiary levels.

Figure 1: FSP Coordination Mechanism (Joint Government – Development Partners)



PSNP there is also standing working arrangement whereby by a joint Financial Management Task Force follows-up on FM issues in the programme. At Federal level it meets on monthly basis and in the regions at least twice between two JRIS Missions.

Figure 2: Implementing Entities at all levels



2. PSNP ACCOUNTING SYSTEM

2.1. Introduction

- 2.1.1. The Productive Safety Net Program accounting system is basically designed in accordance with the Federal Government of Ethiopia's (FGE) Accounting System. Some of the financial management procedures are customised to suit the specific nature of PSNP.
- 2.1.2. To ensure consistency, this manual considers implementation guidelines outlined under the Project Implementation Manual (PIM) of the PSNP. These FM arrangements will cover all program funds financed by the Government and all development partners.
- 2.1.3. The accounting cycle for PSNP starts from opening balance entry for the new fiscal year based on the audited ending balance of the previous fiscal year, followed by revenue collections from DP and FGE and expenditure transaction recording. The accounting cycle ends after completion of preparation and submission of financial reports and followed by accounting closing procedures. The GoE Budget calendar will be used for planning, budgeting and reporting purposes.
- 2.1.4. MOFED, BoFED and WoFED shall ensure that adequate internal controls are put in place and that the controls are adhered consistently. The internal control system should ensure that all transactions are recorded, and that the recorded transactions have substance. It also ensures that transactions are recorded at correct amounts in the correct period in the correct accounts and that they are posted and summarised correctly, among others. In addition, the finance units of MoLSA, FSCD and other implementing partners of PSNP should follow the financial management procedure as applicable.

2.2. Fundamentals of the Accounting System

2.2.1. Basis of Accounting

The accounting system at the Federal, Regional and Woreda level employs a modified cash basis of accounting. The modified cash basis of accounting means that cash basis of accounting applies except for recognition of the following accounts:

- 2.2.1.1. Revenue is recognised when aid in cash and in-kind is received.
- 2.2.1.2. Expenditure is recognised:
- When payroll is processed.

- When goods are received or services are rendered if payments for the goods or services were rendered in advance
- Expenditure is recognised when aid in kind is received.

2.2.1.3. Transactions resulting from salary withholdings, VAT and profit tax withholding from suppliers are recognised in the absence of actual cash transaction.

2.2.1.4. All other revenues and expenditures are recognized as per cash basis of accounting i.e revenues and expenditures are recognized, when cash is received and paid respectively.

2.2.2. **Accounting Concepts and Principles**

The following are among the relevant accounting concepts and principles applicable to this manual.

2.2.2.1. **Materiality:** the financial statements of the programme should present fairly, in all material respect, the financial position and operating results of the project. There will be adequate disclosure of all essential information that is sufficiently important to influence decisions made by reasonable users of the financial statements.

2.2.2.2. **Consistency:** this principle assumes that the same accounting policies shall be used by the PSNP from year to year so that the successive financial statements issued by the PSNP shall be comparable. It is therefore assumed that changes in the accounting method shall be infrequent and, if any, shall be justified by changing circumstances.

2.2.2.3. **Going Concern:** even though the PSNP will continue operating into the foreseeable future of at least for the next five (5) years period, fixed assets are recorded as expenditure upon payment. It means that the cost of the fixed assets should be treated as an expense of the period in which they are purchased. Nonetheless, Fixed Assets should be registered and appropriate internal control procedure will be in place.

2.2.3. **Book Keeping Method**

2.2.3.1. The accounting system uses double-entry bookkeeping at all levels. As the name indicates, this method recognizes two side entries for every transaction or event, in the form of debit and credit. For every debit, there should be an equal credit. In other words, the sum of the debits and credits of a single transaction should always be equal. Likewise, the total debits in all account balances always equals the total credits in all account balances because each transaction is entered in the accounting records as debits and credits of equal amount. By convention debits are recognized in the left columns and credits are recognized in the right columns.

2.2.3.2. The advantages of double-entry bookkeeping are numerous, including:

- All aspects of the transactions are properly recorded in the accounts.
- The accounts are self-controlling because the total of all debits must be equal to the total of all credits; therefore, many errors will be easily detected and corrected.
- Modified cash basis of accounting can be introduced.

2.2.4. Accounting Equation

2.2.4.1. To facilitate the double entry recording, the accounting theory developed the following accounting equation, which is always true:-

$$A=L+C \Rightarrow \text{Assets} = \text{Liability} + \text{Owners Equity (Capital)}$$

2.2.4.2. The formula emanates from the concept of what is owned should be either financed by liability or owners' contribution.

2.2.4.3. Assets are what are owned by the entity. In case of the PSNP assets are represented by cash, receivables and stock. Equities are not in the sense of business concept. Contributions are come from DPs and FGE. Accordingly, PSNP accounting system will apply the simplified accounting equation of :-

Cash + Receivables+ stock =	Payables +	Net Assets/Equity
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2.2.4.4. In addition to the above permanent accounts or alternatively called balance sheet accounts, there are temporary accounts. Revenue and expenditure accounts will be closed to the equity account as an increase or decrease at the end of an accounting period.

2.2.4.5. By convention, the rules shown in Table 1 are true for each account category used in modified cash basis of accounting.

Table 1: Accounting rules for Debits and Credits

Account Category	Normal Balance	Increase Recorded as	Decrease Recorded as
Permanent accounts			
Cash	Debit	Debit	Credit
Receivables	Debit	Debit	Credit
Payables	Credit	Credit	Debit
Net assets/ equity	Credit	Credit	Debit
Temporary accounts			
Revenue /Transfer Received	Credit	Credit	Debit
Transfer Paid	Debit	Debit	Credit
Expenditure	Debit	Debit	Credit

2.2.4.6. While increase and decrease in specific account depends on the type of transactions, the normal balance of the accounts should always be as noted above. If the normal account balance differs from the rule, it indicates error, incomplete records, wrong classifications or irregularities. Therefore, it should be duly examined to act timely.

2.2.5. **Chart of Accounts**

2.2.5.1. A chart of accounts is a system of coding used by a financial management system to identify and classify financial transactions and events. The regular government Chart of Accounts will be used with necessary modifications to accommodate the specific needs of the PSNP.

2.2.5.2. The chart of accounts used is similar at the Federal, Regional and Woreda levels to record revenue, transfers, expenditures, assets, liabilities and net assets/equity. Some of the accounts such as cash transfer and direct supports are only available at Woreda level and Revenue is recorded at the level of Federal only.

2.2.5.3. The summary of the account codes for the chart of accounts is as follows:

- Coding starting from 2000-2999 are reserved for external assistance
- Coding starting from 3000-3999 are reserved for external loans
- Coding starting from 4000-4099 are reserved for transfers
- Coding starting from 4100-4999 are reserved for assets
- Coding starting from 5000-5599 are reserved for liabilities
- Coding starting from 5600-5699 are reserved for net assets/equity
- Coding starting from 6000-9999 are reserved for expenditures

2.2.5.4. Revenue, expenditures and transfers are temporary accounts that begin each year with a zero balance. Assets and liabilities are permanent accounts while balance at the end of a year becomes the balance in the account at the beginning of the next year.

2.2.6. **Budget Classification Scheme**

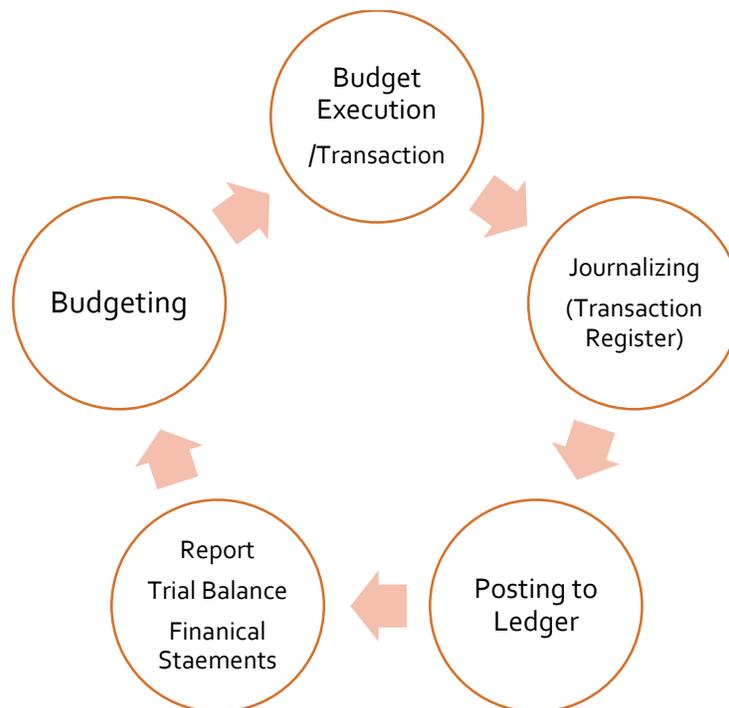
2.2.6.1. The budget classification scheme is how the budget is organized by each budget institution. For accounting purposes, the budget classification scheme as defined in the annual PSNP budget is tracked to identify expenditure variances between what is

budgeted and what is expended by the respective budgetary institution. The budget classification is uniform at all levels.

2.2.7. The Accounting Cycle

2.2.7.1. The accounting cycle of the PSNP starts from budgeting and ends with generation and submission of financial reports. The theoretical accounting cycle in non-automated (manual recording) and automated recording (using IBEX) is the same. However, unlike the manual recording system, once transactions are captured within the IBEX software, trial balances and financial statements will be produced automatically. The financial statement generated from IBEXZ need to be modified in line with IFRs reporting formats.

Figure 1 The Accounting cycle



2.2.7.2. **Transactions and Source documents** are prepared to capture transactions as and when it occur. Each element of the financial operation noted above and source documents together with the required internal control procedures are dealt with in different chapters (See Table 2).

2.2.7.3. **Transaction Register /Book of Original Entry/** is maintained (in a manual accounting recording) to ensure that all transactions are recorded in the accounting system and serves

as a basis to post entries into the Ledgers. Journal entries are coded on each source documents. Each of the transactions and its reference are first recorded in the Transaction Register from the respective source documents. This manual register is no longer applicable if IBEX is used. IBEX produce transaction register once transactions are processed into IBEX

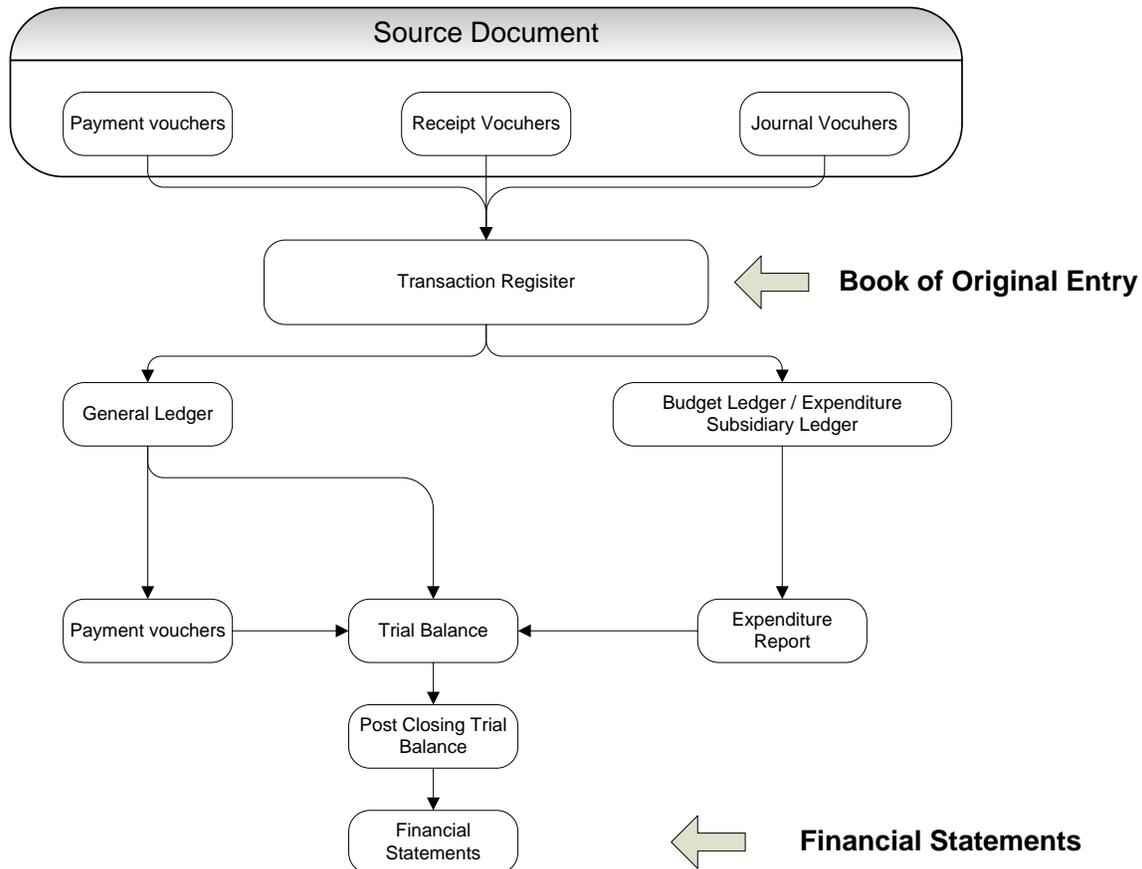
Table 2 Major Types of Transactions

Source documents	Types of transaction	Specifics
Cash Receipt Voucher	Cash receipts	Involves <ul style="list-style-type: none"> • Collection of cash • Receipt of check • Receipt through bank • Bank transfers
Cash or Bank Payment Voucher	Cash payment	Involves <ul style="list-style-type: none"> • Cash payment • Payment in check • Transfer by Bank
Journal Voucher	None cash transactions, transfers & Aid in kind	Transactions not involving Cash receipts and payment vouchers

- 2.2.7.4. **General ledger** is a group of accounts that is used as a second step in the process of recording and summarizing transactions. The primary book of record is the transaction register and the general ledger is the second register. It is between the register and the financial reports and is a basis for preparation of financial reports.
- 2.2.7.5. **Subsidiary ledgers** shall be maintained to provide that additional detail information to some of the accounts. Accounts that need subsidiary ledger are the expenditures, receivables and payables.
- 2.2.7.6. **Trial Balance** is the summary of the net cumulative year-to-date debit and credit balances contained in the General Ledger at the end of reporting period for each account code represented by a General Ledger Card. The Trail Balance proves the arithmetical

accuracy of General Ledger. The total amount of the debit column must be equal to the total amount of credit column. Figure 3 provides an overview of the accounting cycle used at all levels

Figure 3: The Accounting Cycle in manual recording (non-automated)



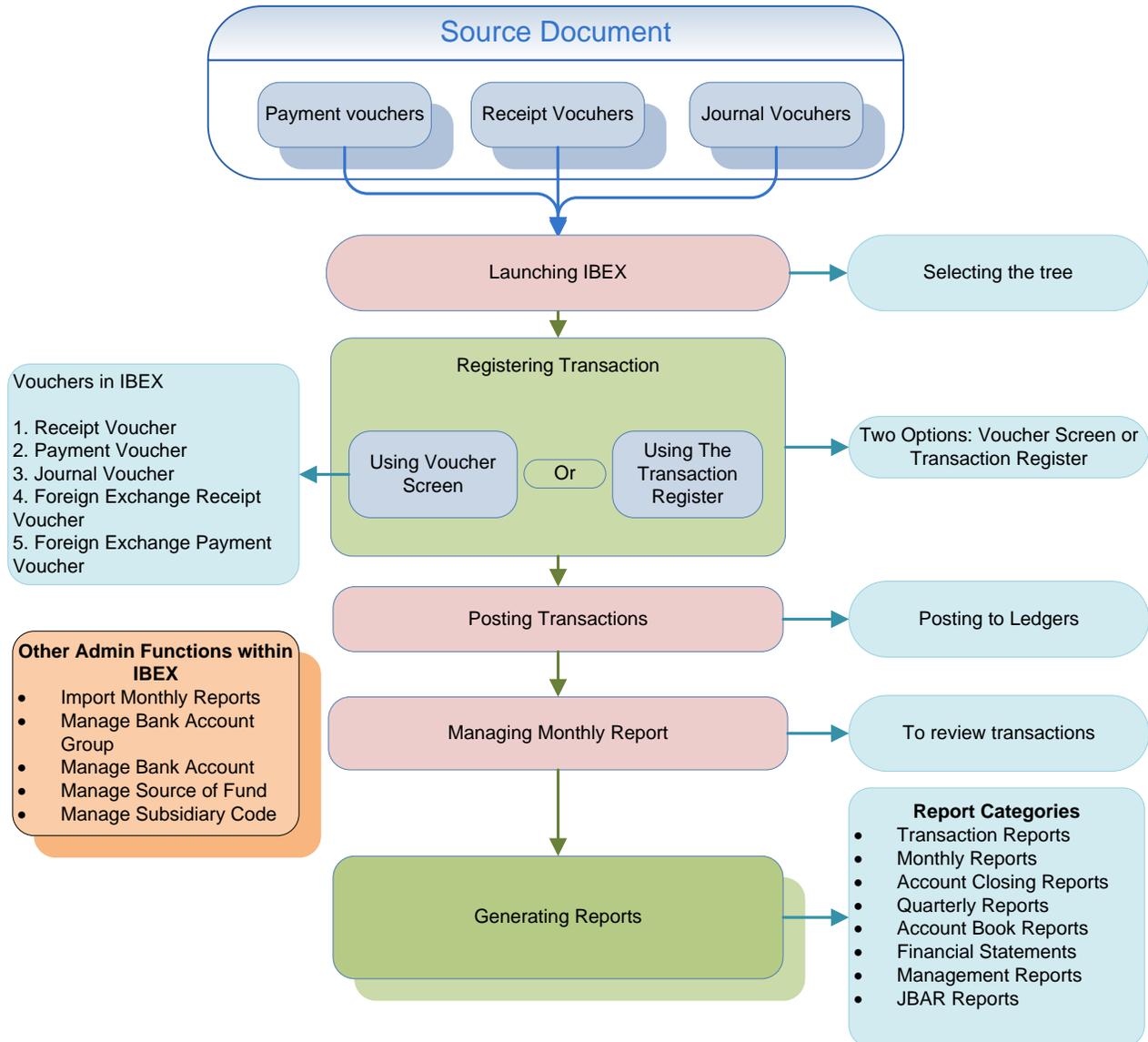
2.2.8. The accounting Cycle in IBEX

2.2.8.1. The accounting cycle in IBEX is somehow similar in concept wise with that of the manual system. There are two options in recording transactions in IBEX. Option 1 is the use of special voucher windows like receipt and payment vouchers. Option 2 is the use of transaction register, which has similar purpose with the vouchers but limited fields to capture information.

2.2.8.2. Once transactions are posted to the ledger all financial reports are available within the system. What is required is to generate the required report following the report tree (See

Figure 4). Details on transaction process, administration procedures and report generation is available in the IBEX user manuals.

Figure 4: The accounting cycle using IBEX (Automated)



2.2.8.3. **Financial Statements**-the PSNP financial reporting requirements include additional reports, namely;

- Balance Sheet
- Sources & Uses of Funds (ETB)
- Sources & Uses of Funds (USD)

- Fund Utilization/Uses of Fund
- Fund Flow Pooled Account
- Statement of Account-Fund Flow
- Consolidated Expenditure Summary Quarterly
- Expenditure Forecast & Cash Requirement
- Consolidated Expenditure Summary Yearly
- Statement of Cash Movement for each region

2.3. Financial Management Implementing Entities

2.3.1. At the Federal Level

2.3.1.1. Ministry of Finance and Economic Development (MOFED)

MOFED is responsible for the overall financial management of the PSNP. Activities include, but are not limited to:

- Manage the designated and pooled birr accounts
- Transfer funds to BOFEDs, the FSCD and MOLSA
- Manage financial reporting (quarterly and annual)
- Facilitate the interim and annual financial audit of the project account
- Ensure that all financial audit findings are acted upon in a timely manner
- Ensure that acceptable financial management systems are in place and well documented in financial management manuals

2.3.1.2. Ministry of Agriculture

The MoA oversees the management and coordination of the PSNP.

- Provide technical support for the planning and implementation of the PSNP as necessary and assist in setting the policy direction to which the PSNP contributes.
- Provide technical support for the overall systems development of the PSNP including the interface with other related policy initiatives and systems
- Joint oversight with MoA of the development, roll out, and implementation of the systems tools and instruments including MIS and the Unified Registry
- The MOA management meetings, attended by the State Ministers of MoA and chaired by the Minister, advise the Minister on all key decisions, including programme resource allocation to the various implementers, based on the consolidated proposals prepared by the FSCD.

2.3.1.3. **Food Security Coordination Directorate (FSCD)**

The FSCD facilitates the day-to-day general management and coordination of the PSNP. It has direct responsibility shared with the Early Warning and Response Directorate (EWRD) for the food transfer components (including federal contingency budgets). With EWRD, FSCD co-chairs the Technical Committee on PSNP transfers. FSCD also supports the public works and livelihoods components, and co-chairs the Livelihoods Technical Committee with the Agricultural Extension Directorate.

- Calculate overall resource requirements
- Prepares the food resource plan
- Approve any changes to the food/cash split
- Timely procurement of (including borrowing from EFSRA) food stocks
- Ensure the timely completion of quarterly food utilisation report by Food Management Unit and submit to development partners
- Ensure that commodity audit findings are timely acted upon
- Within the DRMFSS structure, oversee the establishment and operation of the FMU

2.3.1.4. **Early Warning and Response Directorate (EWRD)**

EWRD plays a critical role in PSNP contingency budget planning and use by providing both accurate and timely early warning information as well as adequate linkages between PSNP federal contingency budget resources activities and other activities related to humanitarian response. EWRD also co-chairs the Technical Committee on PSNP Transfers. Through its Food Management Unit, EWRD oversees PSNP food management.

2.3.1.5. **Ministry of Labor and Social Affair (MoLSA)**

MOLSA ensures the integration of the permanent direct support component with the overall Social Protection Strategy, and oversees activities in the employment pathway. MOLSA will have a Secretariat to coordinate and oversee support to permanent direct support clients.

- Provide input into the overall plan and budget for the programme
- Manage the funds transferred to it by MOFED and report on these funds

2.3.1.6. **NRMD**

- Through the PWCU, report on the use of any resources advanced by FSCD

2.3.1.7. **Agricultural Extension Directorate**

The AED, through its Livelihoods Implementation Unit, manages the planning, oversight and coordination of livelihoods activities at the federal, regional and woreda levels.

- Report on the use of any resources advanced by FSCD

2.3.1.8. **Federal Cooperative Agency and FEMSEDA**

FEMSEDA oversees activities in the off-farm livelihoods pathway and, according with its mandate, expands the outreach of one-stop service centres to rural areas.

- Report on the use of any resources advanced by FSCD

2.3.1.9. **NGOs**

- Avail the necessary resources
- Prepare plans and budgets in accordance with PIM guidance
- Report on and account for resources

2.3.2. **At the Regional Level**

2.3.2.1. **Regional Bureau of Finance and Economic Development (BoFED)**

- Ensure that a suitable accounting system covering both regional and woreda levels is established
- Transfer funds to WOFED, BOA, BOLSA, Cooperative Promotion Bureau and REMSEDA as needed
- Collect and aggregate all financial data and information from the BOLSA, BOA and woredas
- Review the effective use of accounting procedures by woredas and provide technical support and assistance to them
- Prepare quarterly and annual financial reports
- Be accountable for and managing the funds transferred to them for implementation

2.3.2.2. **RFSCD**

Consolidate annual implementation plans and budgets for the region

- Manage the funds transferred to it by BOFED on behalf of all Bureau of Agriculture implementers
- Convene an admin and capital budget allocation meeting with all regional level implementers to decide on allocations between implementing and supervising partners

2.3.2.3. **Regional Bureau of Agriculture(BOA)**

The main role of BoA is to manage the PSNP and oversee the integration of the PSNP into the Food Security Programme and the Regional Rural Development Strategy.

Responsibilities are:-

- Provides overall guidance to the Regional Food Security Office and line bureaus to ensure coordination on planning and implementation of the Regional PSNP;
- Ensures efficient procurement where applicable; and
- Reviews and provides feedback on reports submitted by Regional Food Security Coordination Offices on implementation of safety net interventions.

2.3.2.4. **Regional Food Security Coordination Office (RFSCO)**

The main role of the RFSCO is to support the management and coordination of the PSNP as a whole and directly manage the PSNP transfer component of the EWR Core Process. RFSCO reports to BOA and is also technically accountable to the FSCD.

- Verify any requests for changes in the food/cash split
- Consolidate the quarterly woreda food utilization reports
- Follow-up on timely closure of commodity audit findings

2.3.2.5. **Bureau of Labor and Social Affairs**

- Provide input into the overall plan and budget for the programme
- Manage the funds transferred to it by MOFED and report on these funds

2.3.2.6. **Regional Natural Resource Management Directorate (RNRMD)**

- Through the PWFU, report on the use of any resources advanced by Regional Food Security

2.3.3. **At Woreda Level**

2.3.3.1. **Woreda Finance and Economic Development Office**

- Ensure that budgets for PSNP are received in a timely manner
- Avail funds as required according to the annual plan
- Undertake timely cash transfers to client households
- Exercise the necessary fiduciary controls and prepare monthly and quarterly Interim Financial Reports on fund utilisation to regional BOFEDs

2.3.3.2. **WFSCD**

- Consolidate annual implementation plans and budgets for the woreda
- Convene an admin and capital budget allocation meeting with all woreda-level implementers and decide on the allocation
- Facilitate the timely preparation of attendance and payroll and timely transfer of resources to beneficiaries

2.3.3.3. **Woreda Office of Agriculture (WOA)**

The main role of WoA is to manage the Safety Net at woreda level. With the support of the woreda FSP Steering Committee, the woreda FSTF and three specialized Technical Committees, it oversees the implementation and management of the PSNP in addition to the integration of the PSNP activities into the Food Security Programme and the woreda rural development strategy.

- Maintains an accurate record of appeals and appeals resolutions; and
- Ensures that posters are effectively disseminated to ensure broad awareness of rights and responsibilities under the Programmes.

2.3.3.4. **WNRMD**

- Act as budget holder for the capital budget for public works and ensure that it is appropriately allocated to different sectors to reflect levels of effort

2.3.3.5. **Woreda Agriculture Extension department**

- Act as budget holder for the livelihoods transfer and livelihoods capacity building budgets and ensure that it is appropriately targeted to clients and allocated to different sectors to reflect levels of effort

2.4. **Fund and Reporting Flow**

2.4.1. **Flow of Cash Resources**

2.4.1.1. **Financial Flow**

The key steps in the funds flow are as follows:

- **Step 1:** Development partners deposit loans and grants into segregated designated foreign currency bank accounts at the National Bank of Ethiopia. These loans and grants are made according to the agreements signed with the Federal Government, and in line with agreed disbursement percentages. Development partners can only deposit loans and grants into the MOFED account after they have received PSNP IFRs from MOFED, as per the agreed format.
- **Step 2:** MOFED transfers money from the segregated designated bank accounts and deposits the equivalent amount in Birr into the pooled Birr bank account for the PSNP as required. This ensures a continuous cash flow to the Programme.
- **Step 3:** Once the PSNP Annual Federal Safety Net Plan has been approved in June, FSCD submits to MOFED an annual cash resource distribution plan by region and woreda, within 3 days of the approval of the Annual Plan. At the same time, FSCD sends this information to Regional Food Security offices. Within two days of receiving the Resource Distribution Plan,

MOFED communicates the annual cash resource distribution plan to BOFEDs and MOLSA. This is completed by July 15 of each year.

- If MOFED, MOLSA, Regional Food Security offices or BOFEDs note any discrepancies between the annual cash resource plan and the approved Annual Plan, these should be corrected immediately by FSCD and MOFED. Any corrections should be completed within 5 days.
- Upon receipt of the annual cash resource plan from FSCD, Regional Food Security offices prepare a regional annual cash resource plan, which is communicated to BOFED and the zones and woredas within 3 days. BOFED communicates with the regional branches of the Commercial Bank of Ethiopia 2 days ahead of any planned cash transfer to woredas.
- On a quarterly basis, FSCD prepares and submits an expenditure and cash requirement forecast to MoFED in line with the annual plan. This forecast will be part of the quarterly IFR, which will be submitted to the DPs within 60 days from end of each quarter for clearance and request for cash advances.
- **Step 4:** FSCD requests MOFED to transfer the frontloading to regions, as per the annual cash distribution plan, by July 25. FSCD also informs MOFED if there are any changes in the annual cash resource allocation plan. This information is sent to Regional Food Security at the same time via fax. Components to be frontloaded are capital, woreda administrative and woreda contingency budgets.
- Within 2 days of receiving this request, MOFED instructs the National Bank to transfer the cash resources to BOFED & MoLSA, to be deposited into PSNP specific bank accounts at regional level. This instruction is copied to BOFED via fax. The National Bank complies with this request within 2 days.
- **Step 5:** Upon receipt of the copy from FSCD to MOFED requesting the transfer of cash resources to BOFED, Regional Food Security writes a letter to BOFED requesting the onward disbursement of resources to woreda bank accounts, and regional department accounts, as per the region's annual cash resource plan. A copy of this letter is sent by fax to woredas. This letter is prepared within 2 days of receipt of the communication from FSCD.
- Upon receipt of the notification that MOFED has instructed the National Bank to transfer resources and the instruction from Regional Food Security, BOFED prepares a letter to the Commercial Bank instructing the onward disbursement of resources to woreda accounts, and to regional department accounts. This letter is sent by fax to WOFED.

- BOFED follows up with the Commercial Bank by telephone and in person to make sure that the money was received and sent to the woredas in a timely fashion. If there are delays, BOFED should communicate these to MOFED, which will follow up with the National Bank.
- **Step 6:** WOFED follows up with the Commercial Bank to confirm receipt of the funds in their PSNP account. WOFED checks that the amount received in the PSNP account matches the amount expected as per the annual cash resource allocation plan. If there are any discrepancies, the WOFED communicates this discrepancy immediately to BOFED by telephone.

- **Step 7:** The WOFED withdraws money and makes payments to clients, based on requests from the Woreda Food Security Desk and as per the PASS payroll and attendance sheet, as outlined in sections 7.5 and 8.5. WOFED also effects payment to different implementing sector offices as per the approved annual safety net plan and approved budget allocations.

Body	Functions / Task
Partners	Deposit loan and grant
MOFED	Transfer to segregated designated account
FSCD	PSNP Annual Plan will be approved – In June In 3 days (June) – FSCD submit Annual Cash Resource Distribution Plan to MoFED and also send to regional FSCDs
MOFED	July 15- Deadline for MoFED to communicate BoFEDS and MoLSA about the cash resource distribution plan
Regional FSCD	In three days (June/Early May) – Regional FSCD prepares regional annual cash resource plan and issue to BoFED and woredas. in 2 days ahead of planned cash transfer – inform banks
BOFED	up on receipt of notification from MoFED – Instruct CBE to disburse cash to woredas and regional department accounts Follow-up banks
WOFED	Follow-up CBE, check the amount – Withdraw monthly. Prepare PASS and effect payment WoFED prepare reports

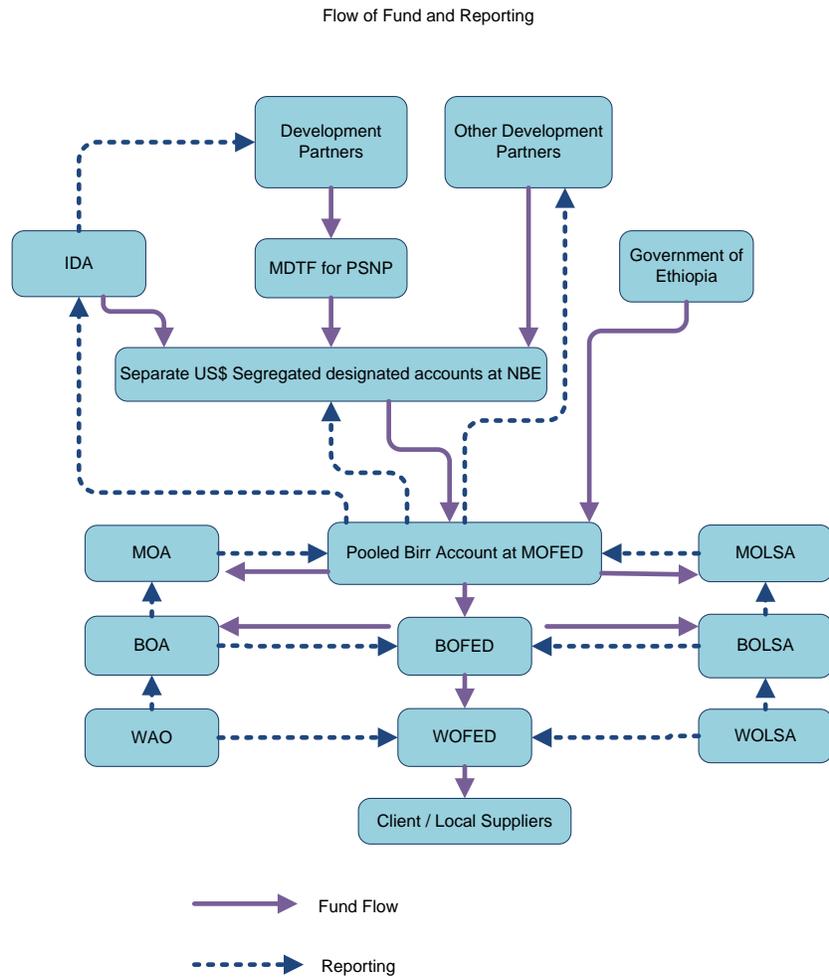
- **Step 8:** WOFED maintains a record of the use of PSNP resources based on the agreed accounting procedures. BOFEDs (and zones) provide assistance to the WOFEDs on a regular basis to ensure that these procedures are carried out correctly.
- **Step 9:** Any PSNP cash resources that are not used during the fiscal year are NOT returned to the federal account, and are instead rolled over for use during the next fiscal year. The use of rolled over cash resources should be based on the new year’s approved annual work plan and budget or as per the instruction from FFSCD and MoFED if the annual plan will be delayed.

2.4.1.2. Financial Reporting

- The project will prepare quarterly Consolidated Interim unaudited Financial Report (IFR).
- This will be submitted to the World Bank and other DPs within 60 days of the end of the quarter.
- The format and the content, which are consistent with the Development Partners’ standards, have been agreed with MOFED and MOA as well as development partners and are documented in the minutes of Negotiation. Refer The Financial Reporting Section of this manual about the financial reporting responsibilities (Section 17).

The Flow Chart under shows the actual fund transfer, operation and reporting flow in PSNP Accounting System:-

Figure4. Fund and Reporting Flow



Detail of fund flow and financial reporting will be discussed in the subsequent section of this manual.

3. BUDGET AND BUDGETARY CONTROL

3.1. Background to PSNP Budget

3.1.1. PSNP 4 will follow the government's budget system. The budget for PSNP is determined each year based on a formula mainly derived from the number of clients in each program woreda. The planning process also includes the budget (specific purpose grant) estimation for implementing the planned physical activities.

3.1.2. The budget for PSNP 4 will be proclaimed at the federal level under MoA but with detailed regional and sub component breakdown for PSNP activities. MoFED will sign an MoU with all regional governments implementing PSNP highlighting the fiduciary and other responsibilities that should be complied with.

3.1.3. The MoU will be signed with the office of the regional presidents, hence creating an accountability structure within the region. The compliance to the MoU will be monitored regularly by MoFED and DPs and will be open for further refinement and adjustment as needed.

3.1.4. Accurate budgeting and timely provision of funds support are key for programme implementation, particularly in a safety net programme where delays in transfers can undermine predictability and therefore the effectiveness of the programme.

3.1.5. Each region should prepare a consolidated PSNP work plan and budget for all components and sub components for each budget year based on inputs from lower levels as well as regional implementers and submit the same to MOA, which shall be reviewed/updated/consolidated. Similarly, MoLSA's budget should also be submitted to MoA for review, updating and consolidation.

3.1.6. Finally, a consolidated budget will be submitted to MOFED that should be broken down by appropriate project category or components along with quarterly classifications. Based on the Program budget, a detailed and comprehensive fund transfer schedule by Region and

PSNP Budget

- Determined annually based on clients in each woreda
- Proclaimed at Federal level with details at regional level
- Region will sign Memorandum of Understanding
- Each region should prepare consolidated work plan, detail budget by components and subcomponents
- MoFED consolidates, MoA disseminated to stakeholders each year in July.

woreda will be prepared and disseminated by MOA to all relevant stakeholders in July of each year.

3.1.7. Budgeting is structured around a two ways process:

- i. A downstream process from the federal level down to the regions and then to the woredas, and
- ii. An upstream process starting at the kebele and moving upwards to the woredas then to the regions and the federal level.

3.1.8. Budgeting has moved away from the previous approach of 80/20 split between transfer budgets and capital and administration.

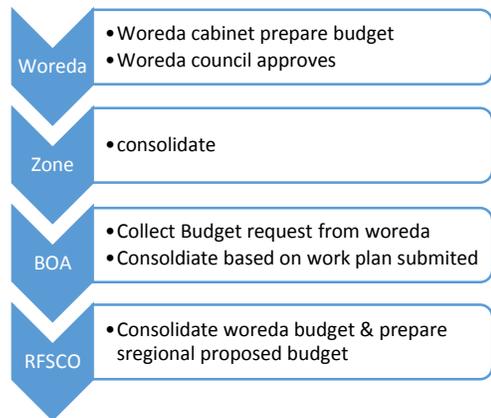
PSNP Budget – New Changes

- Calculating capital Budgets
- New contingency budget percentages
- Calculating regional and federal management costs
- Separate code / chart of accounts for transfers financed through the federal and woreda contingency budgets.
- Involvement of regional and woreda level legislative oversight bodies in the implementation of the programme
- Integration of budgeting, utilization and reporting for the livelihoods component within the overall PSNP

3.2. The budget process

3.2.1. Each BOA will collect all the budget requests from each Woreda as well as regional implementers, consolidate them based on the approved work plan and submit to the FFSCD.

3.2.2. In the event that the total number of beneficiaries received from kebeles is significantly different from the indicative woreda budget, the woreda will carry out spot checks to verify the validity and soundness of the information, and depending on the results, will adapt the budget accordingly. If the number of beneficiaries is correct and that the



problem is with the indicative budget, the Woreda will communicate the region (Regional Food security office and BoFED) for the appropriate adjustment. If the number of beneficiaries sent from Kebele is incorrect, then the budget will be prepared in accordance with the correct number of beneficiaries in line with the indicative budget.

- 3.2.3. The total budget will include a preliminary implementation plan which will specify a timetable for the use of each type of resources. The budget is submitted for approval to the Woreda Council/Cabinet and then sent through the Woreda Rural Development Office to the Regional Food Security Coordination Office.
- 3.2.4. At Regional level, the Regional Food Security Coordination Office aggregates and consolidates the information from each woreda and establishes a proposed regional budget. If the total needs are higher than the indicative regional budget established by the Federal Food Security Coordination Bureau, and after verification of the budgets through spot checks in the woredas, the region will request a budgetary adjustment from the federal level to complement these needs.
- 3.2.5. **Budget Release / Disbursement**
- 3.2.5.1. Actual Total cash received by the regions is the summation of the frontloading transfer plus subsequent disbursements, which will be made based on reporting of actual expenditures incurred.
- 3.2.5.2. In a year when the contingency funds have not been fully used, the remainder of these funds will be rolled over at the woreda and the regional levels.
- 3.2.5.3. The rolled over fund will be used according to the current period budget. It shouldn't be used in accordance with the previous year budget as it is replaced by a new budget (plan).
- 3.2.5.4. For the services and goods received at the end of the fiscal year but not paid need to be accrued and recorded as payable. The expenditure and the liability should be shown in the financial report. The remaining budget will be null and void and should be re-budgeted in the subsequent fiscal year.

3.3. **Budget Components**

- 3.3.1. Three components will contribute to the achievement of the overall PSNP development objective. These are system development, Productive Safety Nets and Support to livelihoods Strengthening; and Institutional and Management Development. Table __ summarizes the components and subcomponents of the project.

Components	Budget Lines
Component 1: Systems Development	<ul style="list-style-type: none"> • Key Instruments Development • Capacity Building
Component 2: Productive Safety Nets and Support to Livelihoods Strengthening	<ul style="list-style-type: none"> • Permanent direct support Transfers • Public Works & Temporary Direct Support transfer • Woreda Capital Expenditure (for Public Works) • Woreda Contingency • Federal Contingency • Livelihood Capacity Building • Livelihood Transfer
Component 3: Institutional and Management Development	<ul style="list-style-type: none"> • Woreda Administrative Budget • Regional Management • Federal Management • Evaluation and Audits

3.4. Woreda Level Budget

3.4.1. There are eight budget components applicable at woreda level. These are

- Permanent direct support transfers
- Public works and temporary direct support transfers
- Capital budget for public works
- Livelihoods transfer
- Livelihoods capacity building
- Woreda administrative budget
- Woreda contingency budget
- Capacity building budget

3.4.2. Summary of Budget Calculation

No	Budget Lines	Annual budget calculation
1	Permanent Direct support (DS)	#of permanent DS client *Wage Rate*12month
2	Public work (PW) & Temporary Direct Support (TDS)	#of PW & TDS client *Wage Rate*6month
3	PW capital budget	≤30,000 client = USD 8.5*PW &T DS client and for those clients in excess of 30,000 will be computed as: USD 6*PW &TDS

No	Budget Lines	Annual budget calculation
4	Livelihood transfer	USD 200 * #of house hold for year 1 and thereafter proportionally to woredas (and adjusted for implementation capacity as needed).
5	Administrative budget	Salary: Based on the staffing requirements/positions of the programme, prevailing salary scale and the size of the implementing woredas classified in to three categories (Small, Medium & Large): <i>Small (1-10,000), medium (10,001-25,000) Large (25,001-50,000) and very large > 50,000</i> Non Salary: Varies according to size of woreda caseload according to 7 categories. Actual budget levels are adjusted annually (Less than 3,000; 3,001-8,000; 8,001 - 13,000; 13001 - 20,000; 20,001-30,000; 30,001 – 50,000; > 50,000
6	Woreda Contingency budget	5% of transfers budget (both permanent direct support and public works and temporary direct support) plus capital budget plus administrative budget
7	Woreda Capacity Building Budget	Woreda capacity budget is based on need. The total woreda capacity budget (for all woredas) should not exceed 1%* allocated to the region.
8	Livelihoods capacity building	Varies according to conditions in the woreda against four criteria. 1.PSNP caseload, 2.No. of kebeles, 3.capacity gap of grassroots institutions and 4.Implementation performance after year 1 Woredas will be informed of their budget ceiling prior to launch of the planning process
9	Federal Management Budget	USD 0.85 per year per client
10	Regional Management Budget	USD 1.25 per year per public works and permanent direct support client

* 1% of the transfers budget (both permanent direct support and public works and temporary direct support) plus capital budget plus administrative budget

3.4.3. Eligible Expenditures at woreda level

3.4.3.1. Woreda Administrative Budget

- **Human Resources:** Woredas may choose to employ additional staff on contractual bases i.e. skilled labour such as foremen/women, or other temporary staff under this budget
- **Equipment and Materials:** Office equipment and supplies required for running PSNP activities should be covered under this budget line. Replacement of component parts and minor computer purchases could be covered. However, large scale infrastructure development such as IT network installation would not be covered.

- **Travel and Transport:** Woreda staffs are expected to travel frequently to kebeles to supervise and provide support to DAs and community in the implementation of PSNP. The Admin and Management budget will cover a pro-rata based proportion of the total food security transport needs. Expenses should include fuel, maintenance, spare-parts etc. on a pro-rata basis. In addition this budget is available for subsistence & per diem expenses, public transport and vehicle hire. Staff travel to Safety Net kebeles will include travel for awareness raising, training, supervision (including of public works) and lesson learning.
- **Training:** Training will be organized by the woredas to train woreda staff and sub-woreda staff (e.g. DAs, kebele food security task force). The cost of this training will be covered by the administrative and management budget of the woreda safety nets project.
- **Monitoring and Evaluation:** Woreda level monitoring and evaluation, including sharing lessons and cross visits. to pay per diems and transport
- **Rapid Response Teams:** Any RRT (Rapid Response Team) cost for woreda RRTs will be covered through the capital and administration budget.
- **Communication:** It is expected that PSNP will cover a pro-rate based proportion of communication expenses (telephone and fax bills, email ISP costs etc.)
- **Outsourcing services:** Any needed outsourced services, such as computer support services should be covered.

3.4.3.2. Public works and temporary direct support capital budget

- **Skilled and Semi-Skilled Workers:** Planning, implementation and supervision of public works may require personnel with knowledge and experience in: soil and water conservation; forestry; pasture development and related works; irrigation; sanitation works; building and road construction; physical planning. Woredas may also employ such type of employees as needed on temporary contracts. Individuals within the communities who can provide semi-skilled labour; these are masons, carpenters, foremen/ forewomen, etc. They are NOT paid through the PSNP transfer budget. . These are masons, carpenters, foremen/forewomen, etc. They are paid from the capital cost budget of the Public Works component at the prevailing local rates for such services.

- **Hand Tools:** The implementing agency is responsible for ensuring the availability of the necessary hand tools such as spades, shovels, hoes, crow bars, sledge hammer, rakes, pick axes, and mattocks. Tools must be appropriate to the nature and scale of the works to be undertaken and to the local terrain and traditions (familiar to the people who are to use them). The hand tools should be purchased using the capital budget of the woreda in addition to any construction equipment needed.
- **Equipment and Materials:** Much of the equipment required for implementation of the public works can be shared between different sites within a woreda. Equipment, such as altimeters, compasses, inclinometers, pedometers, theodolites and other office equipment can usually serve more than one site, and should be available at the level of the woreda. Materials such as poles, cement, stones or sheeting may be required at individual work sites. Materials also include relevant stationary. The cost of equipment and materials will be covered from the administrative/capital input budget of the woreda.
- **Amenities at Work Sites:** Programme implementers, with the collaboration of the community, must ensure that the following are located at or near each public work site: (i) first aid services; and (ii) tool repair and maintenance facilities (iii) crèche facilities. Labourers will undertake the management of these amenities with the assistance and close supervision of the implementing agency. These amenities will be financed through the capital budget of the public works.

If there is no health centre or health post nearby, and particularly where large numbers of workers are employed or hazardous work is being undertaken, the services of a community health assistant should be financed out of the capital budget of the component.

Facilities for the regular sharpening and minor repairs of hand tools should be available at or near each work site. Local artisans may be assigned to this task; otherwise, selected workers may be trained to undertake minor repairs and the additional tools needed for such repairs will be provided.

- **Transport Facilities:** Transport may be needed for implementation of the public works (transporting tools, materials); planning and supervision; Transport services will be

financed through the capital budget of the public works. If it is necessary to rent a pack animal (for transporting water, sand or stone for example), the service will be paid on a piece-rate basis negotiated between the implementing agency and the owner.

3.4.3.3. Livelihoods Transfer: The livelihoods transfer budget line is limited to transfers to approved livelihood transfer clients in accordance with their business plan.

3.4.3.4. Livelihoods capacity building: Livelihoods capacity building refers to the training and support of programme clients, and conditional capacity building to key institutions involved in capacity building. These include:

- All costs associated with the provision of training and support to clients of the livelihoods component, such as financial literacy training, technical training, business/marketing skills training, and business plan development. Costs can include curriculum development or adaptation (including by TVETs), preparation of training materials, renting of facilities, trainer fees, per diems, and transport costs, incurred by Extension, the MSE Agency, Labour and Social Affairs, or TVETs. For trainings provided at TVET institutes, participant room and board will also be covered.
- Transport costs associated with intensive coaching and mentoring for livelihoods transfer clients
- Conditional capacity building of institutions such as FTCs, MFIs, RUSACCOs, and multi-purpose cooperatives, as outlined in the table below.

3.5. Regional Level Budget

3.5.1. Budget lines and ceilings

3.5.1.1. Regional level management budget

- This is calculated on a per programme client basis equal to the ETB equivalent of \$1.25 per year per public works and permanent direct support client.
- In large regions this budget will cover costs both of regional and zonal level implementers

3.5.1.2. Eligible Expenditures

The following eligible expenditure items should support all components of the PSNP (social accountability, public works and links to social services and livelihoods).

- **Human Resources:** Regions may choose to employ temporary staff under this budget.

- **Equipment and Materials:** Small office equipment and supplies should be covered under this budget line. Replacement of component parts and minor computer purchases could be covered. The maintenance of existing vehicles and other equipment can be financed through this budget line and is actively encouraged. Equipment, such as vehicles and motorbikes, can also be rented on a short-term or 3 months per financial year. This is an efficient use of PSNP resources when it allows the timely, predictable delivery of transfers to PSNP clients and creation of quality public works. However, large-scale infrastructure development such as IT network installation would not be covered.
- **Travel and Transport:** Frequent staff travel to woredas is expected and the PSNP budget will cover a pro-rata based proportion of the total food security transport needs. Expenses should include fuel, maintenance, spare-parts etc. on a pro-rata basis. In addition this budget is available for subsistence & per diem expenses, public transport and vehicle hire. Staff travel to the woreda will include travel for awareness raising, training, supervision (including of public works) and lesson learning.
- **Livelihoods related analyses:** Any livelihoods related analysis conducted or commissioned by federal level (Livelihoods Related Analyses) will be financed through this budget line. This may include the recruitment of local consultants.
- **Training and Awareness Creation/Orientation:** Any training (including materials and reproduction, facilities, perdiems and training staff) undertaken at regional or zonal level related to PSNP implementation will be financed through this budget line. There needs to be both start-up and recurrent training on the PSNP (because of the staff turnover plus the need for refresher training). This item includes costs associated with preparing and disseminating current or amended PSNP guidance and procedures (e.g. summarised PIM information) for improved staff orientation and awareness.
- **Monitoring and Evaluation:** Unless included under specified line items, monitoring and evaluation by the region will be covered by this line item. This may include the recruitment of local consultants. Lesson learning events fall under this item (covering costs such as venue hire, documentation reproduction, etc.).
- **Other Costs:** All institutions involved in the implementation of the PSNP should prepare action plans and budgets for supervision, technical backstopping, monitoring and evaluation activities, and these costs will be covered by the Regional Management budget

line. The action plan and budget should be submitted to the Regional Food Security Office for incorporation in to the Regional Annual Plan and Budget of the PSNP.

- **Rapid Response Mechanism (RRM):** Costs related to the operation of the regional RRM will be covered under this line item.
- **Communication:** It is expected that PSNP will cover a pro-rata based proportion of communication expenses (telephone and fax bills, email, ISP costs etc.).
- **Outsourcing services:** Any needed outsourced services, such as computer support services.

3.6. Federal Management Budget

3.6.1. Budget headings and ceilings

3.6.1.1. There are five key budget headings available at federal level

- The federal level management budget
- The federal contingency budget
- Key instruments component
- Capacity development support
- Evaluation and audits

3.6.1.2. Budget Ceilings

- The federal level management budget is calculated on a per-client basis equal to the ETB equivalent of \$0.85 per year per client.
- The federal contingency budget is a lump sum amount calculated at the start of the programme.
- The remaining budget headings have a fixed lump sum budget.
- In addition transfers made in food are procured at federal level.

3.6.2. Eligible expenditure items

3.6.2.1. **Federal Level Management Budget:** The following eligible expenditure items should support all components of the PSNP (social accountability, public works and links to social services and livelihoods). Eligible expenditures include:

- **Human Resources:** To hire contract staff, TAs or consultants, as needed, to meet any short-term gaps in human resources or to respond to specific needs of the PSNP. This includes the Information Centre staff, among others.

- **Bank Service Charge:** This covers costs charged by banks for transactions including exchange and transfer of programme funds.
- **Coordination:** Costs for extraordinary PSNP meetings with regional implementing agencies (Regional Food Security, BOFED, BOH, Extension Core Process, BOLSA, Regional Natural Resources etc. will be part of this budget.
- **Equipment and Materials:** Small office equipment and supplies should be covered under this budget line. The maintenance of existing vehicles and other equipment can be financed through this budget line and is actively encouraged. Equipment such as vehicles and motorbikes can also be rented on a short-term basis (up to 3 months per financial year) or longer-term basis. This is an efficient use of PSNP resources when it allows the timely, predictable delivery of transfers to PSNP clients and creation of quality public works. While large-scale infrastructure development such as IT network installation would not be covered, replacement of component parts and minor computer purchases could be covered.
- **Travel and Transport:** Frequent staff travel to regions and woredas is expected and the management budget will cover a pro-rata based proportion of the total transport needs of federal level implementing agencies. Expenses should include fuel, maintenance, spare parts etc. on a pro-rata basis. In addition this budget is available for subsistence and per diem expenses, public transport and vehicle hire. Staff travel to the woreda will include travel for awareness raising, training, supervision (including of public works) and lesson learning.
- **Livelihoods related analyses:** Any livelihoods related analyses conducted or commissioned by federal level (Livelihoods Related Analyses) will be financed through this budget line. This may include the recruitment of local consultants.
- **Training:** Any training undertaken at federal level along with some overall development of overall training programs and training materials will be financed through this budget line. There needs to be both start-up and recurrent training on the PSNP (because of the staff turnover plus the need for refresher training).
- **Monitoring and Evaluation:** Unless included under specified line items, monitoring and evaluation by the federal implementing agencies will be covered by this line item. This may include the recruitment of local consultants. Lesson learning events fall under this item (covering costs such as venue hire, documentation reproduction, etc.).

- **Rapid Response Mechanism:** Costs related to the operation of the federal RRM will be covered under this line item.
- **Communication:** A pro-rata based proportion of communication expenses (telephone and fax bills, email, ISP costs etc.) will be covered.

3.6.2.2. **The federal contingency:** lump-sum budget allocation can be used to finance direct payments to programme clients and any associated capital and administrative costs (up to a maximum of 20%). Actual financing is triggered on an ad hoc basis as needed and at the point of release the budget will then be broken down into transfers and the associated capital and administrative budgets. Only the transfer costs will then be ‘coded’ as federal contingency budget, and budget allocations for administrative and capital costs will then be coded as administrative and capital costs accordingly (and these coded budgets entered into IBEX). Therefore, transfers are the only eligible expenditure against this line item once it reaches woreda level.

3.6.2.3. **Key instruments component budget:** can be used to finance consulting services and technical assistance to support the development of key instruments such as the programme MIS, the poverty/food insecurity indices, the mapped public works data base and single registry. It can also be used to finance the systems’ operating costs, the key equipment to operationalize them (computer, server, network infrastructure etc.), and other costs associated with their establishment.

3.6.2.4. **Capacity Building budget:** can be used to finance any activities identified in the capacity development strategy, including national training and workshops, international training and workshops, equipment, furniture, the procurement and installation of rub-halls, vehicles and maintenance. Capacity development support is expected to be provided for all implementing agencies of the PSNP.

3.6.2.5. **Evaluation and audits budget** should be used to finance costs associated with the household survey and impact assessment, public works reviews and impact assessment, the GSD implementation review, the annual programme audits and other key studies and reviews agreed between the Government and development partners.

3.7. Cash flow forecasting

3.7.1. Accurate cash flow forecasting is critical to achieving timely transfers and to ensuring quality programme implementation, by ensuring that resources are in place when they are needed.

As indicated above, the annual programme budget should be broken into quarters to indicate the requirements for the programme in each quarter. Key considerations in cash flow forecasting include:

- The need to frontload capital, woreda administrative and woreda contingency budgets
- The most appropriate timing of livelihood activities
- That transfers for permanent direct support clients will take place in all twelve months of the year
- That transfers for public works and links to social services clients may vary from region to region depending on the approved transfer cycle.
- The timing of any major procurement items (e.g. food purchase)

3.7.2. The table below provides some guidance on how to implement this forecasting:

Budget Heading	July – Sept	Oct-Dec	Jan – March	April – June
Permanent direct support transfers	25%	25%		50%
Public works and temporary direct support transfers	Based on the varying transfer schedules			
Woreda administrative budget	50%	50%		
Capital budget for public works and temporary direct support	100%			
Woreda contingency budget	100%			
Federal contingency budget	Disbursed as required			
Livelihoods transfer	50%		50%	
Livelihoods capacity building	50%	50%		
Regional level management budget	40%	40%	20%	
Federal level management budget	40%	40%	20%	
Key instruments	As needed			
Capacity Building	As needed			
Evaluation and Audit	As needed			

3.7.3. When preparing the above cash flow, implementers should take into consideration the dates that resources will be disbursed by MOFED to regions. These dates are as follows:

Quarter 1: July 25	Quarter 2: October 25	Quarter 3: January 25	Quarter 4: April 1
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Note

- BOFED should transfer to woreda and regional implementing agencies within 3 working days.

- Cash transfers in subsequent periods may vary from the above transfer table depending on the utilization performance of woredas and regions whereby instructions to use carryover balances for forthcoming resource requirements. These dates must be followed accurately and have no flexibility. It is the responsibility of managers at all level to ensure this is the case. Failure to meet the deadline risks delaying funds arrival.

3.8. **Budget Revision**

- 3.8.1. Budget amendments in relation to Cash-food split: Changes in the cash-food split can be considered during implementation but must be approved by FSCD. If a woreda suddenly faces a change in their situation that makes their decision to transfer cash to clients no longer realistic, the woreda may submit a request to RFSCO to change transfers from cash to food, specifying the requested number of transfers to change and the reason why. RFSCO verifies this request and, if it is reasonable, submits it to FSCD. FSCD reviewed the request. The request is accepted only if (i) it is reasonable, backed with sufficient evidence, and (ii) there are sufficient food resources available in the PSNP.
- 3.8.2. Other Budget Revision: Any other budget revisions have to be approved by FSCD and should be rolled over to regions and Woredas. The budget ledgers need to be updated for revised budget. If the budget has been revised, RFS & EWRDPO will revise its own budget and inform other departments and woredas of their own revised budgets. RFS & EWRDPO also inform other sector offices/bureaus regarding the revised budget.
- 3.8.3. Once approved, the revised budget, alternatively named the adjusted budget, will be the basis for the subsequent budget execution.

3.9. **Awareness Creation**

- 3.9.1. Awareness creation training should be provided to staff of implementing agencies and accountants as to the budget discipline for the success of the project.

3.10. **Financial Transparency and Accountability**

- 3.10.1. Budget and budget execution reports need to be accessible to the public. Community participation in the budgetary process and performance evaluation are a paramount importance in ensuring financial transparency and accountability.

3.11. **Budget Control**

- 3.11.1. The Budget Control module in the Integrated Budget and Expenditure System (IBEX) is a financial information system that has been designed and developed to control spending

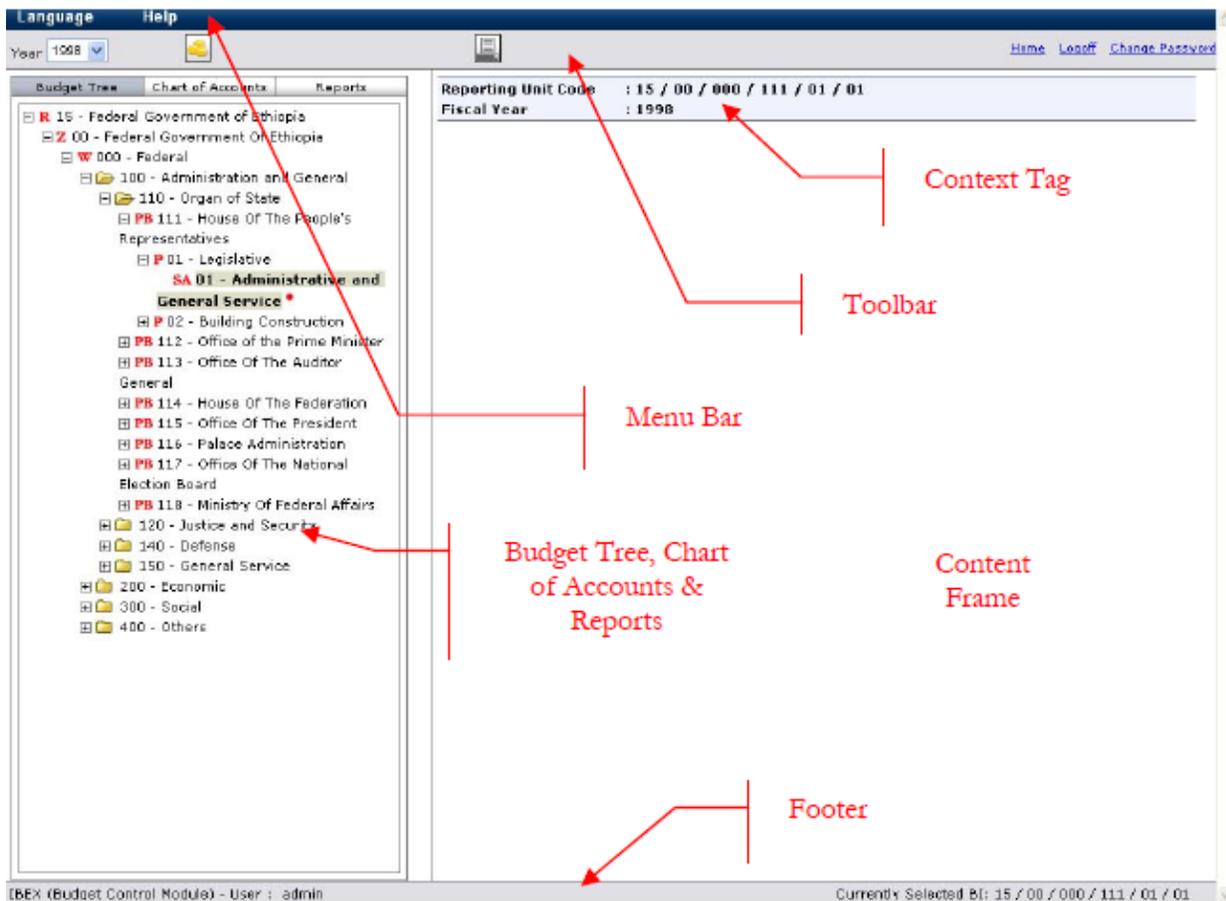
according to the approved budget. It specifically allows for the recording of commitments made and payments received against or towards a particular budgetary institution.

3.11.2. The purpose of budget control module is to manage commitments, payment received and to control that expenditures incurred only if there is an available budget and Actual expenditures does not exceed budgeted expenditure

3.11.3. As mentioned above, the budget should pass through different ladders for approval. Moreover, there might be additions and reductions to the already approved budget, on due courses of operations. The control process should ensure records are updated for all variables affecting the balance of the budgets.

3.11.4. Budget control is achieved through a combination of commitment accounting and expenditure approvals.

3.11.5. The IBEX Budget Control module main screen is comprised of six main sections. These are illustrated on the picture below:



3.11.6. Managing Commitments

3.11.6.1. A commitment is a way of marking off part of the budget that has not yet been spent but that is obligated for a specified component of expenditure.

- A Budgetary Institution may enter into contracts or issue purchase orders. These obligations to spend money are commitments, that is, before the good or service is ordered and before the payment is actually made, the amount of the purchase order is subtracted from the BI's approved budget.
- A commitment is a tool that prevents overspending by identifying amount committed to pay for items that have been requested but not yet ordered and to determine the budget that is available for expenditure.

3.11.6.2. The IBEX Budget Control Module keeps track of how much of the approved budget has been reserved for use, but not necessarily spent, by allowing the user to register commitments made against individual BIs.

3.11.6.3. **Entering Commitments into IBEX:** Follow the following steps to enter budget commitments. For more detail information, refer IBEX manual.

- a. Select a budget year from the 'Year' drop down on the toolbar. The budget structure for that year will be loaded in the 'Budget Tree' pane.
- b. Click on the 'Budget Control' button on the toolbar. This will launch the Budget Control Wizard.
- c. The 'BUDGET CONTROL' screen will appear in the content frame asking the user to select a budgetary institution.
- d. Enter the BI Code of the sub-agency or project which you want to register a commitment against. The following screen will appear in the content frame.
- e. Commitments are registered against a specific BI for a given account code and source of finance. Therefore, the user must now select the appropriate account code from the drop down, the source of finance, and if necessary, the source of finance code from a drop down menu in the case where there is more than one.
The Budget Control details page will be displayed
- f. To register a commitment click on the 'New Commitment' button at the bottom of the page.

- g. On the 'BUDGET CONTROL - NEW COMMITMENT' page, enter a date, description, reference number and amount. The reference number must be unique for the given BI, account code, SOF and budget year. Once you are done, click 'Save'.
- h. After registering a new commitment, the user will be directed back to the budget control details page, where the newly entered commitment should be visible in the 'Transaction History' section of the page. The new entry should also be reflected in the year-to-date summary at the bottom of the page.

3.11.7. Each time a commitment is made, it is checked to ensure that there is a budget available to meet the proposed expenditure. The remaining balance of the available budget is checked in the budget expenditure subsidiary ledger card. The evidence of a commitment may be a combination of the following:

- Proforma invoice or Purchase Order
- A contract or a letter or minutes of a meeting
- Journal Voucher or Payment Voucher

3.11.8. Occasionally, a commitment may be cancelled/revised. In such cases, the change should be recorded in the budget expenditure subsidiary ledger card to amend the commitment and the uncommitted balance.

3.11.9. Every payment should be approved by the budget section before any kind of payment is effected by the account section. The budget section should only approve expenditure if it is not exceed the appropriate budget. The budget section should make sure that:

- The amount to be paid is equal to that specified in the purchase order or payment request.
- The budget (not committed) is adequate to cover the payment under request
- Commitment amount is recorded and
- Budget not yet committed is adjusted on time

3.11.10. All engaged in the budget execution process are responsible for ensuring that all spending are in accordance with the budget.

3.11.11. The Budget reports generated from IBEX show a continuous and updated record for each budgeted item of expenditure by type of budget, by sub project/ component or sub component and source of finance with respect to approved budget, additions/reductions

and the adjusted budget, commitments and balance in the adjusted budget that is not committed

3.11.12. Revenue Budget

3.11.13. The revenue budget can be classified by financier at the level of MoFED by financing sources. At woreda and regional level, the source of finance will not be identifiable by donors and government contribution.

3.11.14. The data for approved revenue should be entered into ibex by indicating the item of revenue

3.11.15. Variance Analysis

3.11.15.1. Budget Vs Expenditure reports which will be generated from IBEX are useful tools to analyses budget executions.

3.11.15.2. Budget variances will be adequately explained and justified through the quarterly IFRs. Though overspending is unacceptable; under spending could happen for a number of reasons. Regardless of the nature of the variances, periodic budget execution reports should explain the reasons for variances if any. Explanatory notes should be annexed to budgetary control reports. The following are relevant budgetary control reports:

- Budget tracking report (Annex II)
- Consolidated Expenditures Summary (Annex XXIV – IFR PART V): When this report prepared at the lowest level of reporting unit (i.e WoFED), then the report will be limited to that particular Woreda and consolidation will not be an issue. Variance should be explained and justified as part of quarterly IFRs.

3.11.16. Action on overspending: Relevant administrative and statutory measures are applicable for individuals letting overspending.

3.11.17. Under spending: Under spending could be a sign of poor performance and it is subject to performance appraisal. Procedures for performance targets and evaluations are presented in depth under section 20.6 of this manual.

3.12. Budget Codes

3.12.1 In the government accounting system, the coding system starts from budgeting. In the process of budget preparation, all the recipients of the fund from MoFED are identified with

specific budget code. That code is basic to understand how much budget is allocated to a public body for the budget year.

- 3.12.2 Under PSNP, the budget recipient shall be the Ministry of Agriculture for the programs that will be implemented by it and all regional PSNP.
- 3.12.3 The budget proclamation is the basic document. Transfer to the public body shall be made under the code identified in the budget proclamation and the recipient of the budget is responsible to account for the budget it has received. The institution code for budget and the expenditure shall be the same for a recipient. Using that code, it is possible to produce a report for the transfer, expenditures and the fund balance of a recipient.
- 3.12.4 The budget code presented below shall remain the same throughout the life of PSNP, as change of codes from year to year hinders preparation of reports consistently in addition to problems in consolidation, analysis and comparisons. Table 3 the Official Budget Codes

Budgetary Category	Budgetary Unit	Code
Public Body	Ministry of Agriculture	15/00/000/211
Programme	Food Security	08
Sub Agency	FSCB	01
Sub-program	PSNP – Tigray	01
	PSNP – Afar	02
	PSNP – Amhara	03
	PSNP – Oromia	04
	PSNP – Somali	05
	PSNP-SNNPR	07
	PSNP – Harari	09
	PSNP – Dire Dawa Administration Council	11
	Federal implementing agencies	00
Project	PSNP	002

Budget code for PSNP is then 211/08/01/00/002

Refer the Chart of Account (chapter 4) of this manual for the budget code for components

3.12.1. A complete budget code can be written for PSNP Programme at federal level and Oromia (as an example) as follows: -

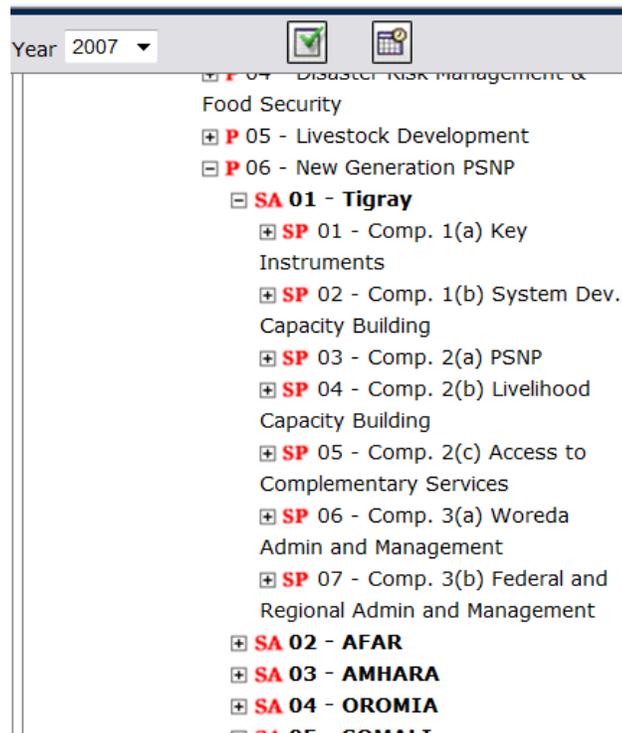
Federal	15/00/000/211/080601/00/002
Oromia	04/00/000/211/06/01/04/002

3.12.5 As noted in the above code, only the last three fields are variable. If the implementing agency is the MOA, the Programme code shall be 211. Note also that 15/00/000 refers to the jurisdiction (referring to Central Government), Zone and Woreda codes. According to the FGE chart of accounts, only 15 has to be mentioned. But what is usually written on the budget proclamations is 15/00/000; regions use “00/000” to identify the Zones and Woredas. The first two characters will represent the zone and the second three characters represent the Woredas. At Federal level this is shown by 00/000.

3.12.6 There is a four digit field to be added on the above code for expense budget.

3.13. Budget/ Expenditure Subsidiary Ledger Cards

3.13.1 Budget ledger card should be maintained in IBEX for each item of expenditure by components and sub components with approved budget. The Budget/ Expenditure Subsidiary Ledger Cards in the IBEX system can be extracted and seen with their year to date balance as follows:



- 3.13.2 The IBEX report provides the updated, detail budget and expenditure record for each budgeted item of expenditure by account code, type of budget, project, by component, subcomponent and source of finance. It also shows the amount of budget received and the unpaid balance
- 3.13.3 The purpose for the budget function of the Budget/Expenditure Subsidiary Ledger is to maintain a continuous and updated record for each budgeted item of expenditure by budgetary institution (BI), expenditure component, subcomponent and source of finance with respect to:
- The approved budget is the detailed breakdown of the appropriate budget by sub-agency or project and source of finance.
 - The approved budget for each expenditure item shall be posted to the budget ledger cards that will be maintained by the budget section. Approval of the budget section shall be obtained before the accounts section makes any payment.

3.14. Additions/Reductions to the Approved Budget

- 3.14.1. During the year, the approved budget may be revised in two ways:
- **Budget supplement.** A budget supplement is an additional appropriated budget.
 - **Budget transfers,** when the addition is made to the budget of one public body (PB) and the reduction is made to the budget of another PB, and changes, when transfers of budgeted expenditure are made from one item of expenditure to another within the same Budgetary Institution.
- 3.14.2. **Adjusted Budget**-The adjusted budget means the appropriated budget adjusted for additions to and/or reductions from the appropriated budget. The adjusted budget is the benchmark for budget control, as an item of expenditure must not exceed its adjusted budget.
- 3.14.3. Budget adjustment has to be recorded in IBEX. Follow the IBEX manual to record budget adjustments.

PART TWO

4. CHART OF ACCOUNTS

- 4.1. The FGE accounting system provides a Chart of Accounts, which is a system of coding government uses, to identify and classify financial entities and events.
- 4.2. The chart of accounts for PSNP includes some new account (in addition to FGE chart of accounts) titles and code numbers to address additional elements of the program.
- 4.3. The purpose of this chart of accounts is to enable users at all levels to capture and classify the funds received from donors for the programs and to reflect unique features of the Programme.
- 4.4. PSNP's chart of accounts is sufficient to capture transactions in a way that enables the preparation of financial statements which meets the requirements of different users.

Table 4 lists the chart of accounts.

Table 4 PSNP Chart of Accounts

Account Title	A/c No
Cash on hand	4101
Cash at Bank – US\$ Special A/C -IDA	4102/01
Cash at Bank – US\$ Special A/C –Canadian IDA	4102/02
Cash at Bank – US\$ Special A/C –British Department on ID	4102/03
Cash at Bank – US\$ Special A/C –Italy Devt. Coop. Department	4102/04
Cash at Bank Pooled Birr Account / BoFED / WoFED	4110
Cash at Bank - Implementing agencies	4103
Cash shortage & overage	4202
Advance to Staff	4211
Advance to Regions	4208
Other advance within government	4210
Advance to Contractors	4251
Advance to consultants	4252
Advance to suppliers	4253
Other Receivables	4274
Accounts Payable	5000-5019
Sundry payables (Income tax payable)	5002
Pension Contribution Payable	5003
Other Payroll Deduction / Provident Fund Payable	5005
Withholding Tax Payable	5006
Cost sharing Payable	5007
Payable to Suppliers	5008
Due to Staff	5021
Due to Regions	5026

Account Title	A/c No
Salary Payable	5004
Due to MoFED	5027
Other payable within the government	5028
Value Added Tax Payable	5059
Retention Payable	5061
Transfers, MOFED to MOA	4006
Transfers MOFED to BOFED	4008
Transfers, BOFED to WOFED	4011
Transfers	4017
Net Assets Equity	5601
Revenue External Assistance	1000-2999
Canadian	2020
United Kingdom	2021
Italian	2022
Revenue External Loan	3000-3999
IDA	3014
Expenditures	6000-6999

4.5. Expenditures are categorised in three major components and sub-components. The following table shows the components, the sub-components and the details items of expenditures.

Components	Expected Expenditure Categories	Accounting Code	
Component 1	Social Protection and Disaster Risk Management Systems		
Component 1 (A) Key Instruments (System Registry & MIS)	Consultant Services	6251	
	Operating costs Such as Running cost & utilities	6256	
	Equipment - Computer, Server, Network infrastructure, Fax Machine, copier	6313	
	Furniture & Rub halls	6314	
	Vehicles	6311	
	Maintenance	6241	
	Component 1(B) Capacity Building	Local Training and Workshops	6271
		Int. Nat. Training and Workshops	6272
		Equipment - Computer, Server, Network infrastructure, Fax Machine, Copier	6313
		Furniture & Rubhalls	6314
		Vehicles	6311
		Maintenance	6241
Component 2	Productive safety nets and links to livelihoods services		
	Permanent Direct Support Transfers	6417	
	Public Works & Temporary Dir. Supp. Transfers	6114	
	Capital Expenditure (for Public Works)	6324	
	Contingency (Payment to beneficiaries)	6419	
	Vehicles	6311	
	Maintenance	6241	
	Component 2(B)	Equipment - Computer, Fax machine, Copier	6313

Components		Expected Expenditure Categories	Accounting Code	
Livelihood Capacity Building & Livelihood Transfer		Equipment - Furniture & Ruballs	6314	
		Salary (formen's, salary to cooperative people)	6113	
		Local Training & Workshops	6271	
		Intern. Training & Workshops	6272	
		Operating costs - perdiem	6231	
		Operating costs - fuel & lubricant	6217	
		Livelihood Transfers - payment to Beneficiaries	6412	
		Stationary and consumable materials	6212	
		Operating costs Such as Running cost & utilities	6259	
	Component 2 (C) Access to complementary Services		Livelihood Transfers - payment to Beneficiaries	6412
			livelihood Capacity Building - Training , Workshop	6271
			fuel & lubricant	6217
			Perdiem	6231
	Component 3		Institutional Capacity Building and Project Management Support	
Component 3(A) Woreda Administration		Maintenance	6241	
		Perdiem and travel	6231	
		Fuel & Lubricant	6217	
		Salary	6113	
		Stationary and consumable materials	6212	
		Pension Contribution	6130	
		Capital Expenditure (Office Equipment purchase)	6324	
		Bank Service Charges	6256	
		Operating costs Such as Running cost & utilities (Including advertisement expense, refreshment, transport, radio promotion)	6259	
		Maintenance	6241	
		Consultancy Services & Audit (Prof. Service)	6251	
	Component 3(B) Regions& Federal Management		Local Training & Workshops	6271
			Intern. Training & Workshops	6272
			Perdiem and travel	6231
		Fuel & Lubricant	6217	
		Salary &related costs	6113	
		Stationary and consumable materials	6212	
		Capital Expenditure (Office Equipment purchase)	6324	
		Bank Service Charges	6256	
		Maintenance	6241	
		Operating costs Such as Running cost & utilities	6259	
		Equipment	6313	

- 4.6. **REVENUE** - Only MoFED shall use this account, in case of cash contribution, as the distinction of revenue by source (donor) in all the implementing agencies is not applicable and impossible

because transfer to the agencies will be made from one pooled Birr account. However, if donors contribute in kind, FFSCD will account the domination.

- 4.7. There are two categories of revenue under PSNP:
- 4.7.1. The transfer from central treasury being the Government's contribution shall be kept in the first revenue account.
 - 4.7.2. Income from donors can be either external loan or external assistance. Separate account for each donor shall be maintained according to the nature of the transfer, i.e., either loan or assistance.
- 4.8. **EXPENDITURES**- are the most important section of the chart of accounts.
- 4.9. **Expenditures are categorised in three stages.** Component, sub-component and item of expenditures.
- 4.10. Woredas and regions will summarize their expenditures in terms of major components:
- Component 1 Social Protection and Disaster Risk Management Systems
 - Component 1(A): Key Instruments (System Registry & MIS)
 - Component 1(B):Capacity Building
 - Component 2 Productive safety nets and links to livelihoods services
 - Component 2(A): PSNP
 - Permanent direct support transfers
 - Public works and temporary direct support transfers
 - Component 2(B):
 - Livelihood Capacity Building
 - Livelihood Transfer
 - Component 2(C): Access to complementary Services
 - Component 3 Institutional Capacity Building and Project Management Support
 - Component 3(A): Woreda Administration
 - Component 3(B): Regions & Federal Management
- 4.11. Sub-components will be further detailed for the purpose of recording by detail object of expenditures.

- 4.12. The Chart of accounts is subject to revision when the need arises. The responsibility to establish new codes as the need arises shall be of MOFED. The new codes shall be identified, organized and communicated in writing to all implementing agencies.

5. RECEIPT OF MONEY

The Program's main source of cash is budget transfer. In addition, cash may be collected from unclaimed salaries, refunds, sales of scraps. etc.

5.1. Cash Receipt Policies and Procedures

The following policies & procedures should be used by the PSNP:

- 5.1.1. Revenue of PSNP mainly represents the amount of fund being received from each financier; IDA loans and grants, other funding institutions, Federal & Regional Government contributions. All revenues are recognized and recorded in each respective Implementing Entity where the transaction is generated or created;
- 5.1.2. Fund balance represents the excess balance of (revenue over expenses) of loan and grant. Each fiscal year, the Fund Balance is carried forward to the following year.
- 5.1.3. There will be both foreign and local currency accounts at MoFED Federal level. Only local currency accounts will be opened at other Federal level implementers (FFSC and MoLSA) and at Regional and Woreda levels. The opening of foreign currency account shall be made according to prevailing Government policies. The Accounting and finance unit of each implementing agency shall handle all operational arrangements with banks, except those concerning the opening and closure of bank accounts.
- 5.1.4. Cash collected from sales of bid bonds and penalty in connection with the PSNP project should be collected by Treasury Cash Receipt voucher and will not be reported in PSNP accounts for the purpose of simplicity. However, such collections should be noted and reported on the IFR reports as a disclosure.

5.2. Internal Control over Cash Receipt

- 5.2.1 All cash receipt should be evidenced by Cash Receipt Voucher (CRV) as per format Annex III and IV, in strict numerical sequence. The budget and account code shall be written on the face of the cash receipts;

- 5.2.2 Cashier should have no role in the preparations of, or access to, the accounting records other than those related directly to cash. The cashiers' records should be subject to regular independent verification;
- 5.2.3 Wherever there are banks at a reasonable distance of the implementing agency, all cash received should be deposited intact to the bank daily and the making of payments or advances out of cash collections should be specifically prohibited;
- 5.2.4 Cheques received should be deposited on separate deposit slips, each deposit slip being referenced to the receipt to which it relates;
- 5.2.5 PSNP funds should be separate from funds held for other purposes.
- 5.2.6 The cashiers should use secured cash safes to keep money; owing to the risks of managing significant resources at the lower level, cash safes should be purchased for any new PSNP woreda.
- 5.2.7 The unused CRV pads must be kept in safe custody by a responsible official who is not involved in the handling of cash;
- 5.2.8 Such documents must be issued to the cashier in strict numerical sequence and the number of pads in the hands of the cashiers restricted to their immediate requirements;
- 5.2.9 New pads should only be issued against return of the completed ones, which should be carefully scrutinised by the issuing official for apparent correctness, i.e. there have been no alteration or erasures;
- 5.2.10 Registers of unused receipts should be maintained by the custodian who should be subject to periodic surprise verification by accountant or auditor;
- 5.2.11 The cashier's record should be in such a way that all receipts are recorded in numerical sequence so that any omission can easily be spotted;
- 5.2.12 The deposit of each day collections should be deposited separately so that the resultant nil balance proves that all cash received has been deposited;
- 5.2.13 The cashier's records should be independently checked everyday and particular attention made to the integrity of the numerical sequences of the prime documents which should be carefully scrutinised for-evidence of alternation or erasure;

5.3. Controls over Cash on Hand

Due to the size of payment to beneficiaries and the absence of banking services in some of the PSNP Woredas, cashier may hold large sum of money in safe boxes. To minimize the potential risk associated to large amount of cash on hand, the following internal control procedures need to be adhered to.

- 5.3.1. In woredas where a bank service is available in the woreda's town, the amount of cash in hand should be as low as possible to avoid large amount of cash in safe box.
- 5.3.2. Cash on hand should be counted on a daily basis (at the end of the day) by the senior finance personnel and should be evidenced by a cash certificate. The cash certificate should also be signed by the cashier and the finance officer who undertake the count using a format per Annex XXVI.
- 5.3.3. In addition to a regular cash count, cash counts should be made on a surprise basis at irregular intervals
- 5.3.4. Excess amount of money should be deposited to the bank every day after cash payments are effected.
- 5.3.5. When the cash payment areas are remote from the bank, the cashier should use appropriate government security coverage;
- 5.3.6. Restrict cash on hand access to as few peoples as possible;
- 5.3.7. Regions, as part of their quarterly report, should disclose actions taken to minimize the volume of cash on hand and to safeguard cash on hand;
- 5.3.8. Regions should ensure that Woredas included actions taken to safeguard cash on hand;
- 5.3.9. In order to avoid excess cash and cash shortage for payments, the cash management aspect of the program needs further strengthening through better planning and management of cash forecasts in the release of resources to regions and woredas.

5.4. Cash Receipt Transactions

- 5.4.1. The cash receipt voucher (CRV) is used to acknowledge and evidence the receipt of cash, cheques, direct deposit of cash into the bank and bank transfer, and serves as a source

document to record the transactions into the Transaction Register screen or voucher screen in IBEX.

5.4.2. Distribution & Completion of Cash Receipt Voucher

The receipt Voucher is prepared in three copies and distributed as follows:-

- Original to the payer as acknowledgment of the cash receipt.
- Second copy to the accounts.
- Third copy is retained in the pad

5.4.3. Accounting entry

The following examples show recording cash receipts transactions, at all levels of implementing agencies.

5.4.3.1. In the Books of MOFED

Collection of money from IDA & Other Financer

1. Equivalent of USD 20,000,000 is received from IDA

Account title	Account Number	Debit	Credit
Cash at Bank-Designated Account	4102/01	20,000, 000	
Loan-IDA	3014		20,000, 000

This is recorded in IBEX Transaction Register Screen maintained for special foreign currency account. Supporting documents are withdrawal application (See Annex VII), bank credit advice and copy of electronics transfer from donors.

2. Equivalent of Birr 70,000,000 is transferred to Pooled Birr Account

The cash receipt voucher is recorded as follows:-

Account title	Account Number	Debit	Credit
Cash at Bank	4110	70,000, 000	
Cash at Bank-Designated Account	4102/01		70,000, 000

Supporting documents are CRV, and credit advice.

5.4.3.2. In the Books of MOA-FSCD

Birr 10,000,000 is deposited to the bank account of MOA-FFSCD, Receipt Voucher is prepared based on the bank credit advice and pass the following entries:

Account title	Account Number	Debit	Credit
Cash at Bank	211/08/01//00/002//4103	10,000,000	
Transfer	152/04/18/4006		10,000,000

In the books of MoFED when the above Birr 10,000,000 is transferred

Account title	Account Number	Debit	Credit
Transfer	152/04/18/4006	10,000,000	
Cash at Bank	211/08/01//00/002//4110		10,000,000

5.4.3.3. In the Books of Regions

BOFED will receive money from MOFED based on allotted budget for each region. FFSCD shall prepare timely transfer of money to the regions and send instruction to MOFED to transfer.

Region “A” Prepares Cash Receipt Voucher when the money is received.

Account title	Account Number	Debit	Credit
Cash at Bank	4110	15,000,000	
Transfer	4008		15,000,000

5.4.3.4. Books of the Woreda Finance

- From Birr 15,000,000 it received, Birr 3,000,000 was transferred to Woreda “R” Finance Office WOFED prepares Receipt Voucher when the money deposited in its Bank. WOFED also confirm receipt of money to the BOFED by a letter.

When the money is received by WOFED, the following entry will pass:-

Account title	Account Number	Debit	Credit
Cash at Bank	4110	3,000,000	
Transfer	4011		3,000,000

In the Books of region when the above Birr 3,000,000 is transferred to the woreda

Account title	Account Number	Debit	Credit
Transfer	4110	3,000,000	
Cash at Bank	4011		3,000,000

For miscellaneous collections, cash on hand or at bank should be debited and the respective source of cash, unclaimed salaries, advance receivables, other income etc should be credited

depending on circumstances. The following examples explain treatments of miscellaneous collections in the books of WOFED:-

2. After paying monthly salary of PSNP permanent staff, Birr 2,300 left in the hand of Woreda 'R' cashier

The cashier should issue cash receipt for Birr 2,300, the entry is:-

Account title	Account Number	Debit	Credit
<i>Cash on Hand</i>	4101	2,300	
<i>Salary payable</i>	5004		2,300

As stated in the internal control of cash, all cash receipts should be deposited in the Bank at the same date on which the cash is collected unless there is no bank in the Woreda. If there is no bank in the Woreda, cash may be deposited in one week time depending on the volume of the cash received.

Entry for cash deposit:-

Account title	Account Number	Debit	Credit
<i>Cash at Bank</i>	4110	2,300	
<i>Cash on Hand</i>	4101		2,300

5.5. Calculating and Recording Foreign Currency Exchange Gains and Losses

At the end of the reporting period, the "Cash at Bank in Foreign Currency" ledger card contains an ending balance for cash in Birr and in foreign currency. However, the ending balance of the foreign currency account in Birr may not be equal to the Birr equivalent of ending foreign currency balance, using end of the reporting period exchange rates. The difference is attributable to changes in the exchange rate during the reporting period and represents an exchange gain or loss.

At the end of the reporting period, the foreign exchange gain or loss is calculated as follows:

1. Identify the ending balance of foreign currency on the "Cash at Bank in Foreign Currency" ledger card.
2. Undertake a bank reconciliation and make any necessary adjustments
3. Obtain the exchange rate as of the end of the day for the period
4. Multiply the reconciled ending balance in foreign currency as shown on the cash in bank in foreign currency ledger card by the exchange rate.
5. Identify the ending balance in Birr on the cash in bank in foreign currency ledger card.

6. If the amount from steps 4 and 5 are equal, there is no foreign currency gain or loss for the period. If the amount from step 4 is larger than the amount step 5, the difference is a foreign currency gain. If the amount from step 5 is larger than the amount step 4, the difference is a foreign currency loss.
- 5.6. **Recording foreign currency exchange gains or losses:** Only the “Cash at Bank” in column on foreign currency IBEX transaction register screen is used to record the exchange gain or losses. No corresponding entry is made in the “Cash at Bank in F.C” column.

The “Other” column of foreign currency IBEX transaction register screen is used to record the other portion of the exchange gain or loss transaction. All amounts are recorded in Birr only as follows:

- “Cash at Bank in Birr(…)” column
Debit: If foreign currency exchanges gain
Credit: If foreign currency exchanges loss
- “Other” column
Debit: If foreign currency exchanges loss
Credit: If foreign currency exchanges gain
- “Cash at Bank in F.C” column
 No entry required

5.7. Recording Cash Receipts in IBEX Voucher Screens

- 5.7.1. Cash Receipts information including the accounting entry should be recorded into IBEX on the same date that the cash receipt is produced. Follow the following steps to enter receipt transaction into IBEX.
- a. Select a budget year from the ‘Year’ drop down on the toolbar. The budget structure for that year will be loaded in the ‘Budget Tree’ pane.
 - b. Click on the ‘Register Voucher’ button on the toolbar. You will be prompted to select a Reporting Unit (RU) from the budget tree for which you want to register a voucher.

REGISTER VOUCHER

Select a reporting unit (sub-agency or project) from the BI tree.

Cancel

- c. From the budget tree, select the sub-agency or project for which you want to register a voucher. The following screen will appear in the content frame.

REGISTER VOUCHER

Reporting Unit: 15 / 00 / 000 / 111 / 01 / 01 - Administrative and General Service

Select Bank Account:

Bank Account:

- d. Transactions for a given RU are registered against a specific bank account and source of Finance (SOF), so the next step is to select a bank account from the drop down menu. If the bank account you selected has more than one SOF associated with it, in the next screen, the user will be asked to select a SOF. In the Case of PSNP, at regional and woreda level, there is only one SOF associated with the bank account, this SOF is automatically selected. Once the bank account selected, the following screen will be displayed.

REGISTER VOUCHER

Select Bank Account:

Bank Account:

Source of Finance: **1800**

Select Voucher Type:

- Receipt Voucher
- Foreign Exchange Receipt Voucher
- Payment Voucher
- Foreign Exchange Payment Voucher
- Journal Voucher

- e. Select a voucher type and click 'Next'. You will be directed to an individual voucher entry screen based on the type of voucher you selected. If a 'Receipt Voucher' was selected the entry screen will be displayed

Home Logoff Change Pass

Bank Account: 01 - PSNP **Month:** Sene

Search & Filter

Voucher Type

PV SRV
 RV FxPV
 JV FxRV

Filter By User (user)
 Sort By Voucher No

BI Code:
 Day From: Day To:
 Voucher No From: Voucher No To:
 Account Code: Subs. Led. Code:
 Amount: 0.0 Item No: 0000000

(1 records found)

Matching Transactions

		Voucher			Check/Doc			Account	Subs.	Debit	Credit	User
<input type="checkbox"/>	Item No.	Date	Type	No.	No.	Description	SoF	Code	Code			
<input type="checkbox"/>	0000015	25/10/2007	RV	001		Money transferd from BOFED	2014	15/00/000/152/00/22	4011	0.00	600,000.00	user
									4110	600,000.00	0.00	

nts Module) - User : user Currently Selected BI: 15 / 00 / 000 / 211 / 06 / 01 / 01 / 001

- f. Enter all required information for the voucher and click the 'Save' button at the bottom of the page.

6. PAYMENTS

Payments may be effected in cash or through banks (in cheque or through bank transfer, mobile payment). Payment in cash may be effected from a petty cash fund, if it is established, or from cash drawn for various payments.

6.1. Bank Payments

6.1.1. The source documents to record cash paid by an accountant with Cheques or bank transfer which includes mobile payment is the Bank /Cheque/ Payment Voucher (Annex VIII). It is used to acknowledge and evidence the payment of Check or Bank transfer and serve as source document to record the transaction in to Transaction Register/ Voucher into IBEX.

6.1.2. The Bank payment voucher is prepared in two copies and distributed as follows:

- Original copy to the accountant
- Second copy is retained in the pad as a file copy.

6.1.3. The accountant prepares the PV form as follows:-

Field	Description
Date	Write the date of payment
Name of the Organization	Write name of the organization
Pay to	Write the name of supplier or individual who received money
Address	Complete full address of the receiver
Mode of payment	Mark in the box to show the mode payment by cash, Cheque, bank transfer, mobile transfer write also the Cheque no., date and Ref.No., if it is by bank transfer
Purpose	Write in short the purpose of payment in figure and words
Account Code	Write the correct accounting code
Debit	Write the amount in figure in debit column
Credit	Write the amount in figure in credit column
Total	Write the total amount in figure
Budget approved by	Write name & get signature of person who approved the budget
Prepared by	Write the name and get signature
Checked by	Name and signature of the accountant
Authorized by	Name & signature of person who authorized the payment
Received by	Name & Signature of a person who received the cash/cheque

6.1.4. Policies and Procedures for Bank/Cheque Payments

The following procedures should be strictly adhered in respect of cheque payments:-

- 6.1.4.1. Separate bank account should be opened for the PSNP IV program, which is to be operated by the dual signatories of the finance head and the head of the respective implementation agency. To minimize the risk of indispensability, more than two signatories may be delegated as additional signatories in the absence of primary signatories.
- 6.1.4.2. All payments other than transfers and petty cash, at all levels (Federal, Regions and Woreda), should be made by Cheque. The minimum single payment limit to pay in cheque will be in accordance with procedures practiced in each of the implementing agencies for the regular government account. As described in Section 6.2 of this manual, some Woredas may be allowed to pay above the petty cash threshold when bank services are not available in the Woreda.
- 6.1.4.3. Bank transfers shall be made in written instructions to bank against approved Payment Request.
- 6.1.4.4. Accountants prepare Bank Payment Voucher for cash paid in cheque or Bank transfer upon receipt of approved Payment Request Form. A requesting unit should fill out a Bank Payment Request Form and get the approval of the designated officials.
- 6.1.4.5. All Cheque payments and bank transfers shall be made via a Bank Payment Voucher and shall be duly authorised by the responsible officer.
- 6.1.4.6. All Bank payments should require dual signatories. The approval procedure and the authorisation limits to approve Bank payments shall be as per the existing FGE's policies. Cheque signatories should also approve payment voucher, supporting documents and the Cheque stubs.
- 6.1.4.7. The numbers of cheques received from the bank should be immediately recorded in a cheques register.

6.1.5. Internal Control Procedures for Bank Payments

The following internal control shall apply:

- 6.1.5.1. Cheque books collected from bank by designated signatories. The cheque leaves should be counted for completeness at the time of receipt. Any missing leaves are to be reported immediately to the bank for replacement.

- 6.1.5.2. Only one cheque book at a time is supposed to be issued to the accountant responsible for cheque preparation;
- 6.1.5.3. Cheque payment voucher is prepared based on the authorized payment requests. Availability of budget and completeness and validity of supporting documentation should be carried out before preparation and submission of the payment voucher and the cheques to the officials for signature;
- 6.1.5.4. Blank cheques should not be signed by any of the signatories;
- 6.1.5.5. Cheque stubs are to be completed with the date, name of payee, amount and initials of the authorized officials;
- 6.1.5.6. When there is an error in the preparation of a cheque, the cheque is cancelled by writing CANCELLED diagonally across the face of the cheque. The cancelled cheque is then retained in the cheque book stapled to the cheque stub;
- 6.1.5.7. Each Cheque payment should be evidenced by Cheque Payment Voucher. Payments to organizations, suppliers and contractors shall be supported with the required documents such as receipts, invoices, contracts, work completion certificates and goods or materials receipt reports;
- 6.1.5.8. In order to ensure that only the designated beneficiary can receive payment and fraudulent endorsement is not possible, cheques should preferably be made payable to a person company or enterprise and crossed A/C Payee only.
- 6.1.5.9. Bank accounts should be reconciled on a monthly basis against a bank book or cash at bank ledger.
- 6.1.5.10. Supporting documents for bank payment should be stamped with a “Paid Stamp”. Paid stamp should be prepared in the name of the Woreda or Region as applicable. The stamp should contain Reference and Date. See figure below:

PSNP	
PAID / ተከፋሏል	
Region:	_____
Woreda:	_____
Ref.No:	_____
Date:	_____

6.2. Recording of Payment Transactions in to Transaction Register/Voucher Entry/

The following examples show how payment transactions are recorded in the transaction register:-

Examples

Purchases of Agricultural, Forestry & Machinery Inputs were made for Birr 100,000.

Account title	Account Number	Debit	Credit
Agricultural, Forestry & Machinery Inputs	6324	100,000	
Cash at Bank	4110		98,000
Withholding tax	5006		2000

Source documents are bank payment voucher, and suppliers invoice.

If in above transaction the seller is a VAT registered, and since the purchase is more than 10,000.00 birr withholding will be deducted so the recording would be assuming the 100,000.00 is before VAT

Account title	Account Number	Debit	Credit
Agricultural, Forestry & Machinery Inputs	6324	115,000	
Cash at Bank	4110		98,000
VAT	5059		15,000
Holding Tax	5006		2,000

Registering a Transaction Using the Transaction Register Screen

A transaction can be registered in the system using the Transaction Register screen. While the main purpose of this screen is intended to be to review submitted transactions and post them to the general ledger, it can also be used to enter new transactions.

- Select a budget year from the 'Year' drop down on the toolbar. The budget structure for that year will be loaded in the 'Budget Tree' pane.
- Click on the 'Transaction Register' button on the toolbar. You will be prompted to select a RU from the budget tree for which you want to review or enter transactions.
- After selecting an appropriate RU, the 'Transaction Register' screen will be displayed in the content frame. See Figure

TRANSACTION REGISTER**Reporting Unit:** 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa**Bank Account:** 01 - PSNP**Month:** Sene

- d. Select a Bank Account and month from the drop down menus at the top of the content frame. The 'New Transaction' button at the bottom of the page will be enabled.
- e. After clicking the 'New Transactions' button, you can enter the required information for a new transaction and save it. The transaction will be registered in the transaction register but not posted to the ledger. For example a Payment to a consultant for the provision of financial management training was made Birr 4,500.

Source documents are bank payment voucher, and service provider invoice

TRANSACTION REGISTER**Reporting Unit:** 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa**Bank Account:** 01 - PSNP**Month:** Sene

The screenshot displays the 'TRANSACTION REGISTER' interface. At the top, there are search filters: 'Filter By User (user)' and 'Sort By Voucher No' are checked. Input fields for 'Account Code', 'Subs. Led. Code', 'Amount' (0.0), and 'Item No' (0000000) are present. A 'Find Transactions' button shows '(1 records found)'. Below this is a table titled 'Matching Transactions' with columns for Item No., Voucher (Date, Type, No.), Check/Doc No., Description, SoF, BI Code, Account Code, Subs. Led. Code, Debit, Credit, and User. The table contains one entry for item 0000004, dated 2/10/2007, type PV, number 001, check/doc 111, description 'Consultant payment', SoF 2014, BI Code 15/00/000/211/06/01/01/001. The account codes are 6251 (Debit 4,500.00), 4110 (Credit 4,410.00), and 5006 (Credit 90.00). The user is 'user'. At the bottom of the table, it shows 'Total Debit: 4,500.00' and 'Total Credit: 4,500.00'. There are buttons for 'Post', 'Delete', and 'Batch Edit'.

Item No.	Voucher	Check/Doc No.	Description	SoF	BI Code	Account Code	Subs. Led. Code	Debit	Credit	User
0000004	2/10/2007 PV 001	111	Consultant payment	2014	15/00/000/211/06/01/01/001	6251		4,500.00	0.00	
						4110		0.00	4,410.00	user
						5006		0.00	90.00	

- f. Enter all required data in the input boxes. A minimum of two transaction items is required (debit and credit) per transaction. To add additional transaction items, click on the 'New Line' button on the bottom left hand side of the screen. To remove a transaction line item, click on the 'del' link to the right of the line you want to delete.
- g. Once you have entered all data, click on the 'Save' button on the bottom right hand side of the screen.

6.3. Cash Payment

6.3.1 In some Woredas Cash Payment Voucher may be used to acknowledge and evidence the payment of cash by the cashier in cash other than cheque when bank services are not available in the Woreda. In such Woreda, it may not be possible to apply petty cash system.

6.3.2 The cash payment voucher is prepared in two copies and distributed as follows:

- Original copy to the accountant
- Second copy is retained in the pad as a file copy.

6.3.3 Procedure for Cash Payments

6.3.3.1 Cashier request for cheque payment based on the approved Payment Request Forms and additional sum as determined by the accounts head for different small payments. The additional sum of money should not exceed fifteen days small payment requirements.

6.3.3.2 Idle large sum of cash should not be kept long in the safe box. It should be deposited into bank with the decision of the finance head.

6.3.3.3 No cash Payment should be effected other than designated cashier and no officers involved in the preparation of accounts and signing of cheques should be engaged in withdrawing or paying of cash.

6.3.3.4 Cash balances should be counted every day, before office closure, by the finance head or designated officer and the count should be evidenced by a cash certificate.

6.4 Petty Cash

6.4.1 Procedures for Maintaining Petty Cash Fund

6.4.1.1 Petty cash funds will be authorised and established, under the custody of cashiers, for those payments which are not expedient to be made by cheques. All small payments shall be paid out of the petty cash.

6.4.1.2 The Petty cash fund float size will depend on the circumstances of the implementing agencies. The petty cash fund float size should not exceed one month's petty cash payments.

6.4.1.3 Petty cash fund shall be replenished whenever the amount of the cash in safe reach a safety cash level (20%).

6.4.1.4 Petty cash payments should be evidenced by Cash Payment Vouchers. Cash Payment Vouchers should be prepared against approved Request for Payment form.

6.4.1.5 The cashier should maintain a Petty Cash Book (See Section 6.4.2 below)

- 6.4.1.6 The cashier may effect payments from the petty cash fund using a Suspense Payment Voucher (Annex IX) when the exact amount of cash to be paid is not known.
- 6.4.1.7 Suspense voucher should be replaced by petty cash payment voucher in 30 days. If the suspense account is not cleared within a period of 30 days, it will be transferred into Cash payment Vouchers and the appropriate staff account will be debited.
- 6.4.1.8 Suspense payment vouchers are not recorded in the petty cash book and should be regarded as cash. These vouchers are prepared in three copies. All copies are retained in the safe and cancelled (made void) when a payment voucher is prepared to settle the suspense account. The cancelled original given to the person settling the suspense item: the second copy is attached to the payment voucher; the third copy is retained on the pad. Refer Annex X /A for sample petty cash book.
- 6.4.1.9 When it is not possible to get official (formal) receipts for payments such as purchase of seeds from farmers or purchase of materials for public works for local village market, it is essential to prepare internal invoice (ደረሰኝ ለማይቀርብባቸው ወጪዎች የውስጥ ደረሰኝ) with a format per Annex XLIII to be approved by the requesting department head before presented to accounts for settlement. The recipient of the cash should sign for receiving.
- 6.4.1.10 Surprise and periodic cash count should be made on petty cash fund by the head of finance unit or designated officers and counts should be evidenced by a cash count certificate.
- 6.4.1.11 Proper cut-off procedures should be undertaken to ensure that all the source documents are accounted in the period they are applicable. As far as possible, no cash balance should be kept in the hands of cashiers at the end of the fiscal year. The counting team should sign at the back of the last voucher used (CRV and CPV).
- 6.4.1.12 Cashiers should deposit yearend cash on hand before the physical count commences and may withdraw (with approved payment procedures) in the following day (first day of the new fiscal year) if required.
- 6.4.2 Maintaining Petty Cash Book**
- 6.4.2.1 The purpose of the petty cash book is to control and monitor the movement of the petty cash fund.
- 6.4.2.2 The source document to record the receipt of petty cash fund is a Bank payment voucher in which Petty cash fund is established or replenished.

6.4.2.3 The source document to record payment from petty cash fund is the Cash Payment Voucher.

The payment vouchers are given to the accountant to reimburse the cashier with petty cash.

The cashier should fill the following under petty cash register:-

Fields	Description
<i>Date</i>	<i>Date the transaction Occur</i>
<i>Descriptions</i>	<i>Short description about the nature of Transaction</i>
<i>Cheque no</i>	<i>Write the Cheque no.</i>
<i>CPV</i>	<i>Write the cash payment Voucher no.</i>
<i>Receipt</i>	<i>Write the receipt voucher no.</i>
<i>Balance</i>	<i>Running Balance</i>
<i>BBF</i>	<i>Write the amount brought forward from previous page as Beginning balance</i>
<i>BCO</i>	<i>Write the amount carried over to the next page</i>

6.4.3 Internal Control over Petty Cash

- 6.4.3.1 Conduct surprise cash count of petty cash; and evidence the count by a cash count certificate. Quarterly and Yearend cash count should be undertaken for the petty cash fund as well (even if balance is zero) and reported to regions
- 6.4.3.2 Ensure that a petty cash book is maintained, which shows the daily expenditures and the balance on hand;
- 6.4.3.3 Use a pre-numbered petty cash voucher;
- 6.4.3.4 Petty cashiers should not have role in signing cheques or approving payment vouchers or recording and/or posting functions;
- 6.4.3.5 Check that daily cash on hand reports are delivered by the petty cash custodian to the senior finance officer.
- 6.4.3.6 Supporting documents for petty cash payment should be stamped with a “Paid Stamp”. Paid stamp should be prepared in the name of the Woreda or Region as applicable. The stamp should contain Reference and Date.

6.4.4 Replenishment of Petty Cash Fund

- 6.4.4.1 To replenish to the extent of petty cash spent, the cashier surrenders all cash payments vouchers together with the attached supporting documents to the Accountant after completing Petty cash summary sheet with a format per Annex X/B.

6.4.5 Recording Petty Cash Fund

6.4.5.1 Example for Establishment of Petty cash fund: - An implementing agency is authorized to a petty cash fund of Birr 15,000. The accountant will prepare the following entry based on the authorization letter and Bank payment voucher.

Account title	Account Number	Debit	Credit
<i>Petty Cash Fund</i>	4101	15,000	
<i>Cash at Bank</i>	4110		15,000

6.4.5.2 Petty Cash Payment Transaction Recording

Example: Purchase of office supplies for Birr 250.

Account title	Account Number	Debit	Credit
<i>Stationery and supplies</i>	6212	250	
<i>Cash in Safe</i>	4101		250

6.4.5.3 Recording Petty Cash Replenishment

The cash in safe account will be debited and cash at bank will be credited for the amount of cash being replenished to the cashier. For example: The cashier spent Birr 10,500 with payment voucher and Birr 1500 in a suspense voucher out of the total Birr 15,000 petty cash fund. As suspense voucher is part of the cash, the replenishment is applied only to those payments evidenced with cash payment vouchers. The entry on the Cheque payment voucher on which the replenishment is prepared :

Account title	Account Number	Debit	Credit
<i>Cash in safe</i>	4101	10,500	
<i>Cash at Bank</i>	4110		10,500

6.4.6 Recording of Cash overage/shortage

Examples:-

- On February 15, 2011 a surprise cash count revealed that there was Birr 1000 more in safe compared to the record balance.
- On March 5, 2011 a cash count revealed a shortage of Birr 550 in safe compared to the record balance.

Cash Overage

- The one who is in charge of counting (accountant/internal auditor) should ensure that the cashier prepared a cash receipt voucher for Birr 1000 to evidence the overage.
- The accountant shall prepare the following entry on the CRV

Account title	Account Number	Debit	Credit
Cash on hand	4101	1000	
Cash shortage/overage	5601		1000

Cash shortage:-

Account title	Account Number	Debit	Credit
Cash shortage/overage	4202	550	
Cash on hand	4101		550

- Based on the decision of management, the above balance could be deducted from the payroll of the cashier. Alternatively, management might require the cashier to settle the lost money in cash, in which case coding will be done on CRV.

6.5 Suspense Payments

6.5.1 When the suspense is settled or cleared within the prescribed period, the SPV shall be cancelled and the cash payment voucher is prepared to capture the transaction in the transaction register. When SPV is not settled within the prescribed period, the expenditure accountant prepares a cash payment voucher (attaching the SPV as supporting document) and record in the cash book as cash out and directs it to the General Ledger accountant to record it the transaction register as a receivable.

6.5.2 **Recording of Suspense Transactions:** No accounting recording is required for suspense voucher. However, if an advance paid using a suspense voucher is not settled within 30 days, it should be transferred into Payment Voucher. The accounting recording will be then in accordance with procedures explained above in relation to Cash Payment Voucher or Petty Cash Payment as the case may be.

Example

- Gemechu was paid Birr 450 for the purchase of stationery items from the Petty Cash fund using a Suspense Payment Voucher. Gemechu failed to settle the suspense advance within 30 days. The cashier issued a memo to the finance head about it. The Finance head order the accountant to prepare the Cash Payment Voucher, and attach the Suspense Payment Voucher to the Payment Voucher. Gemechu, later on submitted the invoice and the goods

receiving voucher, amounting Birr 550. The accountant submits the document for approval, and prepares a Payment voucher for extra Birr 100, as the amount of document submitted by Gemechu is higher than the advance he took.

Journal Entry for effecting payment using Suspense Payment Voucher

No Journal entry required

Journal Entry for transferring the Suspense Voucher into a permanent record (Cash Payment Voucher)

Account title	Account Number	Debit	Credit
Purchase advance	4211	450	
Cash in Safe	4101		450

Journal Entry for settlement of Birr 450 and affecting the extra Birr 100 using a Payment Voucher

Account title	Account Number	Debit	Credit
Office Supplies	6212	550	
Purchase Advance	4211		450
Cash in safe	4101		100

6.6 Bank Reconciliation

- 6.6.1 From practice, it is understood that the balance per record of organization's book may not agree with the balance per bank statement. The most common causes for differences include:-
- Deposits in transit, not shown in the bank statements
 - Outstanding Cheques not presented to the bank
 - Deposits/payment not recorded on books
 - Errors in recording either by the bank or by the implementing agency.
- 6.6.2 Bank reconciliation should be prepared on a monthly basis in 5 days time from the end of the month concerned. Bank reconciliation should be made on a monthly basis even if there is no payment or deposit or transfer received during the month.
- 6.6.3 Bank reconciliations to be prepared by the following entities to reconcile all bank accounts maintained for the project: - by MoFED, by BoFED, by WoFED, by FFSCD, and by others that receive project funds.

6.6.4 The reconciliation will help us to correct book errors, and to identify bank errors and other fraudulent activities as early as possible before it is too late.

6.6.5 Documents required to prepare the bank reconciliation are:

- Monthly Bank Statements received from the bank
- Transaction Register/General Ledger, and
- Bank reconciliation report of the previous month.

6.6.6 Steps required in preparing bank reconciliation includes:

- Timely obtain monthly bank statements and make sure that items from the prior reconciliation are cleared on the statement by the bank when a bank statement is received.
- Compare the Cheque payments, transfers and deposits listed on the bank statements against entries in the Transaction Register. Put a mark on both the ledger and statements for the transactions which are available in the exact amount at the bank statement and ledger card.
- **Note** errors, outstanding Cheques and deposit in transit from the transaction register, if any.
- List other items on the bank statement but not recorded in the Transaction register or ledger.
- List transactions (deposits and payments) shown in the bank statements but not in the Transaction register. If there is a cheque payment, shown in the statement but not in your register or ledger, the reasons may be:
 - i. You did not post the transaction into the transaction register or ledger,
Action: find the document and post it and update your ledger balance
 - ii. There is error in posting the transaction
Action: Make correcting entry
 - iii. The cheque payment shown in the bank statement was not issued by your organization or doesn't issued from PSNP (that is bank error)
Action: Notify the bank to make a correction and get the revised bank statement after the bank did the correction.
 - iv. Your cheque may be stolen and cheque payment is issued without the knowledge of the accounts
Action: Notify the bank and follow-up seriously

- If there are debit and credits related to bank transfers and bank charges, make sure that you have all these advices. If these advices are not available, ask the bank to give the copy of these advices to pass the necessary journal entry.
- Banks do not often send advices for cost of cheque books. Make the appropriate entry by referring the bank statement.
- Review and investigate outstanding cheques of the previous month if they are not still cleared in subsequent current months. Make sure that these are not voided cheques but recorded into the Transaction Register and Ledger.
- Follow-up with bank
 - if there are deposit in transits which did not appear in 10 and more days before the end of the month
 - If you are informed a cash transfer by the BoFED or MoFED or the next level of Food Security offices that cash was transferred but not yet shown statement.

Prepare the bank reconciliation with a format shown below. Note that the Cash at Bank as per ledger at the date of reconciliation should be equal with that of Adjusted (reconciled bank balance).

 Woreda / Region
Bank reconciliation statement
For the month ended on _____

S.N	Description	Birr	Birr
(A)	Opening Balance as per ledger (Date)		xxxxxx
	Add: Transfer received from _____ during the month		xxxxxx
	Total cash available		xxxxxx
(B)	Less: Total payments for the month (by cheque/Bank transfer/ letter)		(xxxxxx)
	Cash at Bank as per ledger (Date)		xxxxxx
(c)	Bank Balance shown in the Bank statement (Date)		xxxxxx
	Add: deposits in transit		
	CRV--- Refund from supplier	Xxx	
	CRV--- Refund from travel advance	Xxx	
			xxx
			xxxxxx
	Less: Cheques written but not presented for payment		
	Ch No. -----	Xxx	
	Ch No. -----	Xxx	
			(xxxx)
	Adjusted (reconciled bank balance)		xxxxxx

Prepared by _____ Checked by _____

6.6.7 The following reconciliation items do not require journal entries by MoFED /BoFED /WOFED.

They usually include:-

- Deposits in transit: deposits received by the bank not recorded on the bank statement.
- Bank errors: typical bank errors include transposition errors of Cheque amounts or items recorded in error against the depositor's account.
- Outstanding Cheques recorded in the accounting records that have not yet been paid by the date of the bank statement.

6.6.8 Items on the books of the implementing agencies side of the bank reconciliation require rectification and normally include:

- A transposition error or error in addition on its deposit slips to the bank and error is recorded in the transaction register. Errors require adjustment to the account balance.
- Service charges: Banks may not issue advices for cost of cheque book. Journalize the transaction by refereeing the statement.
- Insufficient funds Cheques: Cheques deposited by implementing agency that are returned to the bank for insufficient funds. These are illegal in Ethiopia and strictly addressed as and when occurred.

6.6.9 Keys issues

- Any error by bank should be followed up for timely correction.
- It is important to make sure that payments regarded as outstanding cheque and deposits regarded as deposit in transit during reconciliation are really outstanding or deposit in transit. Duplicate posting or journalizing could cause a false outstanding cheque.
- To the extent possible, there should be no reconciling items as "Payments not recorded on book'. The accountant should request immediately from bank for credit or debit advices. He should also make sure that the advices are related to the public body.
- Review un-presented cheques for over six months to determine whether or not these should be reversed to creditors. Bring the case for the management decision.
- Make sure bank charges are reasonable.
- It is important to consider month end bank transfer transactions are communicated and adjusted to avoid reconciliation difference between MoFED and BoFED and also between BoFED and WoFED.

- Woredas should submit bank reconciliations as well as cash count certificates to regions as part of their reporting
- Regions should monitor and follow-up woredas for timely preparation and submitting bank reconciliations as well as cash count certificates.
- Regional IFRs/reports to MoFED will include a schedule or a list of woredas that submitted bank reconciliation and cash count certificates as well as Woredas that have not submitted detailing out reasons and action taken on them,
- MoFED will incorporate in the quarterly IFR to donors a list by regions/by woreda that shows the Bank reconciliation and cash count certificate submission by woredas.

7 Payroll

Salaries and wages are representing the largest single expense paid in cash and food in PSNP.

- i. Wages for public Works (Payroll with no deduction) and Direct Support
- ii. Salaries for Skilled and Semi-Skilled Manpower-includes contract staffs of the project, and technical expertise for public works etc. (Payroll with tax deductions)

7.1 Payroll Public works and direct support

7.1.1 Usage of PASS Payroll System

- 7.1.1.1 Use of payment software – PASS – is mandatory in all PSNP woredas
- 7.1.1.2 The same controls are in place for PSNP transfers regardless of whether payments are made in food or cash. This means that all payments (both cash and food) are made against a PASS-generated payroll.
- 7.1.1.3 Payroll is prepared against approved attendance.

7.1.2 Attendance Processing - Role of Woreda Food Security Office

- 7.1.2.1 It is the responsibility of the Woreda Food Security Office to check and approve the attendance sheet.
- 7.1.2.2 Attendance sheets should be signed by beneficiaries, not tick marks with an attendance format per Annex XLII.
- 7.1.2.3 The Woreda Food Security Office enters the data on attendance into the Attendance Sheet of PASS. If problems with the attendance sheet are noted, the Woreda Food Security Office requests clarification from the Kebele Food Security Taskforce.
- 7.1.2.4 The Woreda Food Security Office records the entitlement of unconditional transfer clients. The Attendance Sheet for both Public Works and Direct Support clients is then transferred to WOFED in electronic form as required by PASS.
- 7.1.2.5 Payroll is prepared with a format per Annex XL/A (for cash beneficiaries) and XL/B (For food beneficiaries).

7.1.3 **Payroll Processing using PASS:** WOFED then enters the attendance sheet data¹ into PASS and generates the payroll for all Public Works and Direct Support clients. The WOFED then sets the payment schedule, depending on when transport, security and staffing can be arranged. Priority should be given to ensure that the payments are made as per the performance target.

7.1.4 **Planning the payment:**

7.1.4.1 Cash payment can be effected to clients in cash through cashiers or through mobile banking system.

7.1.4.2 WoFED should determine which clients are opted for mobile banking payment system and which of them would like to continue with the traditional cash payment system ahead of time.

Plan for Mobile Payment

7.1.4.3 The MFI in charge of the mobile banking service will notify in advance the bank account number of clients who applied for mobile banking services.

7.1.4.4 WoFED and MFI communicate clients the date on which their payment will be transferred to their accounts before the pay day.

Plan for traditional cash payment

7.1.4.5 The WOFED then communicates to the kebeles the payment schedule for cash and food payments. The aim is to minimize the amount of time clients will have to wait to receive their payment. If the WOFED can, it should indicate the time at which payments will start in each payment site and the list of households that will be paid in the morning and then in the afternoon. This will allow the households to come in the morning or afternoon rather than waiting the whole day. If a household misses its payment time, it can collect the payment at later during the payment process.

7.1.4.6 The payment schedule and payroll for permanent direct support will be separated out from the systems supporting public works clients to allow payments to be made without any interruptions (such as a delay to public works implementation) and to make it easier to transfer responsibility for these clients to MOLSA in the future once capacity is developed.

7.1.4.7 The new performance standard for timeliness in the PSNP 4 will be 20 days after the end of the month for cash and 30 days after the end of the month for food.

¹ Attendance is applicable only to Public work clients

7.1.5 Effecting the Payment to Clients

Traditional cash payment

- 7.1.5.1 For cash payments, the WOFED cashier and accountants then collect the cash from the bank to make the transfers and travels to the payment sites. Payment sites are as close to clients as possible, at least in the kebele centre and ideally in the communities.
- 7.1.5.2 The WOFED should mobilize sufficient cashiers and accountants (those working both on PSNP and the regular government program can be mobilized) to make the payment process as fast as possible to meet the agreed performance target if payment not done using mobile/internet payment.
- 7.1.5.3 For food payments, food resources are delivered to distribution points and clients are asked to assemble at these points. Food resources are paid by a unit in charge of delivering food outside WoFED.
- 7.1.5.4 Clients assemble at the payment site at the time indicated by the WOFED (or Food Security if food). When a client arrives at the payment site on the day of transfer, the client will present their client card to the cashier.
- 7.1.5.5 The cashier will have the PASS list on hand to verify that the Client Card ID number matches the PASS ID number corresponding to the client's name. The cashier will also verify that the photo on the Client Card is a match to the person presenting the Card.
- 7.1.5.6 After the identity of the client is verified, the cashier pays the clients the total payment due to his or her household, including both Public Works and Direct Support payments. For polygamous households, each household is paid separately. For divorced households, the man and woman are paid separately.
- 7.1.5.7 The cashier asks the client to sign on the PASS payroll to indicate receipt of payment. Immediately afterwards, the cashier will enter the PASS generated data onto the Client Card corresponding to:
- PW days worked or DS days eligible
 - Transfer: type and amount
 - Date transfer is received

Mobile Banking payment

- 7.1.5.8 Once clients open a saving account at the MFI and their data is uploaded to the MFI or third party technology service provider database, then they will be eligible to receive their payments through the mobile banking system.

- 7.1.5.9 WoFED sends approved monthly payroll to the MFI. The payroll sheet may be submitted to the MFI in hard copy or electronically depending on the requirement of the MFI or a third party technology service provide.
- 7.1.5.10 The MFI credit the accounts of the clients based on the payroll sheet data it received from WoFED. Clients will be informed through mobile text messaging that cash is transferred into their saving account at the MFI.
- 7.1.5.11 Clients may withdraw the cash in full or partially at their convenient MFI's working days.

7.1.6 Exception Management in Payroll Payments

- 7.1.6.1 Clients will not receive their payments if they do not present their Client Card to the cashier. If a client does not have their card, the client and cashier will mutually agree if:
- the client will travel to the woreda capital to collect the payment from WOFED,
 - if the cashier will return at a later day that month; or
 - if the payment will be made during the next payment cycle. The cashier should, to the extent possible, assist the client to receive their payment as soon as possible. The cashier makes a note of the agreement reached with the client.
 - If the card has been lost or stolen the client should be told to report it immediately to the Kebele Administration who will request an additional card from the woreda and re-issue a new card.
- 7.1.6.2 If a client is unable to collect his or her payment, such as an elderly or disabled Direct Support client, someone else may collect the payment on his or her behalf. This should be agreed with the Community Food Security Taskforce. The CFSTF then informs the KFSTF, which informs the cashier that this arrangement has been made.
- 7.1.6.3 If the client feels that he or she did not receive the correct payment, they should NOT sign the payroll and should instead ask the cashier to verify that the payment is correct. If this does not resolve the problem, the client can lodge a complaint with the Appeals Committee. The Appeal Committee then investigates within 15 days.
- 7.1.6.4 Under NO circumstances should clients be asked to pay from their PSNP payment any costs associated with the payment process, such as having their identification verified, their Client Card checked or their name found on the PASS payroll. All payments to PSNP clients MUST be made in full, as stated in the PASS payroll.

- 7.1.6.5 If the kebele or woreda officials believe that elders should be asked to verify the identity of PSNP clients, for example, and that they should be paid for this service, this payment should be made from the administrative budget of the PSNP not from clients.
- 7.1.6.6 If clients reported that no payment is transferred to their account through the mobile banking system, or the payment they received is inaccurate WoFED should respond immediately and should sort out the problem in collaboration with the MFI. Clients shall not pay any service charge for the rectification of the error whoever is (WoFED or the MFI) committed the error.

7.2 Salaries for Skilled and Semi-Skilled Manpower (Payroll with tax deductions)

7.2.1 Internal Controls

General

- 7.2.1.1 Wages and salaries are computed in accordance with records of work performed, and agreed upon wage or salary rates; e.g, attendance sheets, approved overtime records and performance reports.
- 7.2.1.2 Whenever it is feasible, especially when there is more than one accountant, the function of payroll preparation should be rotated among these accountants.
- 7.2.1.3 Payrolls deductions are authorized, correctly accounted for and paid to the appropriate third parties.
- 7.2.1.4 Transactions related to wages and salaries are accurately entered in the accounting record.

Personal Record

- 7.2.1.5 A Personnel record should be kept for each employee, containing particulars of such matters as engagement, retirement or dismissal rates of pay agreed deductions, specimen signature, photograph or other identification. Such documents should be kept separate from both the accounts department and the payroll preparation section.
- 7.2.1.6 The staff involved in the preparation of the payroll being notified of engagements, transfers, discharges and changes in rates of pay on properly authorized forms.
- 7.2.1.7 Entries in the personnel files should be authorized by someone not connected with the payroll preparation.

Review and audit

- 7.2.1.8 On a monthly basis, payrolls should be checked, as regards names, basic salaries, paid days including overtime, rates of pay, gross pay, calculations and additions by a person independent of those who originally prepared them.
- 7.2.1.9 Payroll sheets should be periodically reviewed and reconciled against official personnel records including employee's names, rates of pay, and deductions by an internal auditor and/or accountant who was not engaged in the preparation and effecting of payroll payments.
- 7.2.1.10 Payroll totals shall be reconciled from month to month and any changes verified with authorized changes to the official records.
- 7.2.1.11 Approval of work records should be undertaken by persons not connected with the payroll preparation.
- 7.2.1.12 Payroll should be paid against approved payroll sheet with a format per Annex XLIII/C.
- 7.2.1.13 Payment of wages should be made by the cashier/employee who has had no part in the preparation of the payroll or the supervisors of the field work.
- 7.2.1.14 Only the net amount of cash required for payment of wages shall be drawn from the bank.
- 7.2.1.15 Payment of wages shall be made against employees' signature for receipt or where this is not possible against adequate identification by each employee. However, cash should not be handed to the foremen/supervisors for actual distribution to the men under them.
- 7.2.1.16 Unclaimed wages should be recorded immediately after the conclusion of payment and only issued subsequent on satisfactory proof of entitlements wages unclaimed after a certain period shall be against receipt or deposited to the bank.
- 7.2.1.17 Wages unclaimed for no reason may indicate irregularities on the payroll and shall be under investigation.
- 7.2.1.18 WoFED should check every month the payroll against the MFI report for cash transfer to the clients account. Any discrepancies should be investigated and followed-up immediately.

Payroll deductions

- 7.2.1.19 Statutory deductions should be carefully computed and should be included payroll to arrive at the calculations of net pay. They are automatic and mandatory (eg income tax, etc)
- 7.2.1.20 Payroll deductions; other than statutory deductions, should only be made in accordance with the employee's written approval maintained in his personnel record,

- 7.2.1.21 All deductions should be credited to separate accounts to assist in ensuring control over and accuracy of payments to third parties,
- 7.2.1.22 The agreement with the related payrolls of payments made in respect of deductions should be done by persons other than those who prepare the payrolls, to minimize the opportunities for unauthorized payroll deductions.

7.3 Accounts Recording

- 7.3.1 On a monthly basis, payroll transactions are processed using the IBEX Journal Voucher entry window. An approved payroll sheet, signed by clients for receiving of cash and a transfer confirmation letter by MFI to clients who receive their payment electronically (mobile banking system) will be the source document for processing payroll transaction.
- 7.3.2 Salaries of employees paid through payroll. The following is a typical example of monthly payroll transaction.
- i. Staff employees' payroll of a month shows the following details:-

Total of	Amount
Basic Salary	21,500
Allowance	2,500
Income Tax	3,100
Salary advance deduction	2,400
Net Pay	18,500
Net Salary not claimed by employees	2,750

- ii. A cashier prepares a cash receipt voucher for the unclaimed portion of Birr 2,750.
- iii. Some days later, some staffs claimed Birr 1,500 after they return back from a long field work.
- Journalizing of the above transactions**
- 7.3.3 A cheque will be prepared for the total net pay to employees, which is Birr 18,500. After salary of staff members were paid based on approved payroll sheet the accountant will pass the following entries on a journal voucher.
- *Journal for unclaimed salary will pass separately*
- 7.3.4 The following entry will be passed on the Bank Payment Voucher as supported by the payroll sheet:- (Please note that you should have to refer the Cash Receipt voucher number on the cashier deposited the unclaimed salary portion).

Figures are for the total of cash column of the payroll

Account title	Account Number	Debit	Credit
Salary	6113	24,000	
Income Tax	5002		3,100
Salary advance	4211		2,400
Cash at Bank	4110		18,500

7.3.5 Recording of the unclaimed Salary

Cash Receipt Voucher will be prepared for the total of the unclaimed salary of Birr 2,750 and the following entry will be passed on the CRV:

Account title	Account Number	Debit	Credit
Cash on Hand	4101	2,750	
Salary Payable	5004		2,750

The cash should be deposited to bank intact.

Note: When the cashier deposits the unclaimed salary into the bank, Cash at Bank will be debited for Birr 2,750 and Cash on Hand will be credited for the same amount.

7.3.6 Settlement of Unclaimed Salary

Based on approved payment requests of employees, a cheque will be prepared for the total of the claimed net pay of the employee and payment will be effected accordingly for Birr 1,500. The accountant shall make the following entry.

Account title	Account Number	Debit	Credit
Salary Payable	5004	1,500	
Cash at Bank	4101		1,500

Note: Similarly, when the remaining Birr 1,250 of unclaimed salary (Birr 2,750 less 1,500) is paid, a similar transaction will be passed by debiting unclaimed salary and crediting the cash at bank.

7.3.7 If unclaimed salary remaining outstanding for more than six months, it will be reversed against the appropriate expenditure account (example public work).

7.3.8 Recording Payroll for Public work and Direct Support Beneficiaries

After Wages for Public work and direct support beneficiaries are paid, payroll transactions should be registered in the appropriate transaction register. Entry for wages paid in cash or in food is provided below:-

Payment in cash, based on payment voucher should be supported by attendance sheet and PASS payroll.

Account title	Account Number	Debit	Credit
Public Work	6114	Xxx	
Cash at Bank	4110		Xxx

While recording payroll transactions on transaction register, the accountant should also update posting of the subsidiary ledgers of staff advance and salary payable. Budget control cards should also be updated for salary and allowances.

7.3.9 Recording for transaction under mobile banking system

- When payroll is prepared, approved and payroll document is disseminated to MFI

Account title	Account Number	Debit	Credit
Livelihood Transfers - payment to Beneficiaries	6412	xxx	
Salary Payable	5004		xxx

- When cash is paid to MFI against the MIF transfer confirmation

Account title	Account Number	Debit	Credit
Receivable from MFI	4274	xxx	
Cash at bank	4110		xxx

- When MFI submit evidence of payment or transfer to the beneficiaries account:

Account title	Account Number	Debit	Credit
Salary Payable	5004	xxx	
Receivable from MFI	4274		xxx

8 Special Payments

8.1 Travel and per diem

- 8.1.1 Travels should basically be pre-planned except those unpredictable emergency travels.
- 8.1.2 Per Diem rates and other reimbursable expenses are computed in accordance with the administration manual or prevailing approved rate in the implementing agency unless a different rate issued (approved) for PSNP by FSCD.

8.1.3 When Travel advance is taken:

- 8.1.3.1 When a travel advance is required, the traveller should fill the Travel Request and Approval Form with a format per Annex XXVII, prepared in two copies and get the approval of his unit/department head. The traveller then passes the approved form to accounts for budget checking and processing payment.
- 8.1.3.2 Earlier Travel advance must be cleared (settled) before another travel advance is given.

8.1.4 When travel advance settled

- 8.1.4.1 Traveller should settle the per diem advance in three days from the date of return.
- 8.1.4.2 Traveller should complete and submits a Travel Report and Settlement Form with a format per Annex XXIII within three days of returning from the travel. The settlement form has to be prepared by the traveller (finance may assist) in two copies, attaching allowable receipts for reimbursable expenses. The form has to be verified by head of the unit or department where the traveller belongs, checked by accountant and should be approved by the Administration and Finance Head.
- 8.1.4.3 The senior accountant has to check the validity of the supporting documents. Where any errors are found, the Travel Report and Settlement Form are returned to the traveller with a memo listing the errors.
- 8.1.4.4 If there is additional payment to be given to the traveller, the appropriate payment voucher will be prepared. If the traveller is supposed to refund for the excess advance, he/she will be informed to return the cash against the cash receipt.
- 8.1.4.5 Finally the senior accountant sign on the settlement form and issue the copy as settlement evidence to the traveller.

8.1.5 Recording Travel Advance & Settlement

- **Example:**Travel Advance of Birr 300 was made to staff member, Ato Henock Degefu, from petty cash. The staff submits travel expense report for Birr 120.
- **Payment of travel Advance**-The petty cash should be supported by approved travel advance request and approval form and the receiver signature.

Account title	Account Number	Debit	Credit
Travel Advance:- Henock Degefu	4211	300	
Cash in Safe	4101		300

- **Travel Expense**- The accountant will pass the following entry on a journal voucher on the basis of approved travel expense report.

Account title	Account Number	Debit	Credit
Travel Expense/per diem	6231	120	
Travel Advance:- Henock Degefu	4211		120

There should be proper follow-up on the unsettled part of the travel advance. If the purpose of the travel is fulfilled, the employee should repay the remaining Birr 180, through cash receipt voucher.

Account title	Account Number	Debit	Credit
Cash in Safe	4101	180	
Travel Advance:- Henock Degefu	4211		180

8.2 Purchase Advance

- 8.2.1 Purchase advance may be provided to a purchaser in cash or in cheque in a situation where vendors are not known in advance.
- 8.2.2 The appropriate procurement documentations, including purchase requisition, purchase order, approved Request for Payment and others as applicable, need to be fulfilled before preparation of the payment voucher.

- 8.2.3 Purchase advances should be settled in 30 days time from the date of receipt. More days for settlement may be allowed if purchase is to be made distant places outside the Woreda.
- 8.2.4 No purchase advance will be provided unless the purchaser settles the earlier advances.
- 8.2.5 All purchase advances should be settled immediately up on receiving the goods/service by providing the required invoice, GRN, purchase order, and evaluation minutes and Performa invoices;
- 8.2.6 For purchase advance that are not settled after receipts of goods/ service, the salary of the purchaser should be suspended until settlement;
- 8.2.7 All purchase advances should be settled before closing date of Sene 30 (July 7)
- 8.2.8 There is wrong practice of recording advance payments as expenditures at the time advance is made. All advances should be recorded as receivable when the advances are made and as expenditures when they are settled.

8.2.9 Accounting Recording

Examples

After ascertaining that there is approved budget, the following expenditures were incurred:-

Example 1: Purchase of 1,546 agricultural implements was made at a cost of Birr 9,000 from Kotebe Metal Factory. The supplier was paid Birr 5,000 in cheque and the remaining amount paid after a month.

- **Purchases-** The purchase of the agricultural implements has cash credit elements. The accountant pass the following entry on bank payment voucher based on Goods Receiving Report.

Account title	Account Number	Debit	Credit
<i>Agricultural Implements</i>	6324	9,000	
<i>Cash at Bank</i>	4110		5,000
<i>A/P-Kotebe Metal Factory</i>	5008		4,000

During recording the entries on transaction register, posting should be done to both the expense and account payable subsidiary ledgers. Also update the budget ledger card.

- **Settlement of Credit**-Considering the above amount was settled by Cheque in the agreed period, the accountant will prepare the payment voucher and code the following

Account title	Account Number	Debit	Credit
<i>A/P-Kotebe Metal Factory</i>	5008	4,000	
<i>Cash at Bank</i>	4110		4,000

Example 2: Another supplier, Ghion Gas, was paid Birr 5,000 in advance for purchase of fuel and lubricants. After a month the supplier deliver fuel and lubricants amounting Birr 3,500 only.

- **Prepayment to supplier**-The prepayment to Ghion Gas and the settlements are to be accounted separately. In the case of the prepayment of Birr 5,000, the accountant will code the following on the bank PV:-

Account title	Account Number	Debit	Credit
<i>Advance to Suppliers: Ghion Gas</i>	4253	5,000	
<i>Cash at Bank</i>	4110		5,000

When Ghion Gas deliver fuel and lubricants amounting to Birr 3,500, the accountant shall prepare a journal voucher based on goods receiving report and the invoice and code the following:-

Account title	Account Number	Debit	Credit
<i>Fuel & lubricants</i>	6217	3,500	
<i>Advance to suppliers:- Ghion Gas</i>	4253		3,500

Example 3: The region purchase stationeries amounting to Birr 6,500, on behalf of Woreda A. Moreover the region paid Birr 500 as purchase advance to the same woreda staff member, Ato Bekele Dinku. The payments were made by different cheques.

Both the region and woredas should pass entries for the purchase stationeries and advance paid to the Woreda's staff. Note also the payments are not a budget transfer.

- **In the books of the region-**As two cheques were made the coding is done on different bank payment voucher

Purchase of stationery

Account title	Account Number	Debit	Credit
Woreda A	4210	6,500	
Cash at Bank	4110		6,500

Advance to the Woreda Staff Member

Account title	Account Number	Debit	Credit
Woreda A	4210	500	
Cash at Bank	4110		500

- **In the Books of the Woreda-**Based on the statement, debit advance of the region, the Woreda will pass the following entries on a journal voucher

Account title	Account Number	Debit	Credit
Office Supplies	6212	6,500	
Advance to staff:-Purchases :- Bekele Dinku	4211	500	
Due to Region	5026		7,000

- The Journal voucher should be supported by goods receiving report for the purchase of stationery and employees confirmation of his debt.
- During recording the entries on transaction register, posting should be done to both the expense and account payable subsidiary ledgers. The budget cards should also be updated.
- The accountant of the region and the Woredas should consider the above entries in their monthly statements to be sent to each other. The accountant should also check the referred entries against the monthly statement of the region, while reconciling the two agencies. The procedure is key for smooth consolidation of the financial statements.

Example 4: Birr 6,512 was paid in advance for transportation of different materials to some sites in a Woreda. Loading/unloading expenses when the materials are delivered to sites is Birr 500.

- **Transportation of materials to sites-**At the time the advance is paid, the following entry is recorded on bank payment voucher

Account title	Account Number	Debit	Credit
<i>Advance to supplier</i>	4253	6,251	
<i>Cash at bank</i>	4110		6,251

When the materials are proved to be transported and delivered to the sites (against approved and signed Goods Receiving Notes and attached dispatch notes) the following entry is recorded on a journal voucher.

Entry to clear the advance to the service supplier

Account title	Account Number	Debit	Credit
<i>Transportation Expense</i>	6324	6,251	
<i>Advance to suppliers</i>	4253		6,251

The loading/unloading expense of Birr 500 is recognized when the payment is made from petty cash as follows:-

Account title	Account Number	Debit	Credit
<i>Miscellaneous Payment:- Loading unloading</i>	6324	500	
<i>Cash</i>	4101		500

8.3 Long outstanding receivables

- 8.3.1 Receivables of any type including staff advance, advance to supplier and contractors which was outstanding for more than three months are considered as long outstanding. Advance to contractors and consultants is said to be long outstanding if the contractual agreement is expired or cancelled.

- 8.3.2 If the person or entity responsible for the advance couldn't refund the balance, the relevant government body (WoFED, BoFED or MoFED) should transfer the equivalent of the long outstanding balance to the PSNP account.
- 8.3.3 The relevant finance head should communicate the head of the office and should request the transfer of the balance from government account to PSNP account in writing. The PSNP accountant will pass the following entry based on the letter.

Account title	Account Number	Debit	Credit
<i>Receivable from within Government</i>	4210	Xx	
<i>Staff Advance, advance to supplier or contractor</i>	4110		xx

- 8.3.4 When cash is received from government account to settle the long outstanding balance, following the above transaction, the following entry will pass:

Account title	Account Number	Debit	Credit
<i>Cash</i>	4210	Xx	
<i>Receivable from within Government</i>	4210		xx

9 TRANSFERS

The section below describes how the cash and food resource component of the PSNP Annual Plan is implemented, together with other elements of financial management that are critical to ensuring the sound implementation of the PSNP 4.

9.1 Fund Transfer

9.1.1 The PSNP cash-first principle determines that cash is the preferred mode of transfer in all areas where markets are functioning. It is therefore important that the wage rate accurately reflects the purchase cost of food in order that the PSNP fulfils its consumption smoothing function. Furthermore, a failure to ensure that cash rates are equivalent to the price of food will result in PSNP clients preferring food transfers.

9.1.2 The daily wage rate of the cash transfer is calculated on the basis of the cost of buying 3kg of cereal and 0.8 kg of pulses per day (15kg of cereal and 4kg of pulses per person per month) in the market. PSNP clients receive the same transfer regardless of whether they are a permanent direct support client or a public works and links to social services client.

9.1.3 Procedures for Fund Transfer

9.1.3.1 Permanent direct support clients will be entitled to 12 months of transfers beginning in Ethiopian Financial Year (EFY) 2008. Thereafter, transfers will be made in all twelve months of the year.

9.1.3.2 FSCD and MOFED are responsible for ensuring that cash is available for disbursements to make cash transfers timely and predictable. The process for planning cash at federal level is as follows:

- Step 1: FSCD proposes a predicted wage rate for the programme for the coming year in June, as per Public Works and Transfer Schedule, Wage Rate, and Mode of Transfer, which is approved by the JSOC.
- Step 2: FSCD decides on the appropriate cash:food split for each region, taking into account:
 - Requests expressed in Regional Annual Safety Net Plans

- Predicted food availability for the programme overall
- Predicted cash availability for the programme overall
- Predicted wage rate for the programme for the year
- The cash first principle

Any mid-year shift from cash to food or vice versa should be finalised on or before December 31 of each year.

- Step 3: FSCD analyses Regional Annual Safety Net Plan submissions, calculates the cash required each month of the year, for each region, based on their regionally approved transfer schedules.
- Step 4: FSCD produces expenditure and cash requirement forecasts.
- Step 5: The expenditure and cash requirement forecast is passed to MOFED.
- Step 6: The expenditure and cash requirement forecast is part of the quarterly IFR and be submitted to Development Partners by MOFED for clearance.
- Step 7: FSCD prepares a disbursement plan and instruction to MOFED, Government Line Departments, and Regional Food Security in the regions as part of the reporting downwards process. MOFED effect the cash transfers to the regions and Government Line Departments as per the instructions from FSCD and communicates the same to BOFEDs and FSCD.

9.2 Mode of Transfer

9.2.1 Four modes of payment are possible in this phase of the programme:

9.2.1.1 Cash payments made using the traditional approach of WOFED cashiers

9.2.1.2 Cash payments made electronically through third party payment service providers (MFIs, mobile money transfers etc.).

9.2.1.3 Food transfers

9.2.1.4 Food vouchers

9.2.2 The PSNP aims to provide transfers in the form that is most appropriate for clients taking into consideration their preferences, market conditions, the availability of services and capacity.

- 9.2.3 At present electronic payments are in the process of being designed and tested. Woredas selected for piloting will be informed that they are a pilot woreda. Unless they are informed, they should plan to make cash payments using the traditional method of WOFED cashiers. Woredas where piloting is happening will be provided with the relevant guidance material on how to operationalize payments.
- 9.2.4 The arrangements for disbursements from Federal level are regular Quarterly disbursements for cash transfers at the beginning of the month in July, October, January, and March.

9.3 Internal Control Procedures over Cash Transfer

- 9.3.1 Transfer information should be timely communicated by fax and supported by bank transfers and cash receipt vouchers.
- 9.1.1 Any irregularities with the bank transactions should be reported timely, to the supervising body.
- 9.3.2 Statements should be exchanged for periodic transfers, Balances should be reconciled timely. Any un-reconciled items should be investigated and identified. This is very essential to facilitate the accounts closing and the consolidation process. This will apply at all level where transfer is made to others or transfer is made from supervising agencies.
- 9.3.3 At the MOFED, BOFED, and WOFED accountant should ensure that the transfer ledger debit balance of each of subordinate implementing agencies equal to the transfer account balance of the financial statements of the implementing agencies, during the consolidation process.
- 9.3.4 Aging analysis will be performed and updated to control and follow up long outstanding regional balances. Transfer receivable is said to be long outstanding if it is aged more than six months. The balance of long outstanding balance should be deducted from the next transfer.

9.4 Procedures for fund transfer effected through Electronic Payment

- 9.4.1 The woreda Finance Office and the MFI should sing a contract agreement or Memorandum of Understanding (MOU) to make monthly transfer payment by the MFI to PSNP clients
- 9.4.2 WoFED transfers client data to the MFI.
- 9.4.3 The MFI open saving account or mobile account to all clients who will be paid electronically.

- 9.4.4 The MFI need to notify the Woreda Finance in writing the list of clients who open saving or mobile account at the MFI.
- 9.4.5 WoFED submits monthly payroll list of clients who opted to receive their payment electronically.
- 9.4.6 WoFED provides payroll to the MFI, and transfers the corresponding amount of PSNP transfers from its CBE account to MFI's account at the CBE. The payroll will be submitted in hard copy print out and softcopy, if the MFI found it suitable for better efficiency.
- 9.4.7 MFI should submit the payment report to the WoFED and BoFED within two weeks after it completely transfer the payment to the respective accounts of the client. The MFI report should indicate the amount of cash credited to the accounts of the clients and the actual amount of cash withdrawn by the client.
- 9.4.8 BoFED should make commission payment to the MFI after verifying the completeness of the document. The commission payment need to be clearly indicated in the contract agreement between BoFED and the MFI.
- 9.4.9 The commission payment to MFI can be in the form of check or bank transfer if the MFI has bank account at the Commercial Bank of Ethiopia branch.
- 9.4.10 WoFED and MFI shall investigate and respond quickly for complaints of clients that their payment has not reached or the amount posted to their saving account is not correct.
- 9.4.11 Journal Entry – Explained under Payroll (chapter 7)

9.5 Recording of Cash Transfer Transactions

- 9.5.1 Transfer account is a nominal account and will be closed at the end of the year. The transfer account is used to record monthly transfer of money. The agency which transfers the money credits its bank account and debit transfer account, and the receiving agency debits its bank accounts and credits the transfer account.
- 9.5.2 The total debit in the transfer account of MoFED shall be equal to the sum of credits in all implementing agencies. In effect at the time of consolidation, the transfer account will have a balance of ZERO.
- 9.5.3 For example, if a region transfers a sum of money to woreda, the region debit transfer to the woreda while the woreda credit the same amount as transfer.

Example: If the transfer was Birr 30,000 in cash, the following accounting entries are processed in the books of the region and woreda:-

The following Account numbers are used for the Transfers

Description	Account Number
Between MOFED & BOFED	4006
Between MOA & BOA	4008
Between BOFED & WOFED	4011

In the IBEX record of the Region

Account title	Account Number	Debit	Credit
Transfer	4011	30,000	
Cash at Bank	4110		30,000

In the IBEX record of the Woreda

Account title	Account Number	Debit	Credit
Cash at Bank	4110	30,000	
Transfer	4011		30,000

9.6 Food Transfer

9.6.1 New Priorities in PSNP IV on food management

Some of the specific new priorities for PSNP IV are:

- The establishment of clear ownership, accountability and reporting mechanisms for food resource management through the establishment of a Food Management Unit and regional Food Management Focal Points
- Improved systems for addressing commodity losses, Improved communication regarding disbursements and Stronger and clearer reporting systems

- Operationalizing the new transfer value, the flexible transfer schedule and the varying periods of assistance between public works and permanent direct support clients during the process of disbursement planning.

9.6.2 Calculating Resource Requirements

9.6.2.1 The overall formula for calculating the food resource requirements for the PSNP can be easily explained as:

$$\text{Food requirements} = \text{Number of beneficiaries} \times \text{ration rate} \times \text{duration of assistance}$$

9.6.2.2 Calculating the overall food resource requirements for the programme needs to consider permanent direct support clients and public works clients separately, and for each client group to factor in the number of months in which they expect to receive support in food or cash.

9.6.3 Food Disbursement planning

9.6.3.1 Disbursement planning starts at the woreda level but is consolidated at national level. Refer the Commodity Management Procedure Manual produced by the Government of Ethiopia (FDRE, 2014) for further detail.

WOREDA DISBURSEMENT PLANNING

9.6.3.2 The woreda food disbursement planning involved the month-by-month breakdown of food requirements for each woreda and the disbursement of these commodities by the Food Distribution Point. The following steps will be followed:

9.6.3.3 Step 1: Receive the following key data from the FSD/P:

- The number of public works clients and permanent direct support clients to be supported in each kebele
- The specific months of the year in which transfers are planned for public works clients
- In woredas where a combination of food and cash are anticipated, the specific months in public works clients and permanent direct support clients will receive food.

9.6.3.4 Step 2: Calculate for each month, the quantity of cereals and pulses required by kebele

9.6.3.5 Step 2a: If the woreda has been informed that the contingency budget is to be included in food, then the contingency budget in food to be frontloaded into the first quarter of the financial year should also be calculated. Refer the PIM for further information on the computation and management of contingency budget in food.

- 9.6.3.6 Step 3: On the basis of the location of programme clients, the location of food distribution points (FDPs) and the capacity of each FDP, identify which kebele will be served by which distribution point.
- 9.6.3.7 Step 4: Calculate for each month how much food should be supplied to each FDP point and submit to the Woreda Food Security Task Force for approval.
- 9.6.3.8 These disbursement plans should be submitted to the Regional Food Management Focal Point, who will consolidate all the woreda disbursement plans for submission to the Federal Food Management Unit.

Federal Disbursement Planning

- 9.6.3.9 The Food Management Unit will consolidate the woreda disbursement plans to create an annual food resource plan that outlines the amount of food to be delivered each month, by woreda FDP and by source of food (Government, NGO or WFP). The draft plan is submitted to the FSCD for approval and confirmation that the details conform with the anticipated food/cash split and that there are resources available to fulfil the plan.
- 9.6.3.10 The Food Management Unit uses this plan for two purposes:
- Procurement planning, including the need to borrow food resource from the EFSRA in the short term.
 - Dispatch planning to inform the food logistics described in more detail below.
- 9.6.3.11 If loans are required from the EFSRA, the FMU will communicate with EFSRA the schedule of loans required and borrow the required amount of food from the EFSRA either against a guarantee of a donor in-kind contribution or any planned procurement. The FMU should copy the FSCD on all correspondence and request any required letters of guarantee from or through the FSCD.
- 9.6.3.12 Changes in the cash-food split can be considered during implementation but must be approved by FSCD. If a woreda suddenly faces a change in its situation that makes its decision to transfer cash to clients no longer realistic, the woreda may submit a request to the Regional Food Security to change transfers from cash to food, specifying the requested number of transfers to change and the reason why. Regional Food Security verifies this request and, if it is reasonable, submits it to FSCD. FSCD reviews the request and accepts it only if (i) it is reasonable, backed with sufficient evidence, and (ii) there are sufficient food resources available in the PSNP.

9.6.3.13 In woredas supported by NGOs, NGOs will take a lead in ensuring accurate disbursement planning in liaison with the FSD/P and the EWRD. These disbursement plans will be forwarded to their regional and national offices as appropriate.

9.6.4 Vouchers

9.6.4.1 Vouchers are pieces of a paper which safety net clients can present to selected businesses and redeem an agreed value of goods. In woredas where vouchers are being tested, vouchers will provide households the equivalent of a daily wage of 3kg of cereal and 0.8 kg of pulses or a monthly transfer of 15 kg of cereal and 4kg of pulses.

9.6.5 Internal control over food commodities

9.6.5.1 Generic Internal control procedures over stock are discussed in stock section of this manual.

9.6.5.2 It is the responsibilities of the Woreda to assign a store keeper who will be accountable for the commodities. The function should not be accomplished in a voluntary basis which loosen accountability and transparency.

9.6.5.3 It is the responsibility of the respective office to ensure that warehouses are sufficient enough to accommodate the expected volume of commodities, should be tidy and that it is well ventilated, free from leakages.

9.6.5.4 Commodity Flow and Status Report should be prepared quarterly with a format per Annex XXIX. This report should be evidenced by the appropriate receiving and issuing documents and need to be approved by the designated officials.

9.6.5.5 All the necessary information should be filled in the receiving and issuing documents including date of receipt and issue.

9.6.5.6 Serially sequenced printed receiving and issuing documents should be used sequentially and should not be used randomly.

9.6.5.7 Beneficiaries IDs have to be included in the distribution list in addition to their name. In addition, beneficiaries' attendance sheet and payroll sheets should be cross referenced with the dispatch.

9.6.5.8 Store keepers should pass completed copies of documentation including receiving notes, issues notes, requisition vouchers, beneficiary distribution list and central warehouse dispatch to the office for proper filing on a monthly basis

- 9.6.5.9 Stock card and bin cards should be maintained by storekeepers and these records have to be updated for receiving and issuing of food commodities on a daily basis. Maintenance of such records is mandatory and part and parcel of the warehousing functions.
- 9.6.5.10 While it is necessary to keep PSNP food and emergency food stocks separately, PSNP contingency food stocks and core transfer stocks do not need to be differentiated during storage. All PSNP resources should be managed on a 'first-in-first-out' basis to ensure that food is stored for a minimum amount of time. A 'first-in first-out' approach combined with monthly transfers to permanent direct support clients should ensure that no food is stored for more than one month.
- 9.6.5.11 Proper weighing scales should be in place in each distribution store to ensure that beneficiaries are received the right volume.
- 9.6.5.12 Food commodities should be counted by end of Tahsas and end of Sene every year. The relevant food security office should be responsible for the deployment of independent counting team. Stock counting report should be properly signed by custodian (store keeper) and counting team and copies of count to be properly filed and one copy to be issued to the relevant finance office.
- 9.6.5.13 On a monthly basis, commodity reconciliation should be made between Woreda and Regions and Regions and Coordination Bureau.
- 9.6.5.14 Commodity Flow and Status Report of other donors should be separately reported and should not be included with transfers from Coordination Bureau.
- 9.6.5.15 The internal audits and other monitoring bodies should periodically review receipt and distributions to beneficiaries are properly accounted and store records are in agreement with physical counts.
- 9.6.5.16 There can be a number of causes of food losses, such as loss during transportation, or loss because of poor handling and storage. In all cases of food loss, there is a need for a two-pronged approach:
- A process to investigate the loss, request restitution where possible and improve management to reduce the risks of loss in the future.
 - Short-term efforts to make up any deficiencies to ensure that programme clients are not unfairly penalized for actions outside of their control.
- 9.6.5.17 The Food Management Unit (and their counterparts at regional and woreda level) is responsible for investigating any losses and for pursuing compensation from the party at

fault (for example the transport company in the event of transport losses). However, the resolution of such cases can take significant time and therefore is not a suitable mechanism for making up shortfalls in the short term when resources are needed for payment.

9.6.5.18 The Food Security Coordination Directorate is responsible for ensuring that programme clients receive their entitlements. Therefore, they have the responsibility for identifying the available short-term efforts to make up deficiencies to ensure that programme clients are not unfairly penalized

9.6.5.19 Any losses due to the nature of the commodity caused by moisture and infestations will be borne by the programme, whilst any losses due to misappropriation and mismanagement (including losses in the course of transportation) will be initially be covered by the government, which will then reclaim the losses from defaulters.

9.6.6 Recording Food Transfer

9.6.6.1 Food purchase is recorded by the implementing agency. No accounting transaction will be processed for food transfers.

9.6.6.2 Purchase of Food stock, centrally, GRN (model 19), purchase order, and tender documents attached with the payment voucher.

9.6.6.3 Purchase of Food items - In the Book of FFSCD/MOA

Account title	Account Number	Debit	Credit
Public Works	6114	Debit	
Direct Support	6417	Debit	
cash at Bank	4110		Credit

A memorandum stock control records should be strictly maintained.

Stock received from donors in kind, supported by GRN (model 19) with donor's shipping documents.

9.6.6.4 Transfer of Stock to region

- No entry is processed in the books of the accounts, as the stock is already expensed upon purchase and receiving from donors.
- Memorandum records will be updated based on authorization letter, Issue vouchers(model 22) and GRN(model 19) of the regions
- Memorandum records will be maintained for each region

9.6.6.5 Books of Regions, BOA

Purchase of Food stock at regions, based on GRN and purchase order attached with payment vouchers

Account title	Account Number	Debit	Credit
Public Works	6114	Debit	
Direct Support	6417	Debit	
Cash at Bank	4103		Credit

As per the existing government's practiced procedures, this will be expensed at the region while maintaining a strict memorandum stock control records.

9.6.6.6 Food Stock received from FFSD/ MOA

- No entry is processed in the books of the accounts, as the stock is already expensed upon purchase and receiving from donors.
- Memorandum records will be updated based on authorization letter, Issue vouchers(model 22) of the ministry and GRN(model 19) of the regions

9.6.6.7 Transfer of stock to Woredas

- No entry is processed in the books of the accounts, as the stock is already expensed upon purchase and receiving from donors.
- Memorandum records will be updated based on authorization letter, Issue vouchers(model 22) of the region and GRN(model 19) of the woredas

9.6.6.8 Books of WOREDA FOOD SECURITY OFFICE/WFSO/

If Food Stock received from donors from the region;

- No entry is processed in the books of the accounts, as the stock is already expensed upon purchase and receiving from donors.
- Memorandum records will be updated based on authorization letter, Issue vouchers (model 22) of the region and GRN (model 19) of the woreda.

9.6.6.9 In general movements of food stock and transfer in kind between the ministry, regions and woredas and vice versa, if any, do not affect accounting records but strict memorandum

records should be maintained, which are to be reviewed and checked by the accountants and internal auditors regularly.

Accounting for food loss

- 9.6.6.10** In order to better manage possible losses of commodity, it has been agreed that any losses due to the nature of the commodity caused by moisture and infestations will be borne by the programme, whilst any losses due to misappropriation and mismanagement (including losses in the course of transportation) will be initially be covered by the government, which will then reclaim the losses from defaulters.

Account title	Account Number	Debit	Credit
Receivable from Government	4210	Debit	
Public work	6114		Credit

- 9.6.6.11 The respective government office (example the woreda finance) will be responsible to record the receivable from the defaulter for value of the loss.

10 JOURNAL VOUCHERS

- 10.1 Journal Vouchers shall be used to capture transactions that do not result in payment or receipt of cash and serve as a source document to record in the transaction register. Journal Vouchers should be supported by the necessary supporting documentation to be valid. The Head of Budget and Accounts must approve all Journal Vouchers before posting it to the transactions register.
- 10.2 Not all transactions involve payment of cash or receipt of cash. Transactions that do not involve the movement of cash are:-
- Aid in kind
 - Some receivable and payable transactions
 - Payment made by MOFED on behalf of BOFED and BoFED behalf of WOFED. These are supported by debit/credit memos and statements.
 - Correction of incorrect entries already recorded in the register. For example, a payment might have been debited to a wrong expenditure account and need correction
 - Credit purchase of food

- Adjusting & Closing entries
- Recording of payroll irrespective of payment to staff

10.3 The Journal Voucher shall be prepared in two copies. The first copy is the accounts copy and the second copy is retained in the pad (Annex XLIV).

10.4 The accountant should fill the following information on Journal Voucher.

Field	Item to be filled
Date	Write the date journal voucher is prepared
Name of the Organization	Write name of the organization
Purpose	Write short purpose of the transactions
Budget Category	Write the budget code of the public body
Account Code	Write the correct account code
Debit	Write the amount in figure in debit column
Credit	Write the amount in figure in credit column
Prepared by	Write the name and sign
Approved by	Name and signature of the person who approved the voucher

10.5 Recording of transactions through Journal Vouchers are discussed in different sections of this manual.

10.6 The Journal Voucher Entry window is used to process transactions captured using journal vouchers.

Item No.	Voucher			Check/Doc No.	Description	SoF	BI Code	Account Code	Subs. Led. Code	Debit	Credit	User
	Date	Type	No.									
<input type="checkbox"/> 0000020	28/10/2007	JV	004		Settlement of stationary cost	2014	15/00/000/211/06/01/04/001	6212		11,200.00	0.00	user
								4203	002	0.00	11,200.00	

s Module) - User : user Currently Selected BI: 15 / 00 / 000 / 211 / 06 / 01 / 01 / 001

11 OTHER ACCOUNTS

11.1 Letter of Credit

11.1.1 A letter of credit represents a guarantee to pay suppliers with cash set aside in a bank account restricted for that purpose. Opening a letter of credit means putting cash in a bank account dedicated to payment of purchase price when appropriate conditions are met.

11.1.2 A public body (supervising authority) may need to open a letter of credit as part of an international purchase agreement.

11.1.3 When a public body opens a letter of credit, cash is paid from the bank account of the Implementing Agency to the bank account at the CBE.

11.1.4 The amount of the letter of credit represents a receivable advance from the supplier in the books of the program.

11.1.5 When the procurement activity is finalized, the letter of credit should be analysed and closed timely.

11.1.6 Accounting Entry

- When Letter of credit open in the CBE, the entry in IBEX will be :-

Debit (4253).....Advance to suppliers

Credit (4103).....Cash at Bank

- After Procurement Activity finalized, the entry in IBEX will be:-

DebitPurchased Items Expense Account

Credit(4253).....Advance to suppliers

11.2 Staff Loan

11.2.1 MOFED shall set the total amount of outstanding loan ceiling at Woreda level to limit total amount of loan.

11.2.2 An employee may receive a staff loan under appropriate conditions.

11.2.3 The amount of staff loan must not exceed two months' salary of the employees.

11.2.4 The loan should be deducted from salary on a monthly basis and the loan period should not exceed 12 subsequent months from the date of receipt of the loan.

11.2.5 Staff loan should be settled fully just three months before the closing date of the program regardless of the duration of the loan.

- 11.2.6 The public body issues a cheque to withdraw cash from bank account and pays the staff loan to the employee.
- 11.2.7 Interest is charged and withheld from the advance when a loan is provided for more than 6 months period. The interest rate will be based on the prevailing bank deposit interest rate.

11.3 Cost Sharing

- 11.3.1 As per Council of Ministers Regulation No 91/2003, students that are newly admitted to a public higher learning institution beginning from 2003/04 academic year as well as students in their second year or above during the year 2003/04 academic year are subject to cost sharing with the government.
- 11.3.2 This scheme is referred to as cost sharing as costs are supposed to be shared by the student (now employee) and government. These costs are subsequently recovered from the employee's salary on a monthly basis based on the agreement with the Government.
- 11.3.3 If the program recruits an employee who graduated from government universities and training institutions after the above effective date, the employing agency has to request a copy of the contractual agreement and a written document specifying the amount to be deducted from a monthly salary.
- 11.3.4 The program should forward to the federal Inland Revenue authority list of employees recruited within three months.
- 11.3.5 The program should deduct and transfer every month the amount owed.
- 11.3.6 For the program, the amount deducted from the employee's salary is a payable to the Government and is recorded as a liability and will be debited when the withhold amount is remitted to Revenue Authority.

- When the cost sharing deducted from the employee salary, the entry will be:-

Account title	Account Number	Debit	Credit
<i>Salary expense</i>	6113	xx	
<i>Other debit accounts</i>		xx	
<i>Other Credit accounts</i>			xx
<i>Cost sharing Payable</i>	5007		xx

- When the cost sharing deducted from the employee salary, the entry will be:-

Account title	Account Number	Debit	Credit
<i>Cost sharing Payable</i>	5007	xx	
<i>Cash at Bank</i>	4103		xx

- Use the Ibox Journal Voucher Entry window to process the transaction.

11.4 Receivables

11.4.1 Definition

Accounts receivable represents the aggregate balance of claims from third parties. Receivables are amounts owing to the program that fall due within one year. Included in this category are cash shortage, advances to staff and suppliers of goods and services, prepayments, project advances, travel advances, purchase advances, deposits, fund receivables and sundry debtors. Other receivable includes other kinds of advances and receivables that will not fall in the above categories.

11.4.2 Staff advances

Staff advances represent claims against own employees:- e.g. salary advance. Salary advances should not be more than 1/3 of the gross Salary of an employee. Salary advance will be given on or before the 15th of every month and deducted at once in the month in which it is given.

11.4.3 Travel advances

Travel and per diem advances are money advanced to the organization's employees for approved travels. This advance would be settled by presenting appropriate receipts and field trip reports.

11.4.4 Purchase Advances

Purchase advances are mainly advances given to employees to purchase goods and services required for the Program.

11.4.5 Prepayments

Prepayment represents advance that will be reimbursed in the future or partially expensed for the expired portion. Such prepayments need adequate analysis and adjustment at the end of the accounting period. Examples in this category are prepaid rent and prepaid insurance premium, etc. Prepayments can be recorded as assets or expenses and (the expired or unexpired portion) is adjusted at the end of the period.

11.4.6 Project Advance

Advance paid to contractor based on contract agreement. This advance is later settled upon submission of payment certificate or performance agreement.

11.4.7 Documentation

In establishing accounts receivable, the accountant must first determine how the receivable originated. There are two possibilities:

- 11.4.7.1 Receivable arising from prior cash payment: In this case, cash is due to the organization as a result of a previous cash payment made to suppliers, employees or project holders and the documentation are the payment vouchers and their supporting documents.
- 11.4.7.2 Receivable not arising from a prior cash payment: In this case, cash is due from client not as a result of prior outlay of cash. Cash is owed to the organization for goods sold or services rendered to third parties. Such receivables originate from credit invoices and journal entries.

11.4.8 Reports

The following reports should be prepared and presented to management on monthly basis. Management should take immediate actions to clear overdue balances.

- Schedule of receivables
- Aging analysis of receivables with a formats per Annex XXXVI and XXXVII.

11.4.9 Internal Control over Receivables

- 11.4.9.1 Maintain control and subsidiary ledger. The total of the subsidiary ledger balances should always be equal to the control account. Any difference is due to error and should be investigated and identified so that appropriate corrective action would be taken timely.
- 11.4.9.2 Periodically prepare detail schedule for each of the debtor's type.
- 11.4.9.3 Follow up timely settlements of each of the balances.
- 11.4.9.4 Prepare statement of debtor's account which has frequent transaction. Exchange statement and make reconciliation. Clear reconciling items appropriately in a reasonable time.
- 11.4.9.5 Prepare age analysis and report to management. Some receivables might remain uncollectible. In this case, bring the case to the management attention and act according to the decision. Consider if there are conditions for provision of doubtful debts.

- 11.4.9.6 Accounts written off as uncollectible should be approved at FFSCD. It is the responsibility of the respective Woreda / region or entity to reimburse the project for bad debt accounts. Receivable from the appropriate entity (where the bad debts originate) will be recorded and the written off account receivable will be credited. Disclosure should be provided in the IFR report for such transactions.
- 11.4.9.7 As far as applicable, there should be no suspense balance. If there is a need to recognize this account, effort should be made to clear the balance without delay.

11.4.9.8 Project Advance

- i. Project advance to other project or government office should be avoided.
- ii. Project advances should be in writing and authorized based on contract documents.
- iii. Ensure that advances to third parties are made on the basis of written agreements.
- iv. Ensure and follow up the utilization of the advance is for intended purposes.
- v. Ensure timely clearance of project advances.

11.4.9.9 Staff Advance

- i. Request for salary advances must be approved in accordance with organization employment policies and by a responsible official.
- ii. Salary advances should not be in excess of employee's one third of monthly gross salary. The advance must be deducted from the salary of the current month.

11.4.9.10 Travel Advance

- i. Travel advances must be approved only for official business of the organization.
- ii. Travel advances should be limited to reasonably expected expense such as transport, loading unloading, accommodation, meal and reserve for unforeseen expenses.
- iii. Travel advances must be cleared in full within one week of the traveler's return from trip. The traveler must submit travel report together with travel physical report.

- iv. Additional advance must not be given before the previous advances are liquidated.
- v. The daily per diem rate shall be according to the prevailing rate approved by MoFED.

11.4.10 Accounts Recording

- 11.4.10.1 Salary Advance – a cheque will be prepared for the total of approved list of salary advance requests. For example, salary advance of Birr 2,500 was paid to staff members on March 16, 2014. On the basis of the payment voucher and supporting documents, the accountant will pass the following journal entries.

Account title	Account Number	Debit	Credit
Staff Advance	4211	2,500	
Cash at Bank	4110		2,500

The accountant should post to the respective employees' subsidiary ledger. The balance will be cleared on the same month where the advance was provided.

- 11.4.10.2 Cash shortage / overage – On February 28, 2014, a surprise cash count revealed that there was Birr 2,000 more in safe compared to the record balance. On March 31, 2014, a cash count revealed a shortage of Birr 500 in safe compared to the record balance. These transactions will be recorded as follows:

For the cash overage, the independent cash counting body (accountant or internal auditor) should make the cashier prepare cash receipt voucher for Birr 2,000. The accountant shall prepare the following journal entry.

Account title	Account Number	Debit	Credit
Cash on hand	4101	2,000	
Equity Account	5601		2,000

Note that disclosure has to be provided in the IFR for the changes in the equity account. Under normal circumstances, equity account will only be affected at the time of closing (after closing entry transactions). If there are any other exceptional transactions like the above one, equity account may be credited. Such entry should be disclosed in the report to give more clarity to the user of the report.

For cash shortage, on the journal voucher, supported by the approved cash count sheet, the following coding shall be done.

Account title	Account Number	Debit	Credit
Cash shortage/overage	4202	500	
Cash on Hand	4101		500

Based on the decision of management, the above balance could be deducted from the payroll of the cashier. Alternatively, management might require the cashier to settle the lost money in cash. If the cashier refund the shortage using cash Receipt Voucher, then the "Cash on Hand" account will be debited against the Cash shortage/overage account.

11.5 Payables

11.5.1 Definition

Liabilities are amounts due to third party, organization or individuals. It is payment that accrues as a result of acceptances of money, materials, commodities, services, etc., carry with them responsibilities that involve financial obligations. It includes accrued expenses, provident fund payable, income tax payable, severance reserve, retention payable and trust fund payable.

In the balance sheet, liabilities are classified as current liabilities, long-term liabilities and deferred charges. The most common type of liability is current liability.

Current liabilities are moneys due within one year. They include-

- a. **Accrued expense:-** These are expenses incurred but not paid at the end of a reporting period.
- b. **Tax Liabilities:-** This includes income tax, withholding tax and VAT liabilities which are collected by the PSNP implementing entity and to be paid to the Revenue office. Detail procedures are explained in the subsequent section.
- c. **Provident fund payable:-** This is normally the unpaid portion of the contribution towards the provident fund.
- d. Amount collected from clients (such as VAT, Withholdings) to be paid to appropriate authority.
- e. **Severance reserve:-** This is a reserve for future severance payment.

- f. **Retention payable:-** This is an amount deducted from the amount payable to contractors until final acceptance of the construction is carried out.
- g. **Trust fund payable:-** This is money payable to donors of restricted funds.

11.5.2 Tax Liabilities

11.5.2.1 Income Tax

11.5.2.1.1 Income taxes should be withheld from PSNP employees according to the income tax law (Proclamation No. 286/2002). Based on the income tax proclamation, regulation and circulars issued by the Ethiopian Revenue and Custom Authority, Finance Section should identify those payroll additions which are subject to income tax.

11.5.2.1.2 The income tax table is as follows. This table is according to Proclamation no 286/2002. It is the responsibility of the accountant to follow-up changes to this proclamation.

Salaries	Rate
Less than or equal to Birr 150	Exempted
Between Birr 151- Birr 650	10%
Between Birr 651- Birr 1,400	15%
Between Birr 1,401- Birr 2,350	20%
Between Birr 2,350- Birr 3,550	25%
Between Birr 3,551- Birr 5,000	30%
Above 5001	35%

11.5.2.1.3 Income tax withheld should be paid to the appropriate Ethiopian Revenue and Custom Authority within thirty days from the end of the month concerned.

11.5.2.1.4 Make sure that the balance of the Income tax payable at the end of each month is only that of the previous month and that there is no unsettled balance due to the Ethiopian Revenue and Custom Authority.

11.5.2.1.5 Apart from the payroll, the accountant should make sure that income tax deductions for partial salary and related payments effected on Payment vouchers (for newly employed and leaving staffs) are also accounted when settling income tax liabilities.

11.5.2.2 WITHHOLDING TAX

11.5.2.2.1 PSNP implementing entity is required by law to withhold 2% of the gross amount of payment they make to tax payers providing goods and services:

- Supply of goods involving above Birr 10,000 in any one transaction or one supply contract;
- Rendering of services involving above Birr 500 in one transaction or one service contract (list services is detailed in Proclamation No. 286/2002).

11.5.2.2.2 As per Proclamation No. 286/2002, PSNP implementing entity should collect 30% withholding tax instead of 2% for those service providers or goods or works suppliers with no Tax Identification Number.

11.5.2.2.3 PSNP implementing entities have the responsibility to withhold such taxes with a serially sequenced pre-numbered receipt available at WoFED, BoFED and MoFED. The withhold amount should be remitted to the respective Revenue and Custom Authority Office in ten days from the end of collection month. The details of the withhold amount should be presented in a format supplied by the respective revenue and custom authority.

11.5.2.3 Value Added Tax

11.5.2.3.1 When PSNP implementing entity purchase services, goods and works from a VAT registered company, the VAT portion should be withheld and shall be repaid to the respective revenue and custom office with a format supplied by same office.

11.5.2.4 Accounting for withholding tax and VAT.

11.5.2.4.1 Withholding tax and VAT withheld from a supplier should be recorded as a liability and shall be repaid to the relevant revenue and custom office within the specified period as indicated above.

Example

Woreda X purchased office supplies from ABC stationery which values Birr 13,800 including VAT. The value before value added tax is Birr 12,000.

Required: Calculate the net pay and prepare the appropriate journal entries

Answer:

The value of the purchase exceeds the 10,000 threshold for charging withholding tax. Hence, withholding tax of 2% shall be applicable on the 'before VAT' value: which is $12,000 \times 2\% = \text{Birr } 240$. The

VAT portion, which is $12,000 \times 15\% = \text{Birr } 1,800$ will not be paid directly to the supplier. Hence the net pay to the supplier is Birr 11,760

The Journal entry is will be:

Account title	Account Number	Debit	Credit
Stationary and consumable materials	6212	13,800	
W/Tax Payables	5006		240
VAT Payables	5059		1,800
Cash at Bank	4110		11,760

The transaction will be recorded using the Payment Voucher Enter window of IBEX

11.5.3 Reports

The following reports should be prepared and presented to the management on monthly basis.

- Schedule of repayment
- Aging analysis of outstanding liabilities with formats per Annex XXXVIII and XXXIX.

11.5.4 Internal Control over Payables

11.5.4.1 Adequate documentation should be available when recognizing creditors balance. For example,

- A payable entry for food purchased on credit should be supported by a contract and goods receiving note of the implementing agency and suppliers invoice.
- Unclaimed salaries and wages should be supported by cash receipt voucher for recollection from a specific payroll.
- Payable to regions should be supported by their debit memos and confirmation of appropriate official for receipt of goods and services.

11.5.4.2 Maintain control and subsidiary ledger. The total of the subsidiary ledger balances should always be equal to the control account. Any difference is due to error and should be investigated and resolved timely.

11.5.4.3 Periodically prepare detail schedule for each of the creditor's type.

11.5.4.4 Follow up timely settlements of each of the balances.

11.5.4.5 Prepare statement for creditors' account which has frequent transaction.

- 11.5.4.6 Prepare age analysis and report to management. Some payables might remain unsettled. In this case, bring it to the management's attention and act accordingly.
- 11.5.4.7 As far as practicable, there should be no suspense payable account balance. If there is a need to recognize this account, effort should be made to clear the balance without delay.
- 11.5.4.8 There must be proper disclosure of payables written back. The balance should be maintained in a memorandum of record.
- 11.5.4.9 Appropriate adjustment should be done and approved if any amounts have been paid for accounts previously written off.
- 11.5.4.10 Cut-off – for maintaining proper cut off, the following should be done:
- Prepare lists of goods and services received during the period but not paid as of the year end and recognized in the books of the accounts.
 - Check transactions in subsequent periods which affect the current transaction and consider adjustments.
 - Make sure that taxes payable are recognized as per the statutory requirements (employees' income tax payable, withholding taxes from suppliers and VAT as applicable).
 - A separate account should be maintained for each of the tax types.
 - Taxes payable should be settled timely in order to avoid possible penalty.
- 11.5.4.11 Cash forecast must be prepared to help smooth repayments.
- 11.5.4.12 Ensure avoidance of penalties on defaulting payments of liabilities
- 11.5.4.13 Ensure that payments are made on invoices, and not on the basis of statement of accounts. Liabilities must not be paid before the approval of the authorized person.
- 11.5.4.14 Ensure that accrued expenses such as water, electricity, telephone service fees are reasonably estimated at the end of the fiscal year.
- 11.5.4.15 Wage for clients will be accrued at the end of the fiscal year based on the attendance sheet received from Woreda Food Security Office.
- 11.5.4.16 Ensure that the reversal of accrued liability is journalised at the beginning of the subsequent fiscal year.
- 11.5.4.17 Ensure that income tax is paid to the Tax Authority within one month of the payroll date.
- 11.5.4.18 Ensure payment of retention money is made as per the agreement. Source documents must be supervised.

11.5.5 Accounts Recording for Payables

- 11.5.5.1 Accrued payables – For accruals, goods must be received or services must have been delivered before the yearend date or July 7.
- 11.5.5.2 For the purpose of PSNP, the accountant should have a record of list of Goods Receiving Reports for goods received from the suppliers, but not paid as of the yearend. The same should be identified for services received but not paid to suppliers.
- 11.5.5.3 For Example, during the month of Hamle, electric bill of Birr 3,512 received from Ethiopian Electric Power Corporation (EEPCO) and paid. The bills represent electric consumption for the months of Miazia, Genbot and Sene. The provision for electric charges shall be made on Journal Voucher as follows:

Account title	Account Number	Debit	Credit
Operating costs Such as Running cost & utilities	6259	3,512	
Accrued payable/Other payable within the government	5028		3,512

- 11.5.5.4 If there is a difference between estimated accrued expenses and actual expenses in the following year, then it will be adjusted to Equity account. Any adjustment to equity account should be disclosed when IFRs are prepared.

11.6 Contingency Budget

The PSNP IV has revised its mechanisms for managing risk, which are internal to the programme:

- The PSNP Contingency Budget at woreda level, and
- The PSNP Contingency Budget at federal level

11.6.1 Contingency Budget at woreda level

- The woreda contingency budget only includes provision for transfers; while the costs for capital inputs and administrative inputs are expected to be covered by the existing woreda capital and administrative budgets.

11.6.2 PSNP Contingency Budget at federal level

- The federal contingency budget includes some provision for administration (up to a maximum of 5% of the total contingency budget). This allows for some additional

administrative budget to be released to woredas which are experiencing a substantial scale up in intervention, and the provision of an administrative budget to woredas who do not have a core PSNP caseload.

11.6.3 Payment Procedures

Procedures for making payments are different in PSNP woredas from non-PSNP woreda.

11.6.3.1 Payment Procedures in PSNP woreda

The procedure for making payments is the same for transitory resources (whether financed by the PSNP contingency budget or other humanitarian resources) as it is for core PSNP programme clients for the procedures for direct support and public works clients respectively. The mode of payment (food or cash) will be defined by the resources available (which in turn will have been informed by earlier decision making on whether the woreda contingency budget will be provided in cash or food; and the transitory response and financing plan).

- 11.6.3.2 It is mandatory to use PASS for the PSNP attendance and payroll. This applies to use of the woreda and Federal Contingency Budgets. Woreda PSNP cashiers update the PASS database with information on those new households that have been targeted for support through the woreda and/or federal Contingency Budgets or transfer. If PSNP clients are to receive additional transfers, this information should be recorded in PASS as well.
- 11.6.3.3 Once any targeting of transitory resources has been completed and the participant list approved by the WFSTF (and after subsequent approval from regional and federal levels), all PSNP clients should be issued with a Transitory Client Card. The costs associated with issuing a Client Card are covered by the woreda administrative and regional management budgets in all woredas. Under no circumstances will transitory clients be asked to pay for a Client Card.
- 11.6.3.4 Client cards are printed by the regions and sent to woredas for issue. Transitory Client Cards will be prepositioned at woreda level to allow rapid distribution following targeting of any transitory resources (whether financed through woreda contingency, federal contingency or other humanitarian resources).
- 11.6.3.5 The first payment financed through contingency resources for woreda contingency budget clients enrolled as a result of a successful targeting appeal should be within six weeks of the appeal being successful (if payments to core clients have been launched)

or at the same time as the first payment to core clients (if the appeal is made and resolved prior to the start of core transfers).

- 11.6.3.6 The first payment financed through contingency resources for transitory clients enrolled as a result of TSF screening or early warning information should be released within six weeks of the screening event, approval by the Woreda Council (woreda contingency), or notification that the federal contingency budget or other contingency resources have been released.
- 11.6.3.7 If the six week benchmark is missed, the first payment to a transitory clients should be a double payment.
- 11.6.3.8 In the event of an additional payment, PSNP clients should be informed in advance of the additional months of support. In the event of a double payment this should take place at the time scheduled for the core PSNP transfers. These additional payments will also be entered into PASS.

11.6.3.9 Making payment in non-PSNP woredas

Payments in non-PSNP woredas using transitory resources (whether financed from the PSNP federal contingency budget or other humanitarian resources) will follow the same procedures as outline in the above section. This includes the use of PASS generated payrolls to ensure accountability of payments. The roll-out of PASS in non-PSNP operational areas is as discussed above.

11.6.4 Recording Contingency Transactions

Accounting treatment for transactions occurred in contingency transfers are the same as other PSNP components discussed so far.

Example:-

The federal government purchased food with Birr 3.5 million and transfer to newly draught affected woreda which is not covered by regular PSNP support. In addition to the above, MOFED also transfer Birr 2.5 million for the same woreda. Recording in the transaction register of each implementing agency is as follow:-

In the Book of FFSCD/MOA/MOFED

For Food Purchase

Account title	Account Number	Debit	Credit
Expense: -Food	6419	3,500,000	
Cash at Bank	4110		3,500,000

For Cash Transfer-Region

Account title	Account Number	Debit	Credit
<i>Transfer in Cash</i>	4011	2,500,000	
<i>Cash at Bank</i>	4110		2,500,000

In the Book of BOFED

Account title	Account Number	Debit	Credit
<i>Cash at Bank</i>	4110	2,500,000	
<i>Transfer in Cash</i>	4011		2,500,000

Transfer to Woreda

Account title	Account Number	Debit	Credit
<i>Transfer in Cash</i>	4011	2,500,000	
<i>Cash at Bank</i>	4110		2,500,000

In the Book of Woredas

Account title	Account Number	Debit	Credit
<i>Cash at Bank</i>	4110	2,500,000	
<i>Transfer in Cash</i>	4011		2,500,000

12 STOCK

Stocks are goods that are expected to be consumed within one year. The stock items maintained at the stores of PSNPs are consumable items, tools, materials for public works such as cement, sand, steel etc,

12.1 Valuation

- 12.1.1 Stock balances are not recognized in the accounts as assets. They are expensed as and when purchases or transfers are made. Therefore, memorandum records should be adequate and strictly followed.
- 12.1.2 The value to be charged to stock should include the purchase price, handling, freight insurance, customs duty and other charges.

12.2 Internal Control

- 12.2.1 Purchased goods shall be inspected by the store and independent inspector (a staff member from audit and inspection department) before receiving. Inspection is made to check the goods brought to store are as per order and that they are received in good condition. The concerned user should check specialist items as the storekeeper might not have the appropriate knowledge of the items.
- 12.2.2 After the items are checked, receipt for articles or property received – Good Receiving Note (commonly known Model -19 (Annex XIV) shall be prepared to receive the goods in the store. One copy of the voucher shall be sent to the accounts section.
- 12.2.3 The receiving voucher should be cross-referenced to the payment vouchers, through which the payments to the supplier are made.
- 12.2.4 Goods receiving reports and purchase orders for which suppliers invoices have not been received should be kept in pending files and regular follow up made as to the reasons for the delays. This is particularly significant at the yearend in order to ensure that purchases include the cost of all goods that have been received and taken into stock and vice versa.
- 12.2.5 At the time of receipt of goods, the accountant shall reverse all advance payments kept as debtors, if any, to the appropriate expense account using journal voucher. This is an important step as expenses incurred might otherwise be only partly reported.
- 12.2.6 The user shall request issuance of stock through Store Requisition -Model 20. The Stores Head shall check the existence of stock and authorizes the issuance on a Delivery Order-Model 21.

The stores clerk shall issue the requested item to the user through Receipt for Articles of Property Issued Model 22.

- 12.2.7 Stock cards having details of quantity and price (value) should be maintained by the store. Each receipt and issuance of goods (Annex XVII) shall be entered in the stock card Model 70C (Annex XV). In addition to a stock card, the storekeeper may maintain registers of stock (stock Ledger Card - Model 70A – Annex XVI).
- 12.2.8 All entries to stock records should be supported by prescribed accounting documentation, priced if appropriate, all such documents should be pre-numbered and appropriately controlled to ensure that numerical sequences are intact and all are recorded.
- 12.2.9 Adequate custodian controls should be exercised over stock which should be kept in areas protected against access by unauthorized personnel.
- 12.2.10 Any movement of stock (that is any increase or reduction of stock) must be recorded immediately on the stock record cards.
- 12.2.11 The stock record cards must be checked against the actual stock movement. Stock entering or leaving the warehouse must be checked against the stock record cards by the gate keeper. The gatekeeper must ensure that no product enters or leaves the warehouse compound without him receiving a basic stock document (receipts or issues). These documents should have the signature of the authorized personnel.
- 12.2.12 Summary report for the monthly stock movements should be prepared.
- 12.2.13** Internal auditors should review from time to time adequacy and adherence to these control procedures.

12.3 Commodity Flow and Status Report

- 12.3.1 The movement of commodities such as food and other resources that are either purchased or donated in-kind from various development partners for the Program should be reported quarterly and will be audited. One of the relevant reports for the audit is the quarterly Commodity Flow and Status Report. MOA will be responsible for conducting this audit and following-up on findings thereof. MOA will submit this audit report within six months of the end of the fiscal year ending on July 7.
- 12.3.2 The commodity flow and status report (CFSR) is intended to strengthen the reporting of food contributions for the program that are currently being provided by the WFP, USAID and Government.
- 12.3.3 The CFSR will be prepared as per the format per Annex XXIX quarterly.

- 12.3.4 Monetary values of donations of commodities as well as the quarterly CFSRs, including the information described above should be provided to FSCD within 30 days after the end of each calendar quarter. In the case of WFP, this information will be provided on receipts and distributions to the main hubs only.
- 12.3.5 Based on these inputs MoA will develop consolidated CFSR incorporating information concerning in kind resources procured for the program by the Government as well.

12.4 Physical Count

- 12.4.1 Stock taking instructions and programs should be prepared periodically and extensive and all inclusive physical count of all items should be made at least once in a year.
- 12.4.2 Only authorized personnel or counting teams, as assigned by the implementing agencies should conduct the physical count of stock in the warehouse.
- 12.4.3 The count sheets (source document) for conducting the physical count is the stock record cards maintained by finance. The team should sign on the counting sheet.
- 12.4.4 Stocks should be marked as counted to avoid omission or duplication in the count.
- 12.4.5 Damaged or obsolete items should be specifically noted and adjustments should be done on the stock cards based on management decision.
- 12.4.6 The physical count should be compared with the stock card balance and any variance reported to the attention of management.
- 12.4.7 Appropriate measures should be taken for any discrepancy found between the stock record and physical count.

12.5 Disposal

- 12.5.1 Obsolete and deteriorated or damaged stocks should be disposed timely with the decision of management. Finance is responsible for the identification and submission of reports of the list of stocks for disposal to the supervising authority every year subsequent to annual physical count.
- 12.5.2 Based on the decision of the Management on the disposal of obsolete stock, adjustments should be made on the stock record and bin cards.

13 FIXED ASSETS

13.1 Definition

- 13.1.1 Fixed assets in this manual mean those assets that are defined as fixed assets by the Federal Government of Ethiopia Financial Administration Proclamation. Currently it covers all assets that have a cost of more than Birr 1000 and have a useful economic life of a year or more. Fixed assets include the following among others. Furniture and fixtures, computers, heavy equipment, vehicles, ships and aircrafts, buildings, roads, sewers, bridges, irrigation systems, dam etc.
- 13.1.2 When the proclamation is revised and this minimum amount is changed in the future, the fixed assets register is also amended accordingly.
- 13.1.3 There are some assets that definitely serve for more than a year but have a value of less than Birr 1000. If such assets are not considered as fixed assets and are not controlled like the other fixed assets, there could be misuse of the asset. For example, a stapler could be considered a stationary item and a new one could be requested whenever stationary is requested.
- 13.1.4 To avoid such misunderstandings and to make the control over assets of permanent nature complete, an internal control system with the necessary records need to be designed. This manual provides procedures necessary to manage this second category of assets in the stock control section.

13.2 Valuation

- 13.2.1 Valuation of fixed asset means finding the cost of the asset and assigning that value to it. The cost at which fixed assets should normally be valued is the historical cost; the cost incurred at the time the fixed asset was purchased or constructed.
- 13.2.2 The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.
- 13.2.3 Public bodies including BoA, MoA, BoFED and MoFED should provide the cost information together the shipping documents when transferring fixed assets whether donated or purchased.

- 13.2.4 When fixed assets are acquired by a different entity (example when the region buys fixed assets behalf of the woreda or if the federal entity buys behalf of the regions or woredas, the detail invoice and cost information should be forwarded to the receiving entity.

13.3 Accounts Recording

- 13.3.1 Fixed assets should be treated as an expense of the period in which they are purchased.
- 13.3.2 Purchased or donated fixed assets are recorded in IBEX system as expense in the accounts module of transaction register screen. The following screen is the first step the accountant should choose to enter fixed asset transaction in the IBEX:

TRANSACTION REGISTER			
Reporting Unit:	15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa		
Bank Account:	01 - PSNP	Month:	Sene

Accounting entry

- Example: Purchase of Computer, furniture and vehicles for ETB 25,000, 35,000 and 580,000 respectively including VAT. A cheque payment was effected for ETB 100,556.52 after deducting a withholding of 2% (ETB 2,052.17) and VAT (ETB 15,391.30) and 15% VAT is recorded as follows:

Account title	Account Number	Debit	Credit
Equipment - Computer	6313	25,000.00	
Furniture & Rub halls	6314	35,000.00	
Vehicles	6311	58,000.00	
W/Tax Payables	5006		15,391.30
VAT Payables	5059		2,052.17
Cash at Bank	4110		100,556.52

- 13.3.3 Purchase or receipt of fixed asset should be evidenced by Goods Receiving Note with a format per Annex XIX.

13.4 Fixed Asset Register

- 13.4.1 To ensure consistency of recording, the unit responsible for government fixed asset recording and registering is also responsible for maintaining records for fixed assets acquired

by PSNP. It is also the responsibility of the PNSP accountant to follow-up and ensuring that PSNP fixed assets records maintained by property administration unit is complete and accurate.

- 13.4.2 Additional column or field (if automated fixed asset recording system is in use) should be used to identify and separately report fixed assets acquired by PSNP.
- 13.4.3 Fixed assets acquire by the project should be recorded in a fixed assets register using the format in Annex XVIII (fixed asset register card). This may not be applicable for entities which use fixed asset management software. This register (whether manual or a software) should be strictly maintained. Assets acquired (donated) in kind should also be recorded.
- 13.4.4 The register should have details such as acquisition date, the specifics of the asset, type, reference of goods receiving note reference locations, identification number, acquisition cost, warranty details, inspection data, and other specific fields such as vehicles plate number, chassis no etc as applicable.
- 13.4.5 Asset accounting should encompass the entire lifetime of the asset from the initial acquisition through its retirement. It involves recording of accounting transactions relating to assets, managing their values and monitoring and processing them in special asset accounts.

13.5 Internal Control

- 13.5.1 All assets owned by the Government, Movable or immovable should be recorded in a fixed asset register identified with location and custodianship.
- 13.5.2 Separate Fixed Asset register should be maintained by custodian to determine the number and type of assets under custodianship of the respective staff and to facilitate asset controls, handovers and staff clearance.
- 13.5.3 Each asset should have a tag number. The asset tag number is affixed on to the physical asset during acquisition and each tag number should be unique. This is helpful to verify the physical asset. The Government Fixed Asset Coding scheme will be adopted for PSNP fixed assets with addition prefix of PSNP.
- 13.5.4 Movements of assets from one location to the other should be documented clearly specifying where it was originally registered and to which department and location it is transferred using Fixed Asset Transfer Form with a format per Annex XX (fixed assets transfer form).

- 13.5.5 Returned assets should be evidenced using Receipt for Article of Property Returned with a format per Annex XXII
- 13.5.6 The role of the property asset management unit responsible for property management in each agency is to:
- Make sure that ownership certificates are up to date
 - Update the PSNP fixed assets register and subsidiary records
 - Undertake PSNP annual physical count of fixed assets and reconcile
 - Prepare the Annual Summary Schedule of fixed assets and report
 - Communicate with the government property administration

13.6 Annual Physical Count

- 13.6.1 On an annual basis, there must be reconciliation between asset accounting records on any acquisitions, disposals and transfers during the year against the physical asset assigned to each department using Annex XXI (Fixed Assets Count Sheet).
- 13.6.2 Each department will be responsible for locating assets with its tag number attached that are recorded as assigned to their department whenever requested by internal or external auditors.
- 13.6.3 When there are survey reports, damage, accident, flooding and inundation, loss should be well recorded and the register needs to be updated.
- 13.6.4 Any asset that is missing or has been stolen will be reported in writing to the responsible person in the finance department. The description, serial number, and other information about the lost item should be included in the report.
- 13.6.5 Finance department should follow-up for the decision of the head of the office.

13.7 Disposal of Fixed Assets

- 13.7.1 The Government-Owned Fixed Asset Management Manual details the full procedures to be followed in the disposal of vehicles and other assets. Some of the key information is summarized below, but the full procedures should be read and followed when disposal is being considered.
- 13.7.2 Assets should be disposed of when:
- They have suffered extensive un-repairable damage, or need cost-prohibitive repairs
 - The vehicle attains the stipulated mileage or years for disposal
 - The vehicle is no longer economically sustainable

- The vehicle or other property is no longer required
 - The property can no longer be maintained
 - The usability of the property decreases and becomes obsolete
 - The property owner cannot be easily identified
- 13.7.3 The department responsible for the taking care of disposal of property will assist the disposal process in line with the Government Fixed Asset Management Manual.
- 13.7.4 Sales proceeds earned from the disposal of fixed assets acquired from the PSNP fund shall be recorded as other income to the PSNP project and evidenced by cash receipt voucher.
- 13.7.5 Fixed Assets are disposed with the decision of the highest level of public body (executive) when proposed by a committee established for the disposal of Fixed Assets.
- 13.7.6 After completion of the disposal, the Asset Disposition form will be submitted to finance for deletion of the item from the asset register.

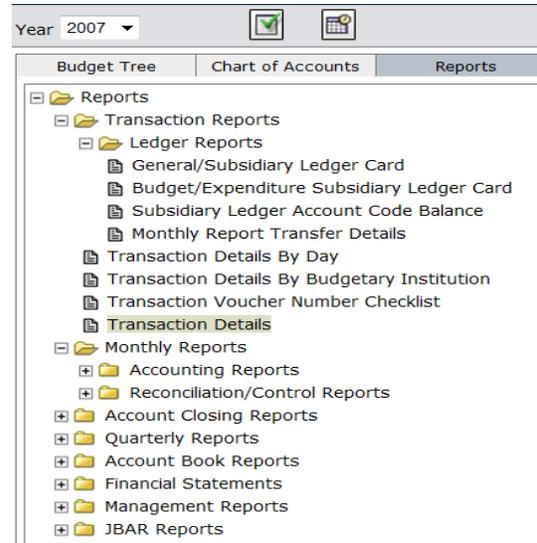
14 GENERAL LEDGER AND SUBSIDIARY LEDGERS

A ledger is the entire group of accounts maintained by an accounting unit. Two Types of ledgers are maintained General ledgers and Subsidiary ledgers. Subsidiary ledgers are details of General ledger. Subsidiary ledger is required to certain General Ledger account where detail sub ledger is essential for control purposes. In PSNP 4 Integrated Budget and Expenditure system (IBEX) should be used by all regions.

14.1 General Ledger

- 14.1.1 General ledger is a group of accounts that is used as a second step in the process of recording and summarizing transactions. The primary book of record is the transaction register in IBEX. It is between the register and the financial reports and as such prepares information that goes into the reports.
- 14.1.2 The general ledger card is a multi-columnar card. It can be automatically created in the IBEX system for each and every account code in the transaction register.
- 14.1.3 Transactions are posted to the General Ledger using the Transaction Register. To post transactions to the IBEX General Ledger:

- Select a budget year from the 'Year' drop down on the toolbar. The budget structure for that year will be loaded in the 'Budget Tree' pane.
- Click on the 'Transaction Register' button on the toolbar. You will be prompted to select a RU from the budget tree for which you want to review transactions.
- After selecting an appropriate RU, the 'Transaction Register' screen will be displayed in the content frame. The



Transaction Register screen is intended for searching for transactions that have previously been entered into the system. At the top of this screen are all the criteria with which a user can find a specific transaction or a set of transactions.

For example, to find all payment vouchers for a specific bank account that were entered for that budgetary year, the user would do the following:

- Select the bank account and month from the drop down menu at the top of the content section.
- Check the 'PV' checkbox in the 'Voucher Type' section.
- Click on 'Find Transactions' button.

All matching transactions will be displayed in the 'Matching Transactions' section.

- To post transactions, select the transactions to post by selecting the checkbox to the left of the transaction in the 'Matching Transactions' section of the screen.
- As many transactions as intended can be posted at any one time, simply by checking multiple checkboxes. Click on the checkbox in the column header to select all transactions in the 'Matching Transactions' section.
- Click the 'Post' button. Select "Yes" for the confirmation prompt.

14.2 General Ledger Routines at the Month End

- 14.2.1 The General Ledger must balance at the end of each month. The net cumulative balances of all debits and credits on all ledgers cards in the General Ledger must be equal. This can be easily checked by looking the trial balance. Unlike the manual system, when using IBEX, the Trial Balance will remain equal (balanced) at all times.
- 14.2.2 Before posting transaction into the General Ledger, the following monthly routine should be undergone. Print the transaction register for to use it as edit list.
- All Payment vouchers, Receipt Voucher, Journal Vouchers, other vouchers and transactions which are supposed to be processed through transaction registered are taken into account.
 - Ensure that no incorrect amount is entered.
 - Journal entries are properly accounted: the right chart of account, description, reference, date, debit or credit etc.

- An arithmetical error has occurred in the computation withholding and VAT transactions.

14.3 Posting to the ledger - IBEX

- 14.3.1 After ensuring that all transactions are entered for the month and all are correct, then post the transaction.
- 14.3.2 In case if you found out errors after posting in IBEX, you need to pass adjusting entry and it is not possible to edit a transaction after posting.

14.4 General Ledger Routines at the Year End

- 14.4.1 At the end of each year, a transfer of the debit or credit balances to the Net assets/equity account is required to close the temporary accounts in the General Ledger. IBEX will manage it through the closing process. The temporary accounts are accounts in the following account categories:-
- Revenue, assistance and loan items comprising account codes 1000 to 3999
 - Expenditure items comprising account codes 6000 to 6999.
- 14.4.2 The General Ledger begins a new fiscal year with carry forward balances in the permanent accounts (cash on hand, cash at bank, receivables and payables and the assets/equity) from the previous year.

14.5 Subsidiary Ledger

14.5.1 Manage Subsidiary Code

This function enables a further classification of financial transactions using subsidiary ledger codes. Each set of subsidiary ledger codes is unique to the reporting unit and account code.

- 14.5.1.1 Subsidiary ledgers are additional detail information. Accounts that needs subsidiary ledger are the expenditure, cash if there is more than one cashier, receivable and payable. PSNP accountant need to create subsidiary ledger in the IBEX system as and when required.
- 14.5.1.2 When a transaction is recorded based on IBEX and posted, it is automatically inserted and summarized in each General and subsidiary ledgers.
- 14.5.1.3 Registering a New Subsidiary Code in IBEX
- For a specific reporting unit, select 'Subsidiary Code' from the 'Administration' menu on the Menu Bar.
 - Then select an account from the Chart of Accounts for an already selected RU. The 'SUBSIDIARY CODES' page will appear:

- Click 'Add New' and the 'NEW SUBSIDIARY CODE' page will appear.
- Enter the subsidiary code and a related description.
- Click 'Save' to save the new settings.

14.5.1.4 Registering a New Subsidiary Code: Follow the IBEX manual.

14.5.2 Subsidiary Ledger Routines at the month end

14.5.2.1 At the end of each month, the net cumulative debit or credit balance for each ledger card in the subsidiary ledger should be generated from IBEX. The total net cumulative debit or credit balances for all Ledger cards in the subsidiary Ledger must be equal to net cumulative debit or credit balance on the respective control accounts ledger cards in the general ledger.

14.5.2.2 Where totals net cumulative debit or credit balance for all ledger cards in the subsidiary ledger is not equal to the net cumulative debit or credit balance on the respective control account's ledger card in the General Ledger, an error exists.

14.5.2.3 The following types of errors should be verified to balance the subsidiary and General Ledgers:

- The amount posted to the general ledger is different to the amount posted in the subsidiary ledger
- An amount is incorrectly posted into the credit column in the subsidiary ledger instead of into the debt column, and vice versa
- An arithmetical error has occurred in the computation of the net debit or credit balance in the subsidiary ledger.
- Permanent account balances are not carried forward correctly from the previous year.

14.5.3 Subsidiary Ledger Routines at the year end

14.5.3.1 At the end of each year, the temporary accounts in the General Ledger are closed to the Net Assets/Equity account as described above. Any subsidiary Ledger corresponding to a temporary account in the General Ledger also is considered closed. A new subsidiary Ledger is started each year for each temporary control account. All accounts in the new subsidiary Ledger begin the year with a zero balance.

14.5.3.2 All budget/ expenditure subsidiary ledger card maintained by the expenditure account are temporary accounts. All budget/Expenditure subsidiary Ledger Cards should be field

at the end of the fiscal year. A new fiscal year should begin with a new act of budget/expenditure subsidiary ledger cards.

- 14.5.3.3 Balance sheet accounts (asset, liabilities and equity accounts) are permanent account and are not closed each year. These permanent accounts carry their previous year's balance forward to the next fiscal year. Any subsidiary ledgers corresponding to permanent accounts in the General Ledger also carry forward to the next year.
- 14.5.3.4 The accountant should use Journal voucher as a source document to record the closing entry of all temporary accounts against Net Asset/Equity.

14.6 Opening Balance for new accounting period

When the new accounting period begins, the accountant should set IBEX for permanent accounts to automatically transfer their balance as a beginning balance (follow the IBEX manual).

15 TRIAL BALANCES

- 15.1 Trial Balance is the summary of the net cumulative year-to-date debit and credit balances contained in the General Ledger at the end of reporting period for each account code represented by a General Ledger. The Trail Balance proves the arithmetical accuracy of General Ledger. The total amount of the debit column must equal the total amount of credit column.
- 15.2 In a manual (non-automated) accounting procedure, trial balances preparation is a process between completing of posting to General Ledger and preparation of financial statements. Trial balance is a basis for the preparation of financial reports. With the use of computerised accounting system, including IBEX, updated Trial balance is available to the extent that transactions are recorded and posted.
- 15.3 Trial Balance can be extracted from the IBEX, report tree by different category of report filtering options.
- 15.4 The trial balance report should be checked if all balances of the accounts are reasonable and known. Though transactions are supposed to be checked before posting of transaction, it is essential to look into the trial balance whether the accounts indicated are correctly presented.
- Odd balances should be verified (credit balance to asset accounts including to cash on hand, cash at bank, staff advances, advance to suppliers etc or debit balances to liability accounts)
 - The cash at bank balance is in agreement with the bank reconciliation report
 - Permanent account balances are not carried forward correctly from the previous year.
- 15.5 Correcting entry will be passed and posted for rectifying errors identified during the review of the trial balance.
- 15.6 Once trail balance is verified for correctness, the next step is generation of the various financial reports including supporting schedules and notes to the accounts from IBEX. IBEX generate reports in Excel and pdf formats.

16 YEAR END PROCEDURES

Yearend procedure involves ensuring of the completeness of data entry into IBEX and also ensuring of all transactions are accounted properly and reconciled as applicable so that the financial report generated from the system to be reliable and accurate.

16.1 Cut-off Procedures

The following procedures are carried out prior to closure of accounts in IBEX

Step 1 Generate the Sene Monthly Reports

16.1.1 Reconcile cash balance

- Count cash in safe
- Transfer all suspense payment vouchers from the cashier to the accountant Convert all suspense payment into receivable by using cash payment voucher by the name of the staff member.

16.1.2 Reconcile the Bank Balance

- Obtain the bank statement as at 30 Sene
- Update the bank balance by passing entries for interest, bank charges, credit and debit advices in the General Ledger generated from the IBEX system.
- Reconcile the bank balance ledger per bank statement.
- Make sure that the outstanding cheques are genuine (that they are not voided or duplicate entries)
- Make sure that deposit in transits are genuine and that are not result of error in posting.

16.1.3 Reconcile transfers

- Obtain transfer details from source/destination reporting units
- compare details with general ledger
- Make necessary adjustments using journal vouchers.
- Communicate balances to source/destination reporting units.
- Ensure transfer account balances agree to balances per source/destination reporting units.

- 16.1.4 Accrue for commitments /payables (committed payables from prior year's budget):
- Identify amounts paid for in the month of Hamle (during the grace period) for goods/series received/rendered in the month of Sene
 - Identify goods and services received in the month prior to end of Sene but no payment is effected.
 - Use Journal vouchers to accrue for these commitments.
- 16.1.5 Reconcile receivables and payables general ledger balances to subsidiary ledger
- For each general ledger account that has subsidiary ledgers, obtain the total of all the subsidiary ledger accounts.
 - Ensure that the total of the subsidiary ledger balances is equal to the general ledger balance and there are no differences.
 - If there is a difference, review the subsidiary ledger accounts and the general ledger account for omission and errors.
 - If the error/omission is in the general ledger, make a correction entry
 - If the error/omission is in the subsidiary ledger, make adjustments directly in the subsidiary ledger.
- 16.1.6 Reconcile intra-governmental receivable and payables balances:
- The amount receivable/payable in the books of the reporting unit should be equal to the amount shown as payable/receivable in the books of the related reporting unit.
 - obtain the balance per the other reporting unit
 - Compare the balance with General Ledger
 - Make necessary adjustments using journal voucher
 - Communicate balance to the reporting unit and ensure it makes necessary adjustments so that balances agree.
- 16.1.7 Verify irregular balances by generating exception reporting detailing
- Debit balances in revenue accounts
 - Credit balances in expenditure accounts
 - Credit cash in hand and cash at bank balances
 - Credit receivables balances
 - debit payables balances

- 16.1.8 Rectify balances at each step by passing the appropriate correction entries
- Enter and Post the correcting and adjusting entries from IBEX
 - Print the Sene Monthly report from IBEX
 - Review once again the report for the month of Sene to ensure that no more adjustment and correction is required.

Step 2 Prepare Budget VS Expenditure

- 16.1.9 Verify that the budgetary institution exists by agreeing the BI code to the budget notification.
- 16.1.10 Ensure the amount of the approved budget is accurate by agreeing the amount to the budget notification.
- 16.1.11 Verify that all budget transfers have been recorded by comparing records with the file of Be/Ma 1s.
- 16.1.12 Verify and resolve any unbalanced budget transfers.
- 16.1.13 Record any omitted budget transfers.
- 16.1.14 Verify that all budget supplements have been recorded by comparing records with the file of Me/Be/Ma 6s and Ke/Be/Ma 6s.
- 16.1.15 Record any omitted budget supplements into IBEX
- 16.1.16 Reporting the budgets vs expenditure report
- 16.1.17 Review the report for reasonableness.
- Review the report for over expenditures and investigate and resolve over expenditure.
 - Explain in detail reasons for over and under spends including action taken and to be taken
 - Make adjustments to expenditure accounts if there has been an error in posting to wrong expenditure accounts resulting in an over expenditure.

Step 3 Account Closing

- 16.1.18 Year end balances of temporary accounts, revenue/transfer and expense ledgers should be closed to Net Assets/Equity ledger. A closing entry must be recorded at the end of the year after the last monthly report is prepared. As a result the balances of these temporary

accounts will be zero while the account balances of permanent accounts, assets, liabilities and equity) are carried forward as a beginning balance of the next year.

- 16.1.19 The accounts closing procedures in IBEX are performed at the end of or after the completed execution of an accounting fiscal year as the final step in reconciling a fiscal year's accounts and moving the appropriate account balances to the new fiscal year.

The process of closing accounts is integrated with the process of posting the final (twelfth) accounting period's monthly report for a given reporting unit and bank account. In this manner, as each final monthly report set is accepted for a reporting unit, the accounts for that reporting unit are reconciled, zeroed and prepared for the subsequent fiscal year.

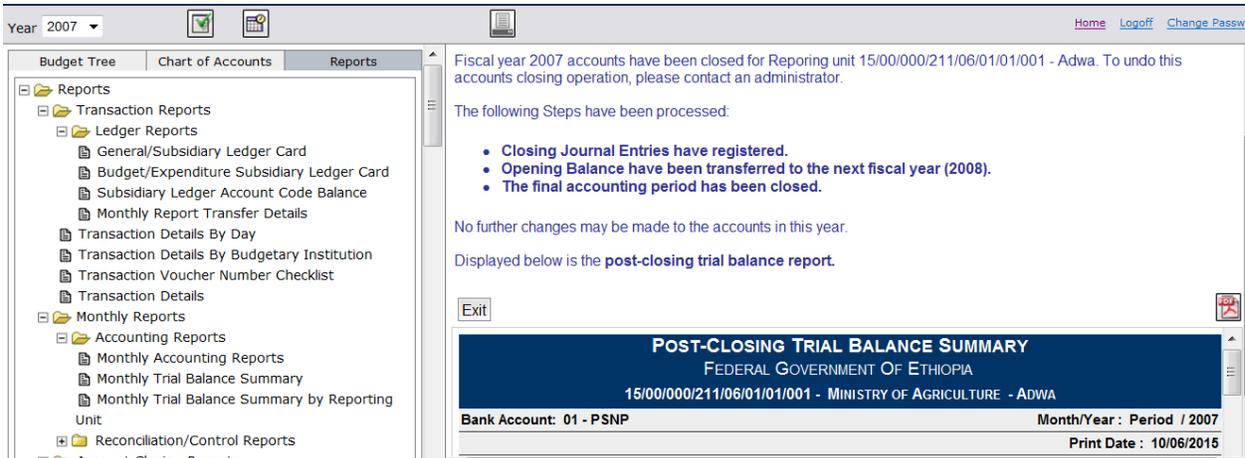
- 16.1.20 The account closing procedures are initiated when the user attempts to post the final account period monthly reports at which point they are taken through the steps necessary to confirm the proper completion of accounts processing for that reporting unit and bank account in that fiscal year. This includes the verification of the processing of final account items, display (and possible printing) of accounts closing reports, validation of expenditure items, the zeroing of temporary accounts, and finally the generation of the subsequent year's opening balances.

- 16.1.21 Follow the IBEX closing wizard for account closing

- 16.1.22 When account closing wizard completed the following activities will be performed by IBEX:

- Closing journal entries will be registered

- Opening balance will be transferred to the next fiscal year (if you close the accounts for the Ethiopian fiscal year (EFY) 2007, the ending balance of EFY 2007 will be transferred into EFY 2008 as opening balance.



16.1.23 Opening Balance Procedures for Supplies

- 16.1.23.1 The ending balance in stock at a public body is charged as reduction the next year's budget. This deduction is made on Ge/Be/We 11/2 or Ge/Be/We 11/3. The reduction is treated as a non-cash transfer and as a reduction to the amount of cash that can be requested and committed for a particular budgeted item. Entries are made on the budget ledger card for the stock item. The value of stock remaining at year-end, as stated on Ge/Be/We 11/2 or Ge/Be/We 11/3, should be recorded in the "payment received" column of the budget ledger card even though no payment was received from Treasury Department.
- 16.1.23.2 The amount of the ending stock also should be recorded in the Transaction Register at MOFED as a debit to non-cash transfer for recurrent expenditure account code 4052 and a credit to other non-cash transfers account code 4055. In its transaction register, the public body records a debit to other non-cash transfers account code 4055 and a credit to non-cash transfer for recurrent expenditure account code 4052.

Example:

Inspectors report Birr 45,000 in stock remaining at a public body at the end of the year. A public body requests Birr 100,000 from MOFED. MOFED transfers Birr 55,000 because the public body has Birr 45,000 as opening stock balance.

Transaction Register to MOFED

Ref.	Description	TB	A/c No.	Others		Cash At Bank 4105	
				Dr	Cr	Dr	Cr
BA	Cash Transfer		4017	55,000			55,000
JV	Non-Cash Transfer		4052	45,000			
	Non-Cash Transfer		4055		45,000		

Transaction Register to MOFED

Ref.	Description	TB	A/c No.	Others		Cash At Bank 4105	
				Dr	Cr	Dr	Cr
JV	Non-Cash Transfer		4055	45,000			
	Non-Cash Transfer		4052		45,000		
BPV	Cash Transfer		4055		55,000	55,000	

PART THREE

17 FINANCIAL REPORTING

17.1 Preparation

As indicated in various section of this manual the financial recording and reporting system, IBEX, for accounting and reporting will be used for recording and reporting of PSNP expenditure on a standalone basis. Consolidation of IBEX records at WoFED, BOFED and MOFED level will be done on a standalone procedure without mixing with the main treasury database.

The previous section explained the accounting cycle from the preparation of chart of account, transaction processing, journalizing / Data entry, and posting to the ledger and finally generation of trial balance report. Yearend and beginning of year procedures are also explained. Once transaction are posted, financial reports will be extracted from the system based on the required filtering criteria.

17.1.1 The programme envisages to use the Government of Ethiopia's financial recording and reporting system, IBEX, for PSNP accounts on a standalone basis at federal, regional and woreda level. BOFEDs and MOFED will use IBEX to consolidate and produce the financial reports and all PSNP expenditures should be entered into the system timely at all levels so that IBEX formatted reports to be generated automatically.

17.2 Responsibility

17.2.1 The timely submission of quality financial reports is a must to ensuring that cash resources flow to the PSNP as required by the Annual Plan. Financial reports trigger the replenishment of the PSNP pooled account at Federal-level by development partners and also determine whether or not deductions will be made to transfers from Federal to Regions to account for carry-over balances. Because of this, it is vital that WOFEDs, BOFEDs, and MOFED work diligently to submit quality reports on time.

17.2.2 If IFRs are not received on or before the due date and are of insufficient quality, disbursements from the Development Partners may be delayed to MoFED, which ultimately affects all regions, until reports of adequate quality are received. This means the entire programme and its million clients will be affected.

Financial Statement Reporting standards

- 17.2.3 The responsibility for the preparation of financial statements of the program including adequate disclosure is that of MOFED. WoFEDs and BoFEDs are also responsible for the timely dissemination of quality financial reports to MoFED. MOFED is also responsible for the selection and application of accounting policies. MOFED would prepare the Project Financial Statements in accordance with IPSAS (International Public Sector Accounting Standards) – Cash basis or equivalent national accounting standards as promulgated by the International Federation of Accountants (IFAC). The Government’s accounting system outlined in the Manual of the Federal Accounting System – based on modified cash basis of accounting can be used.
- 17.2.4 The Programme’s accounting statements would be prepared in respect of each accounting period for the purpose of providing complete financial information including the operating results, status of assets and liabilities of the activities financed under the Safety Net programme during that accounting period.
- 17.2.5 At MoFED level, two types of financial statements produced in relation to PSNP programme based on the end users specific requirements. These are FGE reporting and the Project reporting (IFR)
- 17.2.5.1 Financial statements required by the FGE. These statements are prepared based on the Government Financial Statement Manual. The FGE accounting system shall produce the following set of financial statements. The reports are imbedded in IBEX.
- Statement of Financial Position
 - Statement of Financial performance
 - Statement of Changes in Net Asset/Equity
 - Cash flow statement
 - Accounting Policies and Notes to Financial Statements
 - Statement of Comparison of Budget and Actual Amount-Domestic Revenue
 - Statement of Comparison of Budget and Actual Amount-External Assistance
 - Statement of Comparison of Budget and Actual Amount-Expenditures
 - Comparison of Original and Adjusted Budget and Actual Amounts
 - Statement of Expenditures by Functional Classification
- 17.2.5.2 At Woreda level, IBEX can generates all the above reports. However, to the minimum the following reports are required to be generated to compile the IFR and annual reports.
- Trial Balance

- Expenditure report by components
- Receivables report
- Payables report
- Transfer report (part I & II)

- 17.2.5.3 At MOFED, Central government account directorate prepares and consolidates PSNP programme financial statements into the main FGE account to get a consolidated financial report at Federal level which include project accounts and treasury. Details about FGE financial statements preparation are presented in the FGE manual.
- 17.2.6 The annual project financial statements will adopt the same format as the quarterly reports and may also include other issues. However, the annual financial statements do not need to include a statement of cash forecast/ requirement. The report should be submitted in 60 days from the end of the fiscal year.
- 17.2.7 This manual will focus on the statements required by financiers of the programme. The financial statement formats used by the programme are agreed formats between the FGE and financiers. Therefore, they are subject to change if specific need will arise to modify the formats but prior agreements should be reached between FGE and financiers.
- 17.2.8 According to the Memorandum of understanding (MoU) signed by MoFED and regions, Regional councils have the responsibility of exercising their oversight role which includes reviewing of the financial statements of PNSP.

17.3 Interim Financial Reports

- 17.3.1 In addition to standard government reporting, the project should prepare consolidated quarterly Interim unaudited Financial Report (IFR). This will be submitted to the DPs within 60 days of the end of the quarter. The format and the content, which are consistent with the World Bank's standards, have been agreed with MOFED and MOA as well as development partners and are documented in the minutes of Negotiation.
- 17.3.2 IFR in general covers sources and uses of funds, transfer to regions, expenditures incurred and apportioned to donors' funds, budget versus actual expenditure comparison and status of ending balances. Detail IFR is discussed below. In addition to the financial report, various supporting tables and explanations are also incorporated in the report. Detail IFR is discussed below

17.3.3 Sources & Uses of Funds

- 17.3.3.1 Summary information on opening cash balances; sources of funds, uses of funds and closing cash balance will be contained in this form. This report is prepared both at regional (BOFED) and federal level (MOFED).
- 17.3.3.2 In this statement BOFED shall include all opening balances of woredas and region, cash transfer from MOFED and donor direct transfer if any, expenditures of reporting period with major components and sub components level, and ending balance with detail breakdown(cash on hand, cash at bank, advances, payables).
- 17.3.3.3 Report prepared at MOFED level include all opening balances of donors account & regions, sources or collection from donors and government, expenditures total of the reporting period with components and sub components, ending balance with sufficient breakdown (Regions, MOFED, FFSCD, MoLSA and MOFED finance department).
- 17.3.3.4 All donors account balance kept in foreign currency are converted to Birr using the prevailing exchange rate. The statements shall be prepared every quarter and once in a year. See Annex XXIV (IFR Report) from PART VIII to PART XVI)

17.3.4 Balance Sheet

- 17.3.4.1 Balance sheet is prepared at federal level only. MOFED shall prepare balance sheet after preparing sources & uses of funds. It shows the overall financial position of the programme.
- 17.3.4.2 Major consolidated items included in this statement are current assets, currents liabilities and accounted fund. The statements shall be prepared every quarter and once in a year. See Annex XXIII
- 17.3.4.3 Woredas shall prepare a summary of balance sheet items including cash, receivables, payables and Net assets. IBEX generates balance sheet.

17.3.5 Statement of Special (Designated) Accounts /FUND FLOW/

- 17.3.5.1 This is a statement showing summary of the movements of each of the financers' special foreign bank accounts. Separate statement shall be prepared for each financer.
- 17.3.5.2 The statement includes receipts, transfer to pool Birr account, service charge apportioned expenditures of the period, closing balance, and foreign exchange gain or loss.

- 17.3.5.3 Calculation of exchange rate gain or loss shall follow governments accounting procedures. The statements shall be prepared every quarter and once in a year. See Annex XXIV (IFR Part VIII, Part IX and Part XI)

17.3.6 Fund Flow Statement of Pooled Bank Account

- 17.3.6.1 Just like statement of designated account, fund flow statement of pooled account shows a summary of cash movement of the pooled account. It includes transfer from special foreign account, fund transfer to regions & other sector offices, bank service charges, incoming and outgoing and audit fee.
- 17.3.6.2 Similar statements shall be prepared for MOFED held accounts that shows cash movements of the accounts during the reporting period. . The statements shall be prepared every quarter and once in a year. See Annex XXIV (IFR Report) from PART VII)

17.3.7 Fund Utilization Report

- 17.3.7.1 Statement of uses /fund utilization/ shows actual expenditures, which are appropriately classified by main project activities (categories, components and sub-components) and includes actual versus budget comparisons for the quarter and cumulative and percentage of utilization.
- 17.3.7.2 The statement is prepared both at regional and wordas levels. The regions are consolidating each wordas actual utilization report and compare with their allocated budget.

17.3.8 Consolidated Expenditures Summary

- 17.3.8.1 Summary of expenditures consolidated at federal level. Each region expenditures should be presented with major components and sub component details.
- 17.3.8.2 Both annually and quarterly reports should be prepared and compared with respective period budgets. The statements show fund utilization percentage per each region and major components. Annex XXIV (IFR PART V)

17.3.9 Expenditures Forecasts & Cash Requirements

- 17.3.9.1 A statement of cash forecast or requirement covering for six months period.

17.3.9.2 This report should be worked with maximum due diligent to get accurate forecast figure which reflect the correct future expenditure and source of funds. Annex XXIV (IFR PART VI)

17.3.10 Notes and Explanations

17.3.10.1 These include Note to the accounts and narrative for financial performances that happened during the reporting period. The narratives should include the following:-

- Discussion on budget utilization and Variance Analysis-Budget vs actual comparison and explanation of major variances by region, by components and by line items..
- Explanation on balance sheet items and especially advances/receivables and cash at hand at woreda, etc
- Discussion on major achievements in FM and challenges encountered
- Discussion on prior period Adjustments if any
- Updates on action plans
- Expenditure apportionment tables to financiers
- Other narrations as appropriate eg Exchange rate calculations- refer to comments made above,
- Bank Reconciliation and bank statement (woreda to region), Region to MoFED
- A complete Aging analysis report for receivables and Payables (Annex XXXIX, XL, XLI, XLII)
- Staff turnover information
- Reason for using Risk financing ,Contingency and HAB budget utilization
- Major achievements, (field visit, training, quality report, support to woreda and sector office, timely submission of report, provision of adequate explanation on IFR.
- challenges and cop up mechanisms
- Prior period Adjustments if any – adequate explanation and supporting JV/ reason for adjustment.
- No objection from FFSCD (through RFS) for procurement above the threshold limit.

- About wordas who didn't submit quarterly reports (for regions).
- In-depth analysis to observed discrepancies in of the reports should be provided as a note

17.3.10.2 In the future, if food transfer is recorded in the accounting system of PSNP, IFR will be prepared by incorporating both food and cash transfers.

17.3.11 Other Supporting Schedules and Documents

17.3.11.1 To supplement the report and better inform the reader various tables and explanations that indicate number of beneficiaries, number of manpower deployed and number of implementing wordas are presented.

17.3.12 Replenishment of PSNP Pooled Account at Federal-level

17.3.12.1 MOFED will submit the following to the World Bank and other DPs for replenishment of the PSNP account:

- Interim (un-audited) financial reports (IFRs), prepared for actual expenditures;
- Withdrawal Application;
- Cash forecast for the next six months.

17.3.12.2 Any delays in the submission of these reports or the submission of low quality reports will result in delays in the replenishment of the PSNP pooled accounts, and will therefore affect delivery of transfers in all Regions. In this way all regions are accountable to other Regions for the timely delivery and quality of their IFR.

17.4 Verification on Reports

17.4.1 Before signing the reports to evidence its verification, the accounts team leader will:-

- Follow-up of action reports from the previous quarter
- Verify the suspense payment Vouchers in the cash box to ensure that the Suspense Vouchers are not more than 30 days old.
- Verify that the General Ledger balances are correctly carried forward to each balance included in the Revenue/Assistance/Loan Report, Receivables report, and payable report-100% checked.
- Verify that the Budget Expenditure Subsidiary Ledger Card balances are correctly carried forward to each balance included in the expenditure report 100% Bank

- Verify mathematical accuracy of each report-100% checked
- Verify that totals in the Revenue Report, Expenditure Report, Receivables Report, and Payable Report are carried forward to the Trail Balance-100% checked
- Verify that the Net Asset/Equity, cash and Bank balances in the General Ledger are correctly carried forward to the Trail Balance.
- Verify that all fields in report are completely filled
- Verify that the account balances included in report are reasonable and there is no cause for any investigation/follow up actions.
- Verify the monthly bank reconciliations prepared for all bank accounts.
- Checking the narrative part of the report in terms of completeness, understandability, reliability, relevance, consistency, timeliness, comparability and usefulness.

17.4.2 Sign the report only after completing the above tasks-on a 100% basis of verification-NOT a sample basis of verification.

17.5 Reporting Flow / Procedures

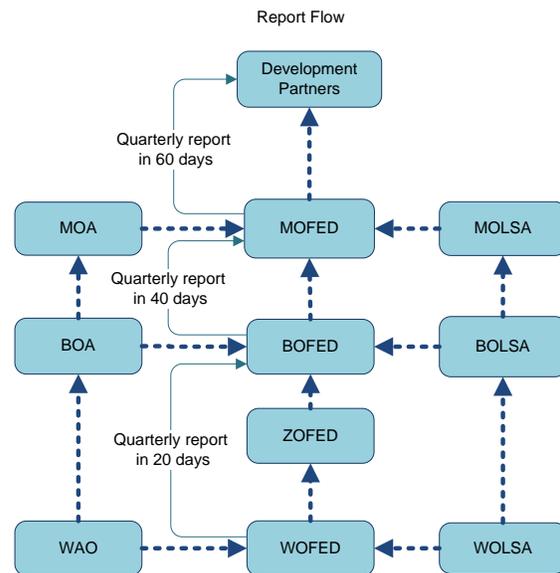
Government and Development Partners are concerned with the efficient use of resources in the PSNP implementation, which will require the provision of accurate financial reports. These reports should be brought to the attention of all concerned bodies through periodic reports in the following manner;

17.5.1 **Step 1:** Each WOFED prepares a monthly financial statement and submits a quarterly procurement report, to the BOFED within 20 days after the quarter has ended. The financial reporting formats described above. The procurement report content and format is indicated in the PSNP procurement manual.

17.5.2 WOFED submits a copy of the final report to the Woreda Food Security Desk, which reconciles the financial report with the physical progress reports. In regions where the zonal system is active, WOFEDs could send their quarterly financial reports to the ZOFED (the PSNP accountants) who will in turn submit them to BOFED.

17.5.3 **Step 2:** BOFED consolidates and analyses the financial report it receives from the woredas (via the zones), as well as reports coming from regional implementing agencies. BOFED reviews the quality of the reports, ensuring that they are complete and meet all expected standards. BOFED follows up with WOFED if there are discrepancies in the reports, any gaps or incomplete information. If required, BOFED staff travel to the woredas to work with WOFED staff to produce a complete report that meets the expected standards.

- 17.5.4 BOFED analyses its own records and discusses the findings with Regional Food Security on key aspects of the reports and balances, etc.
- 17.5.5 BOFED submits the final Regional Financial Report to the Regional Food Security (which analyses it together with the physical progress report), the regional agencies involved in the implementation of the PSNP and to MOFED, as per the reporting format indicated above quarterly within 40 days after the end of the quarter. In addition, FSCD and MOLSA prepare and submit their quarterly financial reports to MOFED within 40 days from the end of the quarter. FSCD’s quarterly financial report should include the six monthly expenditure and cash requirement forecast.
- 17.5.6 BoFED will submit quarterly financial reports to regional level implementing agencies to review their own narrative reporting.
- 17.5.7 **Step 3:** MOFED reviews the reports it receives from the BOFEDs, FSCD and MOLSA to verify the quality and completeness of the information. MOFED then analyses the information it receives from regions and the accounts held at federal level.
- 17.5.8 It discusses this report with FSCD. The final consolidated interim financial report is then submitted to development partners within 60 days after the end of the quarter. A copy of the report is also submitted to FSCD. Delays in submission or issues related to quality may mean that future disbursements are compromised for the entire programme.
- 17.5.9 **Step 4:** As part of the quarterly IFRs, BOFEDs analyse the dates WOFEDs received the cash resources to determine if there are any delays in the system and, if so, how these can be fixed. This information is submitted to MOFED, which analyses the reports from all the BOFED and takes steps to address any delays.
- 17.5.10 **Step 5:** On an annual basis, MOFED prepares annual financial statements, which are submitted to external auditors.



17.5.11 Financial Reporting for USAID financed NGO supported woredas

Reporting in woredas supported by USAID financed NGOs is the responsibility of NGOs. NGOs submit quarterly financial and narrative reports to USAID. USAID compiles the financial reporting for all NGOs and submits it to the FSCD. These reports are not included in the IFRs, but form part of the quarterly and annual narrative reporting.

18 AUDITING

18.1 Introduction

This section elaborates the different types of audit to be conducted on Food Security Program. These are internal audit, external audit (including interim and final audit), commodity audit and procurement audit. According to the Ethiopian Constitution, the Office of Federal Auditor General (OFAG) is responsible for carrying out the audit of all the financial transactions of the Federal Government and subsidies to the Regions. Each region has regional Auditor General responsible for auditing financial transactions in the region. The OFAG may delegate much of its responsibility of auditing the Food Security Program, to an independent external auditor to carry out the audit of donor-financed projects. Regarding to internal audits, MoFED is responsible for the application of internal audits throughout all public bodies.

18.2 Internal Audit

The Financial Regulations of the Council of Ministers (No 17/1997) and Article 68 of the Proclamation on Financial Administration (No. 57/1996) establish the basis for internal audit and internal control of the Government of Ethiopia. According to the regulation, MoFED is responsible among others, to develop and maintain appropriate standards of work and conduct for application of internal audit functions throughout all public bodies. The same regulation states that public bodies at all levels are responsible to ensure that the internal audit system is appropriately staffed with trained and qualified manpower and that internal audits are carried out efficiently, effectively and economically.

- 18.2.1 **Responsibility of Head of Public Body:** The heads of public body at all levels are responsible to ensure that the appropriate numbers of internal auditors with the required qualifications are staffed and that PSNP activities are part of the annual audit plan and that the plan is executed accordingly.
- 18.2.2 **Responsibility of Internal Audit:** The Internal Audit is responsible for an independent, objective assurance and consulting activity designed to add value and improve the PSNP operations. It helps the public body accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

18.2.3 Scope of Work for Internal Audit

18.2.3.1 Internal audit should fulfil its duty by systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:

- monitor the achievement of the PSNP's objectives;
- Identify, asses and manage the risks in achieving the PSNP's objectives;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- Safeguard the Program's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption;
- Ensure the integrity and reliability of financial reports.
- Ensure that adequate internal controls are in place.

18.2.3.2 Internal audit should devote particular attention to any aspects of the risk management, control and governance affected by material changes to the Program's risk environment. The following areas are among the priority concern in the PSNP program

- Financial transaction audit, including cash audit
- Budget executions
- Procurement audit
- Commodity audit
- Payroll audit
- Performance audit on cash transfer cycle to the scope of their respective public bodies including follow-up of cash and food transfer in, transfer out, withdrawal and follow-up from bank, attendance processing, payroll payments and reporting.

18.2.4 **Independence:** Internal audit should be sufficiently independent of the activities, which it audits to enable auditors to perform their duties in a manner, which facilitates impartial and effective professional judgments and recommendations. It should have no executive responsibilities in any of PSNP programs.

18.2.5 Organizational Independence

- 18.2.5.1 Internal audit should report directly to the relevant Head of the Public Body and Audit Committee of the Public Body. Internal Auditor at Woreda level will report to Woreda Administrator and Audit committee established at Woreda level (if any). A copy of annual internal audit report, which will be addressed to the head of the public body, should be submitted to the MoFED for follow up on reported audit findings and recommendations.
- 18.2.5.2 Their Audit Committee should advise the Heads of the Public Bodies on the discharge of their responsibilities in respect of internal audit.
- 18.2.5.3 The internal Auditor or internal audit unit should also issue copy of the audit report to the relevant Food Security Task Force.
- 18.2.5.4 The Heads of Public Bodies should make appropriate arrangements for the routine supervision and management of the budget and resources of internal audit (including staff appraisal arrangements) without prejudice to the direct accountability of internal audit to the Head of Public Body.
- 18.2.5.5 The internal audit activity should be free from interference in determining the scope of internal auditing, performing work, and communicating results.

18.2.6 Independence of Individual Auditors

- 18.2.6.1 Individual auditors should have an impartial, unbiased attitude, characterized by integrity and an objective approach to work, and should avoid conflicts of interest. They should not allow external factors to compromise their professional judgment.
- 18.2.6.2 Internal auditors should possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. (Refer Annex XXXIV for internal auditors code of ethics)

18.2.7 Relationship with External Auditors

- 18.2.7.1 Internal audit should seek to meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, methods and terminology and seek opportunities to rely on their work where appropriate, provided this does not prejudice internal audit's independence.
- 18.2.7.2 The internal auditors need to plan and accomplish internal audit so that they could have prior findings on the following types of audits so that they can share to external auditors:

- Interim Audit
- Annual Final Audit
- Commodity audit
- Procurement audit

18.2.7.3 In any case of conflict with the External Auditor, the Head of Internal Audit will consult with or refer the matter to the Head of Public Body.

18.2.8 Relationship with other internal auditors

18.2.8.1 Internal Audit at the level of Woreda is on a pool basis. As a result the internal auditor has access to all sector offices within the Woreda. However, if there is a need to communicate with next levels of administration bodies like the regional and federal offices, internal auditors may collaborate.

18.2.8.2 At regional and Federal level, internal auditors are available in each bureaus, ministries and directorates. As PSNP program engages different bureaus and ministries at these levels of administration, it is essential also to work with other internal auditors to get the better understanding of the relationships in terms of resource and information flows.

18.2.8.3 Where Internal Auditors need to work with Internal Auditors of another organization, the roles and responsibilities of each party should be agreed and endorsed by the Head of each Public Body. Whenever possible agreement to joint working or to placing professional reliance on work carried out by one party should be sought.

18.2.9 Qualification of Internal Auditors: Ministry of Finance and Economic Development defines the minimum level of skill, knowledge and experience required of an internal auditor and the Head of Internal Audit. The Head of Internal Audit should be qualified and have a wide experience of management. Internal Auditors need to have a minimum of 3 years experience in auditing or accounting.

18.2.10 Staffing the Internal Audit Unit

18.2.10.1 MoFED is responsible for ensuring that internal auditors have access to the full range of knowledge, skills, qualifications and experience to meet the unit's audit objectives and standards. In addition to internal audit skills, MoFED should specify any other professional skills, which may be needed by the internal audit unit. It should also make provision for appropriate administrative support.

- 18.2.10.2 MoFED is also responsible to make sure that internal auditors are well acquainted with PSNP program through provision of training on PSNP financial management systems and availing of essential program documentations and copies of audit reports.
- 18.2.10.3 The Ministry of Finance and Economic Development should set criteria for the appointment of the more senior staff in the internal audit unit based on training and experience of the Internal Auditor.
- 18.2.11 **Review of Audit Assignments:** Internal reviews should be performed periodically by experienced members of the internal auditing staff to appraise the quality of the audit assignment performed in relation to PSNP program in accordance with the Internal Audit manual. MoFED should coordinate an external review of the internal auditing department by persons who are independent of the public body to appraise the quality of the audit assignment carried out in PSNP program. Experienced internal auditor of other public body may carry out external review as a peer-review in accordance with guidelines stated in the Internal Audit Manual.
- 18.2.12 **Follow-up on Reported Audit Findings and Recommendations:** The Internal Auditor should establish a time frame within which management's response (including the relevant Food Security Task Force) to the audit findings is required and evaluate the response received. The responses should include sufficient information for the Internal Auditor to evaluate the adequacy and timeliness of corrective action. The Internal Auditor should receive periodic updates from management in order to evaluate the status of management's efforts to correct previously reported conditions.

18.3 External Audit – Audit of Project Financial Statements

18.3.1 The Auditor

- 18.3.1.1 MOFED will have the project financial statements audited by the Office of the Federal Auditor General (OFAG) or an auditor assigned by OFAG.
- 18.3.1.2 Should OFAG decide to assign an independent audit firm to handle the financial audit, efforts should be made to ensure that the eligible auditors are recruited or appointed within two months of effectiveness.

18.3.2 Objective of the External Audit

- 18.3.2.1 The objectives of the audit of the Project Financial Statements (PFSs) is to enable the auditor to express a professional opinion(s) on the financial position of the project at the end of the fiscal year, and on funds received and expenditures incurred for the relevant accounting period. The accounting system, books and records provide the basis for preparation of the PFSs by the project implementing agency and are established to reflect the financial transactions in respect of the project.

18.3.3 Scope of the Audit

- 18.3.3.1 The auditor is responsible for forming and expressing opinion on the financial statements. The audited financial statement will include all sources of funds for the program, including other development partners and the Government.
- 18.3.3.2 The auditor will prepare a work plan to ensure adequate coverage of the various institutions that receive project funds and cover all the major risk areas. The audit of the project will be carried out in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), and to relevant World Bank guidelines, and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. In complying with International Standards on Auditing, the auditor is expected to pay particular attention to fraud and corruption, laws and regulations, governance and risks (Refer TOR attached – Annex XXX).
- 18.3.3.3 The audit report should include follow up on the audit recommendations noted by audit reports at different ministries and sector bureaus.
- 18.3.3.4 In addition to the audit of the Project Financial Statements, the auditor is required to verify IFRs used as a basis for the submission of loan withdrawal applications to the World Bank. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances.

18.3.4 Preparation of Annual Financial Statements

- 18.3.4.1 As explained in the financial report section of this manual, the responsibility for the preparation of financial statements of the program including adequate disclosure is that of MOFED.

18.3.5 Interim Audits

- 18.3.5.1 The purpose of interim audit is primarily to ensure that the funds allocated for PSNP are used for the purposes for which they are intended in accordance with established rules and regulations. The audits are not a separate exercise and thus are not only an end on their own, but are intended to facilitate the process of the annual financial audit, and also provide early information to project management to enable them to timely take corrective actions and to assure all parties (including donors) that funds are utilized for the purposes intended.
- 18.3.5.2 The auditor will carry out interim audits following the audit plan that is designed at planning stage of the audit. The auditor would select representative samples of implementing agencies in different geographical regions to conduct the audit.
- 18.3.5.3 When the PFS are submitted to the auditor, in addition to other relevant audit activities/ works, the auditor would draw on the results of the interim audit to form an opinion on the Project Financial Statements.
- 18.3.5.4 Since the Interim audit is part and parcel of the final year-end audit, the overall scope of the work (of the interim audit) is within the “Scope of the Audit” described above. Detail notes are annexed (Annex XXX).
The Interim Audit focuses on identifying and managing any risks to achieving the PSNP’s objectives and ensuring that systems are in place and function to allow compliance with established policies and procedures and to ensure efficient and effective use of programme resources. The Interim Audit covers six months ending on January 7, and reports are submitted by MOFED to Development Partners within 90 days (April 7). The Interim Audit is not a separate exercise; instead, it is part of the annual audit process facilitating timely completion and coverage of programme implementation.
- 18.3.5.5 MoFED is responsible to address audit findings and recommendation including refunding of any ineligible expenditures coming out of the audit.
- 18.3.5.6 Based on the audit findings, the PSNP accountant will pass a journal entry to reverse the expenditure against receivable from government (4210). When the cash is reimbursed from the relevant finance office (WoFED or BoFED or MoFED), the Receivable from Government account (4210) will then be credited for the amount received.

18.4 Commodity Audits

18.4.1 The scope and Objectives of Commodity Audit

- 18.4.1.1 As the Commodity Flow and Status Report is prepared by inputs from agencies including USAID and WFP as well as the government's own records, the scope of the audit covers these and related institutions that channel the commodities to the final beneficiaries.
- 18.4.1.2 The audit will be conducted to ascertain the fairness of the commodity flow and status report and at hand balances, and to review internal control and identify weakness in the system and to ensure that the commodities are finally distributed to the intended beneficiaries and to assess the overall commodity flow process as well as to ensure that the reporting system is satisfactory. Detail activities are included in the Terms of Reference for commodity audit (Annex XXXI)
- 18.4.1.3 Relevant reports that should be audited include the quarterly commodity flow and status report. The Auditor is expected to produce two reports: Audited Commodity Flow and Status Report including an opinion on the fairness of the states of affairs of the project in terms of commodity movement and respective balances and; a detailed report of the audit work.

18.4.2 Responsibility of MoA

- 18.4.2.1 MOA, specifically the Food Coordination Unit will be responsible for facilitating commodity audit and following up on the findings thereof.
- 18.4.2.2 It should prepare an annual consolidated commodity flow and status report by using inputs from all levels be it Federal, Regional and Woreda levels. The report will have the detail information of opening balance, quantity received, quantity dispatched, the loss, the quantity distributed to beneficiaries and the quantity remaining at end of the reporting period. This report would be prepared in terms of quantity only. It should also include the budgeted quantity information as well. This report will be a report subject to this audit work.
- 18.4.2.3 MOA will submit this audit report within six months of the end of the fiscal year ending on July 7.

18.5 Timing of Audit Reports

Financial Audit

- 18.5.1.1 The Interim Audit covers six months ending on January 7, and reports are submitted by MOFED to Development Partners within 90 days (not later than April 7).
- 18.5.2 MOFED shall submit annual financial audit to DPs not later than six months after the end of each fiscal year, which ends on July 7.
- 18.5.3 MOA will submit annual commodity audit report within 6 months of the end of the fiscal year ending 7 July of each year.

18.6 Link between the various audits

- 18.6.1 There is a strong link between the various audits. Interim audit is actually part and parcel of the final audit. Part of the financial audit has a scope of reviewing the procurement and payment procedures. The specific procurement audit is more specialized one which reviews the procurement cycle in depth. In the financial audit process it is part of the review to ensure that procured commodities are properly accounted at least on the first point of receipts. The commodity audit is in depth review of the detail commodity acquisition, transfer issuance, management and control aspects.
- 18.6.2 The responsible body should consider the revision of the TOR
- 18.6.3 All auditors engaged in one or more of these audit types need to get past audit reports of others. The auditor will review whether past recommendations which are related to its scope of work are being followed up.
- 18.6.4 All the relevant public bodies at all levels should respond immediately to recommendations and findings to which they are identified with. Action taken and would be taken should be reported to MoFED in one month time from the receipts of the respective audit reports (Interim, commodity, procurement and annual audit reports). These reports should be compiled by MoFED and should be presented to auditors when they are coming for the following audit.

19 HUMAN RESOURCE

This section describes the human resource issues related to financial management of PSNP. The PSNP's human resources in relation to financial management consist of permanent government staff and contract staff (i.e. non-permanent employees working within government implementing the PSNP). As indicated in the PIM, programme managers should hire all the staff required to ensure that they meet the performance targets in their areas based on their assessment of the programme requirements.

19.1 Manpower Requirements

The minimum Financial Management staffing capacity for effective PSNP implementation at woreda level is:

Staff position	Minimum standard
Cashiers	1:25,000 client
Accountants	1: 25,000 clients
Woreda warehouse staff	1 per warehouse/storage facility

- 19.1.1 The accountant and cashier ration applies at woreda, not regional level. That is, any woreda with up to 25,000 clients will employ at least 1 cashier and 1 accountant. Any woreda with up to 50,000 clients will employ at least 2 cashiers and 2 accountants. Any woreda with up to 75,000 clients will employ at least 3 cashiers and 3 accountants, and so forth.
- 19.1.2 In some Regions, the Zones play an important role. In these areas, Zonal minimum staffing requirements include sufficient mobile accountants to provide regular support to woredas.
- 19.1.3 Minimum financial management staffing levels at Regional level. Procurement and IT personnel are directly reporting to the Food Security office. These two positions are incorporated here because of their relevance to financial management. Technical Assistant (TA) for IT personnel is important because of PASS.

Staff position	Minimum standard
BOFED	
Accountants	2 Junior accountant 2 Senior accountant
Food Security Office	
Procurement Coordinator	1
Information Technology TA	1 or 2

19.1.4 Minimum financial management related staffing levels at Federal level are:

	Staff position	Minimum standard
MOFED		
	Accountants	4 senior accountants in Channel 1 Case Team
Food Security Coordination Directorate		
	Procurement Coordinator	1
	Financial Management TA	1
MoLSA		
	Financial Management TA	1

19.1.5 In addition to the minimum staffing levels described above, all staff working on the PSNP – be they regular government staff, contract staff or TAs – must have clear responsibilities, should be neither under- or over-employed and must have access to the resources required to carry out their work.

19.1.6 PSNP accountants should be provided with job description. The job description need to be revised as deemed necessary by MoFED. Job descriptions for accountants at all levels are annexed to this manual (Annex XXXV). The job descriptions annexed are designed with the assumption of one PSNP accountant at the respective level. When there are more than one accountants, job should be further segregated without omission among accountants according to their seniority level. The senior accountant will be the responsible person to make sure that all the jobs are accomplished in accordance with the job description.

19.1.7 Programme managers should take steps to address those issues that cause high rates of staff turnover, such as low salaries, in adequate working conditions and little security of tenure. Programme managers may also introduce schemes to foster commitment, such as rewards to good performance, providing certificates for training received, among other activities. Programme managers at lower levels should, to the full extent possible, take steps to address the causes of turnover among staff. When needed, support and approval should be requested from higher-level programme managers.

19.1.8 Because staff turnover will remain a reality in many places, steps need to be taken to establish hand-over mechanisms, where staff leaving the position transfers the PSNP documents, material and information to the newly hired staff (refer to section 21 of this manual for handover procedure).

19.2 Human Resource Development

- 19.2.1 In addition to ensuring that sufficient staff is in place to implement the PSNP, these staff must have the skills and knowledge to carry out their tasks efficiently. They also need access to work in an environment that enables them to carry out their jobs. For staff to be effective their responsibilities and areas of accountability must be well articulated and their performance routinely monitored. This requires good management, as described in the section above.
- 19.2.2 A core duty of staff at Federal, Regional and Zonal levels is to mentor and coach staff at lower levels for the overall achievement of the program. This requires that staff at higher levels communicate with lower-level staff frequently and provide on the job training regularly.
- 19.2.3 Training is then cascaded to lower levels, whereby federal staff trains the regions, regions train woredas (or zones) and woredas train kebeles. Mobile accountants at BoFED, MoFED and Zonal level need to have training of trainers in the financial management and procurement guidelines.
- 19.2.4 PSNP trainings will always include an evaluation, will include a more ‘hands-on’ approach to training and will be supported by mentoring and coaching from higher-level staff. Training sessions will also be delivered frequently to address the high rates of staff turnover.
- 19.2.5 A minimum set of training sessions has been identified, which are managed at Federal-level through the PSNP rolling-training programme. Programme managers at all level can request and/or organize training sessions that are not covered by the rolling training programme to address gaps in staff capacity. These training sessions can be financed out of the administrative or management budgets.

	HRD input	Minimum standard	Responsible party
	Training on PIM	Annual	FSCD
	Procurement	Annual	FSCD
	Rolling training on FM	Rolling throughout the year	MOFED
	Basic ICT	Annual	FSCD
	PASS (introduction & refresher)	Annual	FSCD
	Field-based FM support to woredas		

- 19.2.6 In addition to the rolling training programme, MOFED holds quarterly consultative meetings with BoFEDs to review PSNP-related financial management issues to build the capacity of all staff and ensure that financial management activities are being implemented as intended. Similarly, FSCD holds quarterly meetings with the regional food security offices to discuss implementation issues related to the PSNP.
- 19.2.7 Finally, a complete set of PSNP documents are available at each woreda, zone and Region. The list of minimum documents are:
- Financial Management Manual
 - PSNP 2010-2014 programme document
 - Programme Implementation Manual
 - Procurement Guideline

19.3 Monitoring performances of finance staff

19.3.1 Monitoring Fund Transfer

- 19.3.1.1 One of the key determinants of success in the PSNP is timeliness of transfers. If transfers are timely then people can be sure that transfers are coming, and can plan their consumptions and expenditures to guarantee sufficient food and avoid asset loss. As a result a strong monitoring and evaluation activities within these finance offices need to be in place to ensure success of SPNP.
- 19.3.1.2 The MOFED accountant will review monthly action plan and activity/status report of the regions and necessary action will be taken on weak areas of fund transfer cycle.

19.3.2 Monitoring Timely Financial Reporting

- 19.3.2.1 Financial reports are sent from WOFEDs on a monthly basis to the BOFEDs. The BOFEDs should ensure the reports received from the lower level are complete and meet all expected standards. After performing this quality control, BOFED will consolidate and submit quarterly financial reports to MOFED.
- 19.3.2.2 MOFED should in turn check, consolidate, and submit quarterly IFRs to development partners within 60 days of the end of the quarter.
- 19.3.2.3 MOFED will follow up each region's reporting status using the format per Annex XXXII.

19.3.2.4 Every month summarized regions reporting status produced and communicated to the concerned bodies with possible solution to improve timely submission of reports.

19.3.3 Monitoring Timely Payroll Payment

19.3.3.1 Accountants at all levels have to make sure that payroll payments are effected on a timely manner. It is up to the accountants including finance heads at all levels to make the necessary preparation, monitoring and follow-up so that salary to clients would be paid on time. They have to communicate, formally and informally as to the foreseen possible obstacles which possibly delay the timely payment ahead of time.

19.3.3.2 A core principle of the PSNP is that payments to Public Works and Direct Support clients are timely and predictable. This means that all payments are made to clients within 6 weeks after the end of the month when the public works were completed.

19.3.3.3 The MOFED Accountant shall monitor payroll payment by reviewing each region's monthly action plan and activity/status report. Further investigation and discussion with concerned staff and offices will be made for late submission of reports. Possible solution will be recommended for fast and quality reporting and on time payment.

19.3.4 Financial Management Activity Plan and Monitoring action plans

19.3.4.1 Finance Offices at all levels should prepare a monthly action plan. The action plans are outlined the list of activities to be accomplished to make sure that funds are available on time and payments are effected to the beneficiaries on time. This action plan is to be filled by the respective accountants and finance heads. When the accountants are more than one, the finance head is responsible to allocate the action plan among the accountants. The following are some key types of action plans that existing PSNP:-

- Action plan agreed with Donors at JRIS
- Action plans to address audit report findings,
- Action plans to improve FM aspects
- Etc

19.3.4.2 The action plan is a must to do. In the PSNP, excuse of any sort is worthless. If an accountant worried that one or more of the activities could not be achieved in the month concerned, should immediately refer the matter to the finance head and to the head of WoFED, BoFED or MoFED in writing and fax and strive his best for achievement (See Annex XXXII)

19.3.4.3 Copy of Action plan copy delivered at the beginning of the month to the immediate supervisor and a marked copied of the same action plan will be returned to the end of the month for the immediate supervisor with annex of the activity/status report. See Annex XXXIII)

19.3.5 Performance Targets

19.3.5.1 To encourage good sound management, performance targets were introduced to the PSNP as a means of improving and assessing programme implementation. These performance standards defined a common goal for programme implementation and set clear standards against which changes in performance at Federal, Regional and woreda levels are judged. Annual targets on respective proxy indicators for the relevant topics will be issued by FSCD. (Refer Annex XXV)

19.3.5.2 These targets are a basis for the determination of incentive payments. Relevant topics in financial management activities are shown below (Refer the PIM for the full version). Performance incentives are provided for meeting minimum performance standards on annual basis based in procedures described in the PIM. Refer also Annex XXV.

19.3.5.3 Relevant minimum standards for finance offices at all levels are:

- Data needs to be available for all woredas related to at least five of the six months during which transfers are distributed.
- Submission of financial reports at least 30 days after the end of the reporting period
- PASS is used to prepare attendance sheets and payrolls.
- No outstanding problem with financial management reported by the Annual or Roving Financial Audit or with food management as reported by the Commodity Audit²

19.3.5.4 For those woredas that have met the minimum criteria, their progress towards a core performance target is then assessed. Woredas are clustered into three categories based on critical determinants, such as distance to banks and remotes. Woredas must meet the core performance target assigned to their each category. (Refer Annex XXV)

- Category One: 85% of transfers delivered to clients within 45 days after the end of the month to which the transfer applies for each of five out of six months

² The audits from the previous year will apply.

- Category Two: 80% of transfers delivered to clients within 45 days after the end of the month to which the transfer applies for each of five out of six months
- Category Three: 75% of transfers delivered to clients within 45 days after the end of the month to which the transfer applies for each of five out of six months

19.3.5.5 For woredas to meet the above targets, the Federal and Regional levels must transfer resources to woredas on time.

19.4 Ethical Requirements

19.4.1 All personnel at all levels should comply with the relevant ethical requirements in discharging their responsibility. Accordingly, staffs need to ensure their compliance with ethical requirements including integrity, objectivity, confidentiality and independence to enhance the effectiveness of internal control systems.

20 HANDING OVER PROCEDURES

Traditionally, handover procedure is limited to transfer of property and equipment by an outgoing or a transferred staff to an incoming staff or to warehouses. In PSNP, various studies show that staff turnover seriously affected the project implementation. Hence, it is essential to ensure that the outgoing staff transferred his/her wisdom, knowledge, status of activities and issues to the incoming staff.

20.1 Preparation of the handover report

- 20.1.1 Handover reports should be prepared by a staff members who are about to leave their positions, either temporarily (illness, maternity leave etc) or permanently, to assist their successor carry out their duties.
- 20.1.2 Handover report should be integrated in staff clearance process. The supervisor should indicate that they received a handover report from the leaving staff member during the checkout process.
- 20.1.3 The purpose of a handover note is to provide the new staff with key knowledge and information regarding the position so that the transition period is as short and smooth as possible and ensure continuity of operations.
- 20.1.4 In case of a temporary absence, particularly if the absence is longer than four weeks, it is strongly suggested that the staff member shall agree with his supervisor on whether a handover note should be written and if so, how detailed it needs to be.
- 20.1.5 A staff member who was temporarily covering the functions due to a colleague's absence shall also write a handover note to ensure a smooth transition back.
- 20.1.6 Handover report shall be finalized during the week before the staff member leaves his/her position. If this is not possible, the staff member should send the handover note to his/her successor before departing and supplement the note with phone conversations or by email. If the successor has not yet been appointed, the staff member should leave a handover note with his/her supervisor.

20.2 Distribution of the Handover report

- 20.2.1 One copy of the handover report shall be submitted to the immediate supervisor and one copy should be filed to archive.

20.3 Additional documentation to be included in the handover report

20.3.1 The staff required to prepare handover report should also attached working and training manuals which he received in the past because of his position in the project. These include training manuals, procedure manuals and guidelines, software, working templates and formats.

20.4 Checklists for the content of the handover report

1. Name and job title of the outgoing staff (report writer)
2. Date of Handover report;
3. Duration of Assignment (include start and end date);
4. Brief description of duties
5. Supervisor and reporting procedures
6. Regular/re-occurring meetings, reports or procedures
7. Key documents/reference material to read
8. Status of recent and current projects, reports and, meetings
 - i. name of the project/report/meeting
 - status
 - action needed
 - partners
 - Budget (if applicable)
 - critical issues, challenges and priorities
 - etc
 - ii. Repeat as many times as necessary. Indicate priority projects.
9. Where to find files (hardcopy and electronic).
10. Calendar of major activities and/or events.
11. Contacts (internal and external) suppliers, customers, donors, regional and federal offices etc.

Name	Organization	Phone	E-mail	comments

12. Contact information of the leaving employee (phone, email, fax etc).

21 FILING AND RETAINING OF DOCUMENTS

- 21.1 Vouchers should be sequentially filed in a box file. Supporting documentation should be provided with numbering which shows the total page length. For instance, If the voucher has five page supporting documents, the first page will be numbered as '1/5', the second one will be labelled as '2/5' and so on.
- 21.2 Box files should be dedicated by type of vouchers. Petty cash payments, Cheque Payments , cash receipts and deposits, bank statements, journal vouchers should be filed in a separate box file and the box file should be marked with the name of the document, box file number, and the date or month ranges of the documents.
- 21.3 Financial documents should be kept safely with the appropriate physical security to prevent unauthorised access, fraudulent actions and other damages.
- 21.4 According to Financial Documents Preservation Guideline No 5/1999 of MoFED, financial documents shall be preserved for ten years from the date they were created or up to two years after the audit by the Auditor General is completed, whichever comes last. For further detail please refer the guideline.
- 21.5 Documents refer to all the ledger cards, registers and supporting documents and procurement files. The PSNP documents shall be kept separately and shall be filed in a way that makes referring to the documents very easy. The filing system should enable the auditors of PSNP and anyone who is authorized to check the documents of PSNP to easily and systematically trace the documents and information they are looking for.
- 21.6 Completed procurement files should be transferred to archive with formal hand over procedure between the procurement personnel and the person in charge of archiving financial documents. The procurement personnel is responsible to provide appropriate referencing to the documents and the number should be cross referenced with the procurement register which is to be prepared by the procurement personnel.
- 21.7 Permanent financial files like financial management manual, FM rules & regulations, PAD, PIM, Agreements, vouchers, personnel files etc should be kept both in soft and hard copy that enables users to access easily.
- 21.8 Current and recent reports like IFRs, regional reports, correspondences on IFRs, checklist, budget amendments, variation, explanations, variance analysis should updated and filed properly to maintain smooth flow information for new comers.

22 WORKING EXAMPLE

The following example is provided in order to enable the user of the manual understand the whole process of journalizing, posting and preparation of financial statements in Integrated Budget System (IBEX) for PSNP IV. The example is comprehensive which enables new PSNP accountant to practice transaction processing in IBEX with all sorts of transaction types including Receipt voucher, Payment voucher, Journal Voucher and Transaction Register. The example is prepared for a sample PSNP woreda, Adwa, located in the Tigray Regional State for the month Ended 30 Sene 2007/July 7.2015. The transactions provided, though are in line with PSNP components, and are not real transaction.

Once, transactions are entered into IBEX and transaction register should be checked against the record before posting. The next step is to post the transaction and to generate inbuilt financial reports from IBEX including trial balances, budget and expenditure reports and many more other reports.

22.1 Opening Balance – Ginbot 2007 EC

The following general ledger balances were obtained from Ginbot 30, 2007 Trial Balance

Account Code	Description	Debit	Credit
4101	Cash on hand	250,000	
4110	Cash at Bank	551,000	
4203	Advance to staff	62,000	
4211	Purchase advance	9,000	
4011	Woreda Transfer		1,159,900
5003	Income tax payable		5,000
6113	Salary expense to contact staff	12,000	
6212	Stationary expense	11,100	
6217	Fuel & Lubricant expense	6,500	
6231	Perdiem expense	35,000	
6241	Maintenance expense	12,000	
6251	Consultancy	9,800	
6256	Fees and charges	1,300	
6271	Local Training	54,000	
6314		10,200	
6324		26,700	
6412		53,000	
6417		61,300	
Total		1,164,900	1,164,900

22.2 The following are subsidiary ledger balances at Ginbot 30, 2007:

Account Code	Description	Debit	Credit
4203	Ayele	22,000	
4203	Belay	15,000	
4203	Aster	16,000	
4203	Mulu	9,000	

22.3 Transactions

The following transactions were undertaken during Sene 2007 at Adwa Woreda, Tigray Regional State

Component	Date	Description	Ref.	Debit	Credit
Component (1A)	Sene 2	Paid birr 4500 for a Consultant	BPV 001	6251	4110
	4	Paid birr 1500 for bank service charge as per the debit advice	BPV 002	6256	4110
	6	Computer were purchased by birr 25000	BPV 003	6313	4110
	7	Advance of birr 11,200 is given to the purchaser for local training payment	BPV 004	4211	4110
Component (1B)	8	Local Training costs are settled , total expense were birr 11,200	JV 001	6271	4211
	9	Furniture were procured with birr 10500	BPV 005	6314	4110
	11	Birr 5400 were paid for car maintenance	BPV 006	6241	4110
Component (2A)	15	Birr 32000 were paid for Permanent Direct Support beneficiaries	CPV 001	6417	4101
	18	A total of birr 50,000 were paid to Public Works & Temporary Dir. Supp. Beneficiaries	CPV 002	6411	4101
	19	Equipment were purchased for Public Work activities with birr 8500	BPV 007	6324	4110
	21	Birr 25,000 were paid from contingency Payment to beneficiaries	CPV 003	6419	4101
	25	The woreda has received transfer of birr 600,000 for PSNP and livelihood beneficiaries payment	RV 001	4110	4011
Component (2B)	26	Birr 2500 of per diem cost were settled by Ayele	JV 002	6231	4203

	26	Birr 1500 were paid for fuel & lubricant	BPV 008	6217	4110
	27	Livelihood Transfers payment to Beneficiaries, its total amount were birr 150,000	CPV 004	6412	4101
	28	Stationary and consumable materials were purchased by the purchaser (Belay) with birr 11,200	JV 003	6212	4203
	28	Training for livelihood beneficiaries were provided – its total amount of settlement expense by Aster were birr 13,000	JV 004	6271	4203
Component (3A)	28	Perdiem was settled by Mulu with total balance of birr 2100	JV 005	6231	4203
	29	Salary of birr 15000 was made to staff	CPV 005	6113	5003- Br2500
	29		CPV 005		4101 - 13500
	30	Debit advice for Bank Service of birr 500 was collected from bank	BPV 009	6256	4110
Component (3B)	30	Birr 16,000 was paid to Consultant	BPV 010	6251	4110
	30	Car Maintenance of birr 6500 was made	BPV 011	6241	4110
	30	Equipment purchase with total price of birr 21000 were procured	BPV 012	6313	4110

22.4 Assignment

- Enter the above transactions into PSNP IBEX database prepared for the purpose of PSNP exercise. Consult your IT person to setup the database if not loaded to your computer.
- Review the transaction entered against the transaction list from IBEX before posting
- Generate all required reports from IBEX: Including trial balance, Budget Vs Expenditure report, Ledger.

- Prepare IFR reports as per the required formats based on the information you got from IBEX reports.
- When finished, process the account closing wizard.

22.5 Tips and Answers

22.5.1 Samples Windows from IBEX related to the above exercise

TRANSACTION REGISTER

Reporting Unit: 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Bank Account: 01 - PSNP

Month: Sene

22.5.1.1 Payment Voucher as seen from transaction register

Item No.	Voucher			Check/Doc No.	Description	SoF	BI Code	Account Code	Subs. Led. Code	Debit	Credit	User
	Date	Type	No.									
0000004	2/10/2007	PV	001	111	Consultant payment	2014	15/00/000/211/06/01/01/001	6251		4,500.00	0.00	
								4110		0.00	4,410.00	user
								5006		0.00	90.00	
										Total Debit: 4,500.00	Total Credit: 4,500.00	

Module) - User : user Currently Selected BI: 15 / 00 / 000 / 211 / 06 / 01 / 01 / 001

22.5.2 Receipt Voucher as seen from transaction register

Item No.	Voucher			Check/Doc No.	Description	SoF	BI Code	Account Code	Subs. Led. Code	Debit	Credit	User
	Date	Type	No.									
0000015	25/10/2007	RV	001		Money transferd from BOFED	2014	15/00/000/152/00/22	4011		0.00	600,000.00	user
								4110		600,000.00	0.00	

nts Module) - User : user Currently Selected BI: 15 / 00 / 000 / 211 / 06 / 01 / 01 / 001

22.5.3 Journal Voucher as seen from transaction register

Item No.	Voucher			Check/Doc No.	Description	SoF	BI Code	Account Code	Subs. Led. Code	Debit	Credit	User
	Date	Type	No.									
0000020	28/10/2007	JV	004		Settlement of stationary cost	2014	15/00/000/211/06/01/04/001	6212		11,200.00	0.00	user
								4203	002	0.00	11,200.00	

s Module) - User : user Currently Selected BI: 15 / 00 / 000 / 211 / 06 / 01 / 01 / 001

22.5.4 Reports

Federal Government of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Name of Public Body: Ministry of Agriculture - Month/Year: Ginbot - Sene / 2007

Bank Account: 01

Transaction Status: All

S/N	Date	Descriptions				Year			PB	Prog	Agency	Sub Ag	Sub. Prog	Act	Sub.	Debit		Credit	
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	152	00	22			4011		-	-	1,159,900	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4101		250,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4110		551,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4203	001	22,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4203	002	15,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4203	003	16,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4203	004	9,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								4211		9,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014								5026		-	-	5,000	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	07	033	6113		12,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	04	001	6212		11,100	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	05	001	6217		6,500	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	05	001	6231		35,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	01	001	6241		12,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	01	001	6251		9,800	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	01	001	6256		1,300	-	-	-

Financial Management Manual for PSNP

S/N	Date	Descriptions				Year			PB	Prog	Agency	Sub Ag	Sub. Prog	Act	Sub.	Debit		Credit	
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	05	001	6271		54,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	02	001	6314		10,200	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	03	001	6324		26,700	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	05	001	6412		53,000	-	-	-
3	30/09/2007	Beginning Balance		JV	0001	2014	00	000	211	06	01	03	001	6417		61,300	-	-	-
4	02/10/2007	Consultant payment	111	PV	001	2014								4110		-	-	4,500	-
4	02/10/2007	Consultant payment	111	PV	001	2014	00	000	211	06	01	01	001	6251		4,500	-	-	-
5	04/10/2007	Bank service charge	112	PV	002	2014								4110		-	-	1,500	-
5	04/10/2007	Bank service charge	112	PV	002	2014	00	000	211	06	01	01	001	6256		1,500	-	-	-
6	06/10/2007	Purchase of computer	113	PV	003	2014								4110		-	-	25,000	-
6	06/10/2007	Purchase of computer	113	PV	003	2014	00	000	211	06	01	01	001	6313		25,000	-	-	-
7	07/10/2007	Advance paid for local training	114	PV	004	2014								4110		-	-	11,200	-
7	07/10/2007	Advance paid for local training	114	PV	004	2014								4211		11,200	-	-	-
8	08/10/2007	Settlement of local training		JV	002	2014								4211		-	-	11,200	-
8	08/10/2007	Settlement of local training		JV	002	2014	00	000	211	06	01	02	001	6271		11,200	-	-	-
9	09/10/2007	Purchase expense for furniture and fixtures	115	PV	005	2014								4110		-	-	10,500	-
9	09/10/2007	Purchase expense for furniture and fixtures	115	PV	005	2014	00	000	211	06	01	02	001	6314		10,500	-	-	-
10	11/10/2007	Car maintenance expense	116	PV	006	2014								4101		-	-	5,400	-
10	11/10/2007	Car maintenance expense	116	PV	006	2014	00	000	211	06	01	02	001	6241		5,400	-	-	-

Financial Management Manual for PSNP

S/N	Date	Descriptions				Year			PB	Prog	Agency	Sub Ag	Sub. Prog	Act	Sub.	Debit		Credit	
11	15/10/2007	Payment for permanent direct support beneficiaries		PV	007	2014								4101		-	-	32,000	-
11	15/10/2007	Payment for permanent direct support beneficiaries		PV	007	2014	00	000	211	06	01	03	001	6417		32,000	-	-	-
12	18/10/2007	Payment for Public works & Temporary direct support beneficiaries		PV	008	2014								4101		-	-	50,000	-
12	18/10/2007	Payment for Public works & Temporary direct support beneficiaries		PV	008	2014	00	000	211	06	01	03	001	6412		50,000	-	-	-
13	19/10/2007	Purchase of equipment	117	PV	009	2014								4110		-	-	8,500	-
13	19/10/2007	Purchase of equipment	117	PV	009	2014	00	000	211	06	01	03	001	6324		8,500	-	-	-
14	21/10/2007	Payment for beneficiaries		PV	010	2014								4101		-	-	25,000	-
14	21/10/2007	Payment for beneficiaries		PV	010	2014	00	000	211	06	01	03	001	6419		25,000	-	-	-
15	25/10/2007	Money transferred from BOFED		RV	001	2014	00	000	152	00	22			4011		-	-	600,000	-
15	25/10/2007	Money transferred from BOFED		RV	001	2014								4110		600,000	-	-	-
16	26/10/2007	Settlement of perdiem		JV	003	2014								4203	001	-	-	2,500	-
16	26/10/2007	Settlement of perdiem		JV	003	2014	00	000	211	06	01	04	001	6231		2,500	-	-	-
17	26/10/2007	Cost of fuel & lubricant	118	PV	011	2014								4110		-	-	1,500	-
17	26/10/2007	Cost of fuel & lubricant	118	PV	011	2014	00	000	211	06	01	04	001	6217		1,500	-	-	-
19	26/10/2007	Cash Transfer to safe	119	PV	013	2014								4101		75,000	-	-	-
19	26/10/2007	Cash Transfer to safe	119	PV	013	2014								4110		-	-	75,000	-

Financial Management Manual for PSNP

S/N	Date	Descriptions				Year			PB	Prog	Agency	Sub Ag	Sub. Prog	Act	Sub.	Debit		Credit	
18	27/10/2007	Livelihood payment to beneficiaries		PV	012	2014								4101		-	-	150,000	-
18	27/10/2007	Livelihood payment to beneficiaries		PV	012	2014	00	000	211	06	01	04	001	6412		150,000	-	-	-
20	28/10/2007	Settlement of stationery cost		JV	004	2014								4203	002	-	-	11,200	-
20	28/10/2007	Settlement of stationery cost		JV	004	2014	00	000	211	06	01	04	001	6212		11,200	-	-	-
21	28/10/2007	Settlement paid for training to livelihood beneficiaries		JV	005	2014								4203	003	-	-	13,000	-
21	28/10/2007	Settlement paid for training to livelihood beneficiaries		JV	005	2014	00	000	211	06	01	04	001	6271		13,000	-	-	-
22	28/10/2007	Perdiem Expense		PV	014	2014								4101		-	-	1,750	-
22	28/10/2007	Perdiem Expense		PV	014	2014	00	000	211	06	01	05	001	6231		1,750	-	-	-
23	28/10/2007	Settlement of perdiem advance		JV	006	2014								4203	004	-	-	2,100	-
23	28/10/2007	Settlement of perdiem advance		JV	006	2014	00	000	211	06	01	06	001	6231		2,100	-	-	-
24	29/10/2007	salary paid to staff		PV	015	2014								4101		-	-	12,500	-
24	29/10/2007	salary paid to staff		PV	015	2014								5026		-	-	2,500	-
24	29/10/2007	salary paid to staff		PV	015	2014	00	000	211	06	01	06	001	6113		15,000	-	-	-
25	30/10/2007	Bank service charge	525252	PV	016	2014								4110		-	-	500	-
25	30/10/2007	Bank service charge	525252	PV	016	2014	00	000	211	06	01	06	001	6256		500	-	-	-
Total																2,222,250	-	2,222,250	-

Monthly Accounting Reports - Capital Expenditure

Federal Government of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Name of woreda : Federal Code : 000
 Name of Public Body: Ministry of Agriculture Code: 211 Month/Year: Sene / 2007
 Name of Program: New Generation PSNP Code: 06 Budget Type: 2 - Capital
 Name of Sub Agency: Tigray Code: 01
 Name of Sub Program : Comp. 1(a) Key Instruments Code : 01
 Name of Project: Adwa Code: 001
 Source of Finance: International Development Association /IDA/ Code: 2014 Bank Account Code: 01
 Accounting Period Status: Closed Print Date : 10/06/2015

Account Code	Description	Adjusted Budget		Balance not committed	Current Month				YTD Expenditure (Birr)				
					Debit		Credit		Debit		Credit		
6241	Maintenance and Repair of Vehicles and Other Transport	80,000	00	80,000	00	-	-	-	-	15,000	00	-	-
6251	Contracted Professional Services	90,000	00	90,000	00	4,500	00	-	-	14,300	00	-	-
6256	Fees and charges	120,000	00	120,000	00	1,500	00	-	-	5,800	00	-	-
6313	Purchase of Plant, Machinery and Equipment	120,000	00	120,000	00	20,000	00	-	-	23,000	00	-	-
6314	Purchase of Buildings, Furnishings and Fixtures	170,000	00	170,000	00	-	-	-	-	3,000	00	-	-
Total		580,000	00	580,000	00	26,000	00		-	61,000	00		-

Monthly Accounting Reports - Capital Expenditure

Federal Government of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Name of woreda : Federal Code : 000

Name of Public Body: Ministry of Agriculture Code: 211 Month/Year: Sene / 2007

Name of Program: New Generation PSNP Code: 06 Budget Type: 2 - Capital

Name of Sub Agency: Tigray Code: 01

Name of Sub Program : Comp. 1(b) Key Instruments Code : 01

Name of Project: Adwa Code: 001

Source of Finance: International Development Association /IDA/ Code: 2014

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Adjusted Budget		Balance not committed	Current Month				YTD Expenditure (Birr)				
					Debit		Credit		Debit		Credit		
6241	Maintenance and Repair of Vehicles and Other Transport	130,000	00	130,000	00	5,000	-	-	-	5,000	00	-	-
6271	Contracted Professional Services	130,000	00	130,000	00	11,200	00	-	-	12,200	00	-	-
6313	Purchase of Plant, Machinery and Equipment	130,000	00	130,000	00	-	-	-	-	1,000	00	-	-
6314	Purchase of Buildings, Furnishings and Fixtures	130,000	00	130,000	00	10,000	00	-	-	21,200	00	-	-
Total		520,000	00	520,000	00	26,200	00		-	39,400	00		-

Federal Government of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Name of woreda : Federal Code : 000
 Name of Public Body: Ministry of Agriculture Code: 211 Month/Year: Sene / 2007
 Name of Program: New Generation PSNP Code: 06 Budget Type: 2 - Capital
 Name of Sub Agency: Tigray Code: 01
 Name of Sub Program : Comp. 2(a) Key Instruments Code : 01
 Name of Project: Adwa Code: 001
 Source of Finance: International Development Association /IDA/ Code: 2014 Bank Account Code: 01
 Accounting Period Status: Closed Print Date : 10/06/2015

Account Code	Description	Adjusted Budget		Balance not committed	Current Month				YTD Expenditure (Birr)				
					Debit		Credit		Debit		Credit		
6114	Wages to Casual Staff	150,000	00	150,000	00	-	-	-	-	500	00	-	-
6324	Construction of Infrastructure	150,000	00	150,000	00	8,500	00	-	-	35,700	00	-	-
6412	Grants, Contributions and Subsidies to Institutions and Enterprises	100,000	00	100,000	00	50,000	00	-	-	50,000	00	-	-
6417	Grants and Gratuities to Individuals	50,000	00	50,000	00	32,000	00	-	-	93,800	00	-	-
6419	Miscellaneous Payments	50,000	00	50,000	00	25,000	00	-	-	25,000	00	-	-
Total		500,000	00	500,000	00	115,500	00	-	-	205,000	00	-	-

Financial Management Manual for PSNP

Monthly Accounting Reports - Capital Expenditure

Federal Government Of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Name of woreda : Federal Code : 000

Name of Public Body: Ministry of Agriculture Code: 211 Month/Year: Sene / 2007

Name of Program: New Generation PSNP Code: 06 Budget Type: 2 - Capital

Name of Sub Agency: Tigray Code: 01

Name of Sub Program : Comp. 2(b) Key Instruments Code : 01

Name of Project: Adwa Code: 001

Source of Finance: International Development Association /IDA/ Code: 2014

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Adjusted Budget		Balance not committed		Current Month				YTD Expenditure (Birr)			
						Debit		Credit		Debit		Credit	
62112	Maintenance and Repair of Vehicles and Other Transport	50,000	00	50,000	00	12,000	00	-	-	23,100	00	-	-
6217	Contracted Professional Services	100,000	00	100,000	00	1,500	00	-	-	1,500	00	-	-
6231	Fees and charges	150,000	00	150,000	00	2,500	00	-	-	3,500	00	-	-
6259	Purchase of Plant, Machinery and Equipment	100,000	00	100,000	00	-	-	-	-	-	-	-	-
6271	Purchase of Buildings, Furnishings and Fixtures	150,000	00	150,000	00	13,000	00	-	-	13,000	00	-	-
6313		100,000	00	100,000		-	-			-	-		
6314		100,000	00	100,000		-	-			-	-		
6412		150,000	00	150,000		150,000	00			150,000	00		
Total		900,000	00	900,000	00	179,000	00		-	191,100	00		-

Financial Management Manual for PSNP

Monthly Accounting Reports - Capital Expenditure Federal Government O f Ethiopia

15/00/000/211/06/01/01/001 - Ministry o f Agriculture - Adwa

Name of woreda : Federal

Code : 000

Name o f Public Body: Ministry o f Agriculture

Code: 211

Month/Year: Sene / 2007

Name o f Program: New Generation PSNP

Code: 06

Budget Type: 2 - Capital

Name o f Sub Agency: Tigray

Code: 01

Name o f Sub Program : Comp. 2(c) Key Instruments

Code : 01

Name o f Project: Adwa

Code: 001

Source o f Finance: International Development Association /IDA/ Code: 2014

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Adjusted Budget		Balance not committed	Current Month				YTD Expenditure (Birr)				
					Debit		Credit		Debit		Credit		
6217	Fuel and Lubricants	100,000	00	100,000	00	-	-	-	-	6,500	00	-	-
6231	Per diem	100,000	00	100,000	00	1,750	00	-	-	36,750	00	-	-
6271	Local Training	100,000	00	100,000	00	-	-	-	-	54,000	00	-	-
6412	Grants, Contributions and Subsidies to Institutions and Enterprises	100,000	00	100,000	00	-	-	-	-	54,000	00	-	-
Total		400,000	00	580,000	00	1,750	00	-	-	151,250	00	-	-

Financial Management Manual for PSNP

Monthly Accounting Reports - Capital Expenditure

Federal Government Of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Name of woreda : Federal Code : 000

Name of Public Body: Ministry of Agriculture Code: 211 Month/Year: Sene / 2007

Name of Program: New Generation PSNP Code: 06 Budget Type: 2 - Capital

Name of Sub Agency: Tigray Code: 01

Name of Sub Program : Comp. 3(a) Key Instruments Code : 01

Name of Project: Adwa Code: 001

Source of Finance: International Development Association /IDA/ Code: 2014

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Adjusted Budget		Balance not committed	Current Month				YTD Expenditure (Birr)				
					Debit		Credit		Debit		Credit		
6113	Wages to Contract Staff	200,000	00	200,000	00	15,000	00	-	-	15,500	00	-	-
6212	Office Supplies	100,000	00	100,000	00	-	-	-	-	-	-	-	-
6217	Fuel and Lubricants	100,000	00	100,000	00	-	-	-	-	-	-	-	-
6231	Per diem	100,000	00	100,000	00	2,100	00	-	-	2,100	00	-	-
6241	Maintenance and Repair of Vehicles and Other Transport	100,000	00	100,000	00	-	-	-	-	-	-	-	-
6256	Fees and Charges	100,000	00	100,000		500	00			500	00		
6259	Water and Other Utilities	100,000	00	100,000		-	-			-	-		
Total		800,000	00	800,000	00	17,600	00	-	-	18,100	00	-	-

Financial Management Manual for PSNP

Monthly Accounting Reports - Capital Expenditure Federal Government Of Ethiopia 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Month/Year: Sene / 2007

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Current Month				YTD Expenditure (Birr)			
		Debit		Credit		Debit		Credit	
4011	Transfer b/n Finance Bureau and Woreda Finance Office	-	-	600,000	00	-	-	1,747,000	00

Monthly Accounting Reports - Capital Expenditure Federal Government Of Ethiopia 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Month/Year: Sene / 2007

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Current Month				YTD Expenditure (Birr)			
		Debit		Credit		Debit		Credit	
4011	Transfer b/n Finance Bureau and Woreda Finance Office	-	-	-	-	-	-	20,000	00

Financial Management Manual for PSNP

Monthly Accounting Reports - Capital Expenditure Federal Government Of Ethiopia 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Month/Year: Sene / 2007

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Current Month				YTD Expenditure (Birr)			
		Debit		Credit		Debit		Credit	
4203	Advance to Staff	-	-	27,560	00	34,440	00	-	-
4211	Purchase Advance	-	-	-	-	9,000	00	-	-
Total		-	-	27,560	00	43,440	00	-	-

Monthly Accounting Reports - Capital Expenditure Federal Government Of Ethiopia 15/00/000/211/06/01/01/001 - Ministry of Agriculture - Adwa

Month/Year: Sene / 2007

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Current Month				YTD Expenditure (Birr)			
		Debit		Credit		Debit		Credit	
5006	Withholding Tax Payable	-	-	1,030	00	-	-	1,030	00
5026	Due to Regions/Federal Public Bodies	-	-	2,500	00	-	-	7,500	00
5059	VAT Payable	-	-	7,050	00	-	-	7,050	00

Financial Management Manual for PSNP

Total	-	-	10,580	00	-	-	15,580	00
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Monthly Accounting Reports - Capital Expenditure

Federal Government Of Ethiopia

15/00/000/211/06/01/01/001 - Ministry of Agriculture – Adwa

Month/Year: Sene / 2007

Bank Account Code: 01

Accounting Period Status: Closed

Print Date : 10/06/2015

Account Code	Description	Current Month				YTD Expenditure (Birr)			
		Debit		Credit		Debit		Credit	
	Revenue/Assistance/Loan	-	-	-	-	-	-	-	-
4101	Cash on Hand	-	-	200,400	00	49,600	00	-	-
4110	SSDP Loan	472,490	00	-	-	1,024,490	00	-	-
	Transfer	-	-	600,000	00	-	-	1,767,900	00
	Receivables	-	-	27,560	00	43,440	00	-	-
	Payables	-	-	10,580	00	-	-	15,580	00
	Recurrent Expenditure	-	-	-	-	-	-	-	-
	Capital Expenditure	366,050	00	-	-	665,950	00	-	-
	Total	838,540	00	834,540	00	1,783,480	00	1,783,480	00