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IMRO RWANDA MANAGEMENT PROCEDURE MANUAL

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Background Of Ihorere Munyarwanda Organization (IMRO Rwanda)

Ihorere Munyarwanda Organization (IMRO Rwanda) is a Non-Governmental Organization that was founded in 1999 and legally operating in Rwanda. It was granted legal personality No 03/11 and have fulfilled all requirements for compliance with the new Law number 04/2012 of 17th February 2012 governing the Organization and Functioning of National Non-Governmental Organizations/RGB-Rwandan Law. IMRO Rwanda has 23 years' experience implementing interventions in the context of Poverty Alleviation, Gender Equality, Nutrition, GBV, HIV, Education, Environment, Peace Building, Health Promotion, accountability, Advocacy and Networking in order to improve lives of IMRO Rwanda's beneficiaries at individual, family and, community levels for sustainable social economic development. This is achieved through broad consultation, partnership and transparent management with different Stakeholders. The organization works towards the vision of IMRO Rwanda as a national organization of excellence in harmonization and synergy for a healthy society, targeting Women Adolescents, Youth, Key Populations, Women with Low income and other vulnerable populations to have Access to services with Human Right based approach.

1.1 IMRO Rwanda Vision

IMRO Rwanda works towards the vision as a National Organization of excellence in harmonization and synergy for a healthy society by targeting General Population, Women, Youth, Children, Key Populations and vulnerable groups with Human Rights based approach in Rwanda and beyond.

1.2 IMRO Rwanda Mission

IMRO Rwanda's ultimate mission is to serve the general population by implementing socio-economic interventions, advocacy, and

networking and by promoting sustainable socio-economic development.

1.3 IMRO Rwanda Core Values

IMRO Rwanda's core values are:

- Gender Sensitive
- Good Governance
- Creativity and innovation
- Human rights based
- Self-confident and team work
- Integrity and commitment
- Time consciousness and management
- Equal opportunities and equity
- Ready to work together with interested partners
- Transparency, accountability and responsibility.

2. Introduction

IMRO Rwanda Management Procedural Manual stands as a comprehensive guide and reference document, meticulously crafted to ensure streamlined operations, effective decision-making, and adherence to organizational standards. Rooted in the principles of efficiency, transparency, and accountability, this manual serves as a compass for the management team, providing clear directives and protocols to navigate the various facets of organizational governance.

At the heart of the manual is a commitment to excellence and a dedication to optimizing internal processes. IMRO Rwanda recognizes the critical role that effective management plays in achieving organizational goals and fulfilling our mission. As such, this procedural manual is designed to empower our management team with the tools and knowledge necessary to lead with precision, integrity, and foresight.

Covering a spectrum of managerial functions, from strategic planning to day-to-day operations, the manual is a living document that evolves in tandem with the dynamic needs of our organization. It encapsulates best practices, procedural guidelines, and ethical considerations that underpin our commitment to responsible and effective management.

IMRO Rwanda's Management Procedural Manual sets the stage for a culture of continuous improvement, encouraging adaptability and innovation within our management practices. By adhering to the guidelines outlined in this manual, our management team contributes to the overall success of the organization, ensuring that IMRO Rwanda operates at the highest standards of professionalism and effectiveness.

As we embark on the journey outlined in this procedural manual, we reaffirm our dedication to the principles of excellence, accountability, and ethical leadership. IMRO Rwanda's Management Procedural Manual is more than a set of instructions; it is a blueprint for the sustained success and positive impact we aspire to achieve in service to our mission and the community we serve.

3. Policy Statement

At IMRO Rwanda, we are committed to fostering an organizational culture that upholds the highest standards of integrity, transparency, and accountability. This policy statement serves as a formal declaration of our guiding principles and commitments across all facets of our operations.

Ethical Conduct:

We pledge to conduct our business with the utmost integrity, honesty, and fairness. Our employees and stakeholders are expected to uphold ethical standards in all interactions, both within and outside the organization.

Transparency and Accountability:

IMRO Rwanda is dedicated to maintaining transparent and accountable practices. We strive to provide clear and accessible information to stakeholders, ensuring that our decision-making processes are open, and our actions are subject to scrutiny.

Compliance with Laws and Regulations:

We commit to full compliance with all relevant laws, regulations, and industry standards. This includes but is not limited to procurement, finance, and data protection regulations. Our commitment to compliance is unwavering, and we continually update our practices to align with evolving legal requirements.

Quality of Service:

IMRO Rwanda is dedicated to providing services of the highest quality. We prioritize continuous improvement in our operations, ensuring that our services meet or exceed the expectations of our beneficiaries, partners, and the wider community.

Inclusivity and Diversity:

We embrace diversity and inclusion as integral elements of our organizational identity. IMRO Rwanda is committed to fostering a workplace that values and respects individuals of all backgrounds, experiences, and perspectives.

Environmental and Social Responsibility:

Recognizing our impact on the environment and society, we commit to responsible and sustainable practices. IMRO Rwanda seeks to minimize its ecological footprint and contribute positively to the communities in which we operate.

Confidentiality and Data Security:

Protecting the confidentiality and security of information, both internal and external, is paramount. IMRO Rwanda implements robust measures to safeguard sensitive data and respects the privacy rights of individuals associated with our organization.

Continuous Improvement:

IMRO Rwanda is committed to a culture of continuous improvement. We encourage innovation, learning, and adaptability to ensure that our organization remains dynamic and responsive to the changing needs of our beneficiaries and the broader community.

4. Disbursement Procedures

- The opening and management of accounts
- The submission of Payment Requests as well as Financial Follow-up Reports
- Proper maintenance of all records for the organization of a satisfactory audit.

In accordance with the provisions of the protocols signed with various partners, the received funding is managed by the National Coordination of IMRO Rwanda¹. In this context, the National Coordination of IMRO Rwanda is required to adhere to the provisions contained in this manual, particularly in the production of reports in the required form and within the specified deadlines.

5. Accounting Procedures

5.1 Generalities

The accounting of IMRO Rwanda must be, in accordance with the principles of prudence, meet the obligations of regularity, sincerity, and transparency inherent in the recording, control, presentation, and communication of the information it processes among others. It adheres to the National Accounting Plan and International Accounting Standards.

¹ Executive Director and the Finance Department IMRO Rwanda.

5.2 Practical Organization

Journals:

The foundational system of accounting consists of the general accounting module, through which analytical and budgetary aspects will be captured. This module is based on a set of journals.

Accounting Recording Procedures:

The procedure for recording accounting documents in the journals unfolds as follows:

- ✓ Receipt and recording of accounting documents
- ✓ Verification
- ✓ Analysis, allocation, and accounting entry
- ✓ Classification
- ✓ Generation of accounting documents
- ✓ Analysis of accounts and bank reconciliations

Receipt and Recording of Accounting Documents:

All invoices and accounting documents are to be managed and processed exclusively by the finance department. The finance department is responsible for receiving, recording, verifying, and appropriately handling all financial documentation in accordance with established procedures and guidelines.

Verification:

Upon receiving any accounting document, the accountant conducts necessary verifications to ensure compliance and accuracy.

Financial Analysis, Allocation, and Accounting Entry:

The accountant carries out the following tasks:

- Analysis of documents
- Allocation of expenditure categories
- Coding of relevant accounts, including analytical sections and/or geographical zones

-Verification of entries before finalizing the recording.

Financial Classification:

Proper financial classification is essential for maintaining accurate accounting records. It should be done in chronological order, and the responsibility for classification lies with the accountant.

Generation of Financial Documents:

The following documents will be generated:

-Journals

-General ledger

-Trial balance

Financial statements (statements of income and expenses, balance sheet, budget execution statement, bank reconciliation statement, payment statement)

Analysis of Accounts and Bank Reconciliation:

This task is performed by the accountant and involves:

-The generation and analysis of accounts

-Rectification of any errors

-Generation of reconciliation statements and reconciliation of bank accounts.

Supplier Payments:

When making payments to suppliers, the following documents will be attached to the check or payment order:

-Original invoice.

5.3 Accounting Schedule

5.3.1 Daily Tasks

-The daily tasks that the accounting department must regularly perform revolve around the following points:

-Recording bank transactions (checks, wire transfers, debit and credit notifications, check deposits);

-Inputting bank transactions.

-Verification of allocations.

These tasks result in the production of the following documents:

-Daily position of bank cash;

-Sequential statement of checks and issued wire transfers.

Cash Management:

-Entry of cash documents;

-Generation and verification of the cash journal.

These tasks result in the production of the following documents:

-Daily cash position;

-Statement of cash suspense (Cash vouchers to be justified...)

Purchases:

-Allocation of invoices;

-Verification of allocations;

-Entry of invoices.

These tasks result in the production of updates to commitment records

5.3.2 Monthly Tasks:

- Generation of bank journals and reconciliation with the general ledger;
- Recording any necessary adjusting entries;
- Generation of final bank journals and verification of coherence with the general ledger;
- Verification of the classification of bank documents (bank statements, credit and debit notifications, wire transfer orders);
- Control of monthly entries;
- Preparation of bank reconciliation statements and analyses;
- Monitoring of unsettled cash transactions (pending wire transfers; checks or documents received but not yet transmitted...).

These tasks result in the production of the following documents:

Bank Cash:

- Bank cash position;
- Cash flow statement for the period (receipts, disbursements, and net flows);
- Monitoring of cash realization;
- Cash budget update;
- Sequential tracking of issued checks and wire transfers.

Petty Cash:

IMRO Rwanda strictly avoids petty cash transactions, opting instead for secure and traceable methods such as bank transfers, checks, and mobile money for financial operations. This approach ensures transparency, accountability, and efficient management of financial resources.

Purchases

- Purchase journal editing;

- Input control;
- Reconciliation of computer documents for coherence;
- Justification of supplier balances and analysis;
- Verification of the classification of supporting documents;
- Control of allocations;
- Analysis of supplier accounts.

These tasks result in the production of the following documents:

- Suppliers' balance sheet;
- Statement of commitments.

Payroll

- Preparation of pay slips and coherence control;
- Input of payroll data;
- Preparation of the monthly payroll record;
- Input of centralized payroll and social charges accounting entries;
- Filing of duplicate pay slips;
- Payroll journal editing;
- Reconciliation between the payroll journal and the general ledger.

These tasks result in the production of the following documents:

- Salary statement;
- Pay slips;
- Statement of withholdings on salaries.

Fixed Assets

- Updating of fixed asset acquisitions;

- Preparation or generation of fixed asset cards related to the month's acquisitions and reconciliation with supporting documents;
- Reconciliation between the general ledger and the fixed assets register.

These tasks result in the production of a detailed statement of fixed assets after reconciliation between the general ledger and the fixed assets register.

Synthesis Work

- Printing of the general ledger (occasionally) and the general balance;
- Printing of analytical tracking statements for accounts;
- Printing of cash flow statements;
- Printing of budget tracking statements.
- Comparison of period achievements with the budget and explanation of variances."

These tasks result in the production of the following documents:

- Bank cash position;
- Cash flow statement for the period (cash inflows, outflows, and net flows);
- Cash realization tracking;
- Cash budget update;
- Sequential register tracking checks and issued transfer orders.

Purchases

- Purchase journal printing;
- Input control;

- Reconciliation of computer documents for coherence;
- Justification of supplier balances and analysis;
- Verification of the classification of supporting documents.
- Allocation control;
- Analysis of supplier accounts.
- These tasks result in the production of the following documents:
- Suppliers' balance sheet;
- Statement of commitments.

Payroll

- Preparation of pay slips and coherence control;
- Input of payroll data;
- Preparation of the monthly payroll record;
- Input of centralized payroll and social charges accounting entries;
- Filing of duplicate pay slips;
- Payment and input of the quarterly social charges statement;
- Reconciliation between the payroll journal and the general ledger.

6. General, Analytical, and Budgetary Chart of Accounts

6.1 General Chart of Accounts

To make the most of financial data, it is essential to be able to classify them. A chart of accounts serves as a means of classifying accounting data to encourage their use, enable better management, and develop more meaningful accounting. In practice, the chart of accounts enhances the results achievable by the financial management system.

The general chart of accounts for IMRO Rwanda is built based on the National Chart of Accounts, which, in turn, is derived from the OCAM Plan.

- Class 1: Received Financing
- Class 2: Fixed Assets
- Class 3: Inventories
- Class 4: Third Party and Adjustment Accounts
- Class 5: Financial Accounts
- Class 6: Expenses and Losses
- Class 7: Other Revenues.

The first two digits of the IMRO Rwanda chart of accounts correspond to those of the National Chart of Accounts, while the following four digits are composed based on the organization's own structure and the desired level of precision.

The general chart of accounts of IMRO Rwanda includes three types of accounts to verify:

A. Individual Accounts

To produce maximum detail, the accounts of certain external partners to IMRO Rwanda are individualized and tracked through a separate accounting, also known as auxiliary accounting. This is the case for suppliers (providers of goods, consultants, and other service providers) and potential beneficiaries (NGOs).

This practice of subdividing accounts has the advantage of enabling detailed tracking of auxiliary accounts.

B. Collective Account

At the level of general accounting summary tables (balance sheets), the movements of various individual accounts will be synthesized

and appear in a collective account that consolidates transactions related to each auxiliary sub-account.

C. General Accounts

All other accounts are referred to as general accounts. The entirety of these accounts is presented in the appendix (General Chart of Accounts). Additional accounts will be created as needed but always following the same logic.

6.2 Analytical Chart of Accounts

The analytical chart of accounts is designed to provide managers at different levels with the most detailed information by geographical area.

The analytical plan consists of a series of codes allowing the breakdown of achievements and expenses by geographical area, by source of funding, by category, and by objective.

6.3 Budgetary Chart of Accounts

The budgetary chart of accounts is structured according to the IMRO Rwanda's budget. Once established, it should not be modified lightly.

The final decision to modify the plan should always rest with the accountant, who must determine the need for the proposed change.

6.4 Accounting Framework

The main accounting procedures are developed following the major cycles of operations. Analytical and budgetary accounting is integrated into general accounting.

7.1 Received Financing

IMRO Rwanda receives funding from various donors in accordance with different protocols.

7.2 Internal Control Procedures

- Accounting account must be opened for each source of funding.
- Funds are disbursed based on duly filled Fund Withdrawal Requests.
- Fund Replenishment Requests must be approved by the accountant.
- Supporting documents for incurred expenses (depending on authorization thresholds) must be attached.

7.3 Fixed Assets

Accounting

IMRO Rwanda finances two types of fixed assets:

- Assets owned by IMRO Rwanda and managed by IMRO Rwanda;
- Assets acquired for partners.

In accordance with the National Chart of Accounts, fixed assets are recorded in the Fixed Assets Class.

Fixed assets acquired by IMRO Rwanda for its own use in cash (cash/cheque)

Dr - Account 22 (Recorded according to the nature of the asset).

Cr - Account 56 or 57 Cash or Bank

Fixed assets acquired by IMRO Rwanda for its own use on credit

Dr - Account 22 (Recorded according to the nature of the asset)

Cr - Account 40 Suppliers

7.4 Payment to Suppliers

Dr - Account 40 Suppliers

Cr - Account 56 or 57 Cash or Bank

Change of Location of an Asset

The change of location of an asset must be authorized by the Executive Director of IMRO Rwanda. Any change in the location of an asset will result in an update to the fixed assets register.

7.5 Insurance for Fixed Assets

IMRO Rwanda Executive Director must take out insurance policies for fixed assets. The responsibility for insuring IMRO Rwanda's fixed assets lies with the Executive Director of IMRO Rwanda.

7.6 Depreciation

The calculation can be done in an off-book manner, with a focus on monitoring and proper management of IMRO Rwanda's assets.

Works, Assets, and Services Performed or Acquired

IMRO Rwanda's services are carried out through its various departments.

Disbursements are made according to budgeted categories.

The activities of IMRO Rwanda require reliable accounting to facilitate reporting.

The reliability of these reports will depend largely on the expense accounting system of the Project.

- Internal Control Procedures

- The expense must be initiated by the requesting department through a purchase requisition;

- The request is approved by the head of the requesting department;

- The accountant receives the request and confirms the budget allocation;

- The request is sent to the Executive Director for authorization

- The authorization from the Executive Director initiates the procurement process;
- After following the procurement procedures, a supplier is selected;
- The Purchase Order must be prepared in four copies. The original is sent to the supplier;
- A copy is sent to the accounting department.
- The Purchase Order must be pre-numbered in sequence. The Purchase Order is signed by the Executive Director and the accountant.
- Goods and services receipt committee must be formed. The committee will include;
 - A representative from the requesting department
 - The Executive Director
 - A procurement officer within their responsibilities
- The committee must produce a reception report. The report and the supplier's invoice will be transmitted to the Executive Director;
- The supplier's invoice must bear the name of 'IMRO Rwanda' as the beneficiary or owner of the goods or services;
- The Executive Director authorizes payment, and the invoice is transmitted to the accountant for payment;
- Each expense must be recorded in the corresponding category or account.

❖ **Accounting**

Expenses incurred for partners are recorded in one Account While Operating expenses are recorded in another.

❖ **Reception of the supplier's invoice**

Debit (Dt) Account 27, 61, 62, 63, 64 - Expenses

Credit (Ct) Account 40 - Suppliers

❖ **Payment of the invoice**

Debit (Dt) Account 40 - Suppliers

Credit (Ct) Account 56 - Bank OR 57 – Cash.

Personnel Expenses

The information regarding IMRO Rwanda personnel is under the responsibility of the Assistant Executive Director. IMRO Rwanda staff is remunerated based on individual contracts. Contractual remunerations are documented in a payroll statement, while overtime requires a declaration before being incorporated into the payroll. Accounting entries are made based on the summary statement of salaries.

Internal control procedures:

A file must be maintained for each IMRO Rwanda staff member, containing details such as employment date, age, contract, base salary, contract duration, and various allowances.

Salary statement preparation should be monthly, starting on the 20th of each month.

All work on salary statements must be authorized, initiated by the accountant and verified by the Finance Officer.

The accountant must confirm the completeness and reliability of salary statements, accuracy of names, reliability of modifications, reliability of deductions, and reconciliation of financial statements with accounting information.

Salary payments must be authorized by the executive director.

Payroll statements are prepared by the accountant.

Payroll statements are prepared in duplicate. The original copy is given to the staff member, and a copy is attached to the salary statements.

Salaries must be paid by bank transfer on the 25th day of the month.

Accounting:

Salary expenses are recorded in Account 65 - Personnel Expenses. The following entries will be recorded:

Debit Account 651 - Base Salary

Debit Account 652 - Allowances

Credit Account 421 - Accrued Remunerations.

For salary payment:

Debit Account 421 - Accrued Remunerations Due

Credit Account 56 - Bank For deduction disbursement:

Debit Account 422 - Other Deductions

Credit Account 56 - Bank

Bank

The objective of this procedure is to ensure reliable management of bank accounts.

Internal control procedures:

- Each bank account must be identified in IMRO Rwanda's accounting.
- Check preparation is initiated by the accountant.
- Checked by the Executive Director for approval.
- Cheques are approved by at least two legal signatories.

- A check movement register is maintained.
- A checkbook for each bank account should be provided to the accountant.

Miscellaneous Operations

These operations primarily involve accounting for expenses or other funding sources for which supporting documents have not been received by the end of the fiscal year, in compliance with the principle of period separation.

These include:

- Regularization of prepaid expenses.
- Regularization of outstanding charges.
- Regularization of expected funding resources.
- Recording exchange differences on foreign currency liabilities.
- Recording provision for accrued leave.
- Various regularization operations for period separation.
Regularization entries will be made case by case using the appropriate regularization account.

✓ **Prepaid expenses**, such as vehicle insurance fees:

Debit Account 48

- Prepaid Expenses

Credit Account 64

- Vehicle Equipment Insurance.

✓ **Liabilities to be paid:**

In the case of water and electricity supplies:

Debit Account 610 - Water and Electricity

Credit Account 470 - Liabilities to be Paid

✓ **Conversion Difference:**

-In the case of exchange loss on supplier invoice:

Debit Account 640 - Exchange Loss

Debit Account 40 - Supplier

Credit Account 56 - Bank

-In the case of exchange gain:

Debit Account 40 - Supplier

Credit Account 74 - Exchange Gain

Credit Account 56 - Bank

✓ **Provision for Accumulated leave:**

Debit Account 659 - Other Personnel Expenses

Credit Account 470 - Other Liabilities to be Paid

Year End Activities

• **Cash:**

-Retrieve or obtain the bank statement as of 31/12.

-Reconcile bank statements with books and accounting journals.

-Physically count the cash.

-Record any discrepancies.

-Verify period separation.

• **Payroll:**

-Generate the annual summary of salaries per individual.

-Reconcile the payroll journal with the general ledger.

- **Assets:**

-Physical inventory of assets.

-Generate the asset table.

-Reconcile with supporting documents and the general ledger.

- **Annual Reports:**

An annual financial report will be prepared at the close of each year and integrated into the Annual Activity Report. It will include at least the following elements:

-Statement of Revenue and Expenditure as of December 31st.

-Statement of Resources and Uses of IMRO Rwanda as of December 31st.

-Account Reconciliation Statement as of December 31st.

-Financial position as of December 31st.

12. Reports

- **Monthly Report:**

The monthly report is an internal work report that synthesizes all activities conducted by IMRO Rwanda during the month, encompassing all aspects of the organization's operations.

- **Quarterly Report or Financial Monitoring Report:**

A quarterly report detailing the technical and financial status of IMRO Rwanda must be prepared, meeting the criteria deemed satisfactory by the funders. This report includes an assessment of project progress, physical accomplishments, highlighting major achievements, unfinished or deferred tasks, major challenges faced,

and proposed solutions and recommendations. It also covers the financial and budgetary management status of IMRO Rwanda.

The annual report follows the same format as the quarterly report, but considerations are made for the entire year. It includes comprehensive financial statements of IMRO Rwanda.

Bank Account Transactions

IMRO Rwanda maintains bank accounts for its operations, including current accounts in Rwandan Francs and foreign currency accounts. Separate bankbooks are kept for each account, recording receipts and payments separately and analyzing transactions by nature. At the end of each month, bank reconciliation is performed for each account by reconciling the organization's bookkeeping with the bank's records.

- **Bank Accounts:**

The authorization to open a bank account lies with the Executive director. In collaboration with the Board of Directors (CA), the Legal Representative designates individuals authorized to sign checks related to the bank accounts. At least two designated persons must sign on all agency-issued checks. The Executive director and the accountant manage IMRO Rwanda's bank account. All checks must be supported by a bank payment receipt and duly authorized documents.

- **Checks:**

No one should sign a blank check. Checks from other organizations must be deposited into the bank account. All unused checkbooks must be kept by the accountant. As for all used check stubs, they must be kept by the Cashier until the accounts are reconciled. Checks must be used sequentially, and all canceled checks must be kept in a safe and appropriate place for future reference. The Legal Representative or the Treasurer of the Board of Directors authorizes

any transaction requiring a transfer from a foreign currency account. The accountant keeps the check stubs of used checks in the safe. He/she properly organizes all supporting documents in an appropriate file. Any loss, falsification, or diversion of a check or checkbook must be immediately reported to the Legal Representative or the Treasurer. The bank is immediately notified, and investigations commence promptly.

- **Procedures:**

Supervisors recommend payment requests, indicating the correct cost centers and account numbers. In the case of pre-approved payments (rent, water, electricity, etc.), the accountant initiates the process. Documents related to any banking transaction must be prepared by the accountant after verification by the Head of the Finance Department or executive director for payment. The issued checks are signed according to the hierarchy determined by the Legal Representative in consultation with the Treasurer. Subsequently, the Treasurer checks to ensure that the funds have been used in accordance with the applicable rules. The signed documents are handed over to the accountant, who analyzes expenses by account and cost center and records the entries in the bank book. The Treasurer then verifies the accuracy of the transactions.

- **Bank Reconciliation:**

A bank reconciliation is prepared for each account to compare the bank statement balance to the closing balance in the bank book. Bank statements for each account are requested monthly. The bank statement must be verified by comparing it with the bank book to ensure that all transactions on the bank statement are recorded in the bank book. The bank book must be regularly updated to avoid omitting entries. A list of all outstanding checks must be compiled. All bank reconciliations are prepared by the Accountant and approved by the executive director. All bank statements related to

payments from funders or debit notes must be supported by supporting documents to explain such transactions. All bank statements must be accompanied by supporting documents and properly filed. For transactions without bank statements, a bank statement must be requested from the bank for verification and reconciliation.

Operation of Petty Cash account:

There will be no petty cash fund maintained at the IMRO Rwanda office.

Audits

Audit missions, which are verification missions, are conducted at two levels: External Audit: The external audit is conducted as a post-examination of the financial statements, financial systems, records, transactions, and operations carried out as part of the Project. The external audit is conducted annually by professional accountants to provide credibility to financial statements and management reports. The audit mission aims to identify weaknesses in internal control and financial systems and make necessary recommendations for improvement in the preparation of these documents.

IMRO Rwanda will maintain adequate records and accounts in accordance with acceptable accounting practices, reflecting the operations of resources and expenses executed within the framework of IMRO Rwanda. IMRO Rwanda will ensure the retention of all relevant documentation related to all payments made in the Accounts for regular examination by external auditors. Annually, IMRO Rwanda will organize and assist in conducting an audit of the Accounts by an acceptable external audit firm. The scope of this audit must be sufficiently detailed to meet the requirements of funders.

In addition to the points mentioned above, IMRO Rwanda must also:

- Retain, for at least one year from the date of submission of the audit report to funders for the fiscal year in which the last disbursement from the Credit Account or settlement of the account was made, all documents (contracts, orders, invoices, receipts, and other documents) that can serve as evidence for these expenditures.
- Allow representatives of funders to examine these documents.
- Ensure that the said reports and expenditure statements are included in the annual audit.

IMRO Rwanda will recruit an accounting audit firm in accordance with IMRO Rwanda's recruitment procedures and acceptable to funders. The audit firm will be selected based on the following criteria:

- The audit firm must be impartial and independent, meaning it must be free from any relationship with the entity to be audited and the person (or persons) who appointed it.
- Specifically, the audit firm must not be employed or serve as director(s), or have a financial relationship or a close business relationship with the entity during the audit period.
- The audit firm must be well-established with a strong reputation, using procedures and methods that comply with generally accepted international audit practices, and employ adequate staff with appropriate qualifications and professional experience.
- The audit firm must have experience in auditing the accounts of projects or entities of similar scale, nature, and complexity to the work to be undertaken.

- **The audit will cover:**
- Financial statements;
- The justification statement of the Accounts;
- The statement of expenditure records;
- And any other reports required by funders. It must be conducted in accordance with accepted international principles and standards of auditing.
- **The audit report must contain:**

The auditors' single professional opinion, specifically on:

- The financial statements of the Project;
- Certified statements of expenses related to the accuracy and eligibility of expenses that led to withdrawals based on expenditure records, as well as the reliability of expenditure records as a basis for disbursement of Credit resources; o Accounts related to the prudent use of the funds deposited therein;
- The report on internal control;
- A letter of assertion from the Executive director attesting that they have provided all necessary information requested by the auditors.

Budgetary Procedures

❖ Generalities

Budgetary management is based on forecasts related to IMRO Rwanda's activities, to establish action programs expressed in the form of a budget for a given period to control them by comparing them with achievements.

Budgetary management thus comprises three phases: forecasting, execution, and control.

-Forecasting involves establishing a precise program to achieve a pre-planned result quantitatively and within a specified timeframe (time-based forecast with physical and financial data).

-Execution involves implementing the activity program, ensuring, as much as possible, to stay within the defined margins at the time of forecasting.

-Control allows comparing forecasts with achievements to reveal variances and determine their causes. Variances can be justified by inaccurate predictions, a lack of rigor in management, or unforeseeable events.

Budgetary control, therefore, enables understanding variances to revise the current budget, if necessary, correct management, and make subsequent forecasts accordingly.

It also helps identify responsibilities, assuming that the organization of budgetary management aligns with IMRO Rwanda's structure and that the leaders of different services are involved in the development of budget forecasts. Effective, timely, and frequent budgetary control is essential.

❖ **Elaboration**

Elaboration of the Annual Action Plan and Budget (AAPB)

The annual work program and budget are developed based on the evaluation document of IMRO Rwanda, taking into account recommendations and directions defined by the IMRO Rwanda's governing bodies. The preparation of the AAPB takes place from March to September and involves the following steps:

- **Information Gathering and Activity Program Collection:**

Gather information and collect activity programs from various sources.

- **Analysis and Consolidation of Activity Programs:**

Analyze and consolidate the collected activity programs to ensure coherence and alignment with IMRO Rwanda's objectives.

- **Data Collection and Centralization:**

Collect and centralize relevant data to support the planning and budgeting process.

- **General Consolidation of the Provisional Version of AAPB:**

Consolidate the provisional version of the Annual Action Plan and Budget, ensuring that it reflects the collective input and meets the organization's goals.

- **Budgetary Arbitrations at the Executive Director level**

Conduct budgetary arbitrations at the Executive Director to ensure financial feasibility and alignment with organizational priorities.

- **Finalization of AAPB by the Executive Director**

Finalize the Annual Action Plan and Budget under the guidance of the Executive Director incorporating any necessary adjustments.

- **Drafting and Distribution of Executive Director level Instructions for AAPB Preparation:**

Draft and distribute instructions from the Executive Director to all IMRO Rwanda's partners, outlining the general objectives for the upcoming year based on a brief presentation of the estimated budget achievements for the current year. These instructions are informed by the IMRO evaluation reports.

- **Preparatory Meeting for AAPB Elaboration:**

The Executive Director convenes a preparatory meeting attended by all department heads of the IMRO Rwanda and IMRO Rwanda members.

Objectives of the meeting include setting goals for the upcoming year, determining priority areas based on recommendations and achieved results, reviewing the current budget's progress to decide on corrective measures for the upcoming fiscal year, adopting the framework and new standards for budget preparation, and informing participants of the AAPB preparation schedule.

- **Information Collection and Activity Program Collection:**

The Executive Director, in collaboration with the members, gathers activity programs related to the strengthening of institutional capacities for the upcoming exercise, along with any information that may contribute to the elaboration of the AAPB.

Other information, such as estimated costs, the execution schedule, and responsibilities, may also be collected.

- **Analysis and Consolidation of Activity Programs:**

The collected information will be formatted and analyzed concerning cost structures at the Executive Director level. Subsequently, the Executive Director will consolidate this information into a program.

This consolidation will involve presenting information by component, category, and activities following the donors' framework, with a harmonization and synthesis of costs according to the structure of the annual budget.

The key participants in this activity are the Executive Secretary and the accountant of the Forum. This step ensures that the gathered data is thoroughly analyzed, structured according to the

requirements of the donors, and synthesized for a coherent presentation within the AAPB.

❖ **Consolidation of AAPBs**

All data related to activities will be quantified and consolidated by the accountant in easily usable tables before the arbitration meetings.

• **Budgetary Arbitrations at the Executive Director level**

Arbitration sessions for programs and budgets, attended by the Executive Director, the accountant, and IMRO Rwanda members, allow the Executive Director to affirm the different budgets and orientations outlined in his initial AAPB development letter.

• **Budget Execution**

The approved budget in its final version is implemented by the IMRO Rwanda. Each department head is responsible for the budget allocated to the activities of their department, acting as the authorizer of credits, while the Executive Director serves as the credit manager.

The Executive Director ensures the budget's execution regarding activities and the performance indicators within its jurisdiction. It also oversees budget execution concerning costs, accounting maintenance, and performance indicators in its domain.

The Executive Director authorizes expenditure commitments after the Financial Management officer verifies budget availability and the existence of necessary funds. No expense is authorized if it is not included in the annual budget approved within the AAPB framework. The expense is only paid after the Executive Director's approval.

Approved by;

Aimable MWANANAWE

IMRO Rwanda Executive Director



Flavienne NDAYISHIMIYE

IMRO Rwanda Legal Representative.

